CITY OF SPARTANBURG

SOUTH CAROLINA

CITY COUNCIL AGENDA

City Council Meeting
City Council Chambers
145 West Broad Street
Spartanburg, SC
Monday, January 11, 2016
5:30 p.m.

I. Moment of Silence

II. Pledge of Allegiance

III. Installation of City Councilmembers

A. Honorable W. Sterling Anderson – District 1
Oath of Office Administered by Patrick Anderson (Son)
Assisted by Mrs. Jane Anderson (Wife)
Ms. Cheryl Hucks (Daughter)
Ms. Leah Anderson (Daughter-In-Law)
Master James Patrick Anderson (Grandson)

B. Honorable Jan Scalisi – District 2
Oath of Office Administered by Ms. Joan Foss (Mother)
Assisted by Mr. Douglas Brand (Stepfather)

C. Honorable Rosalyn Henderson Myers – District 3
Oath of Office Administered by Mrs. Roberta M. Henderson (Mother)
Assisted by Mr. Kenneth E. Myers, Sr. (Husband)

IV. Election of 2016 Mayor Pro Tempore

V. Approval of the Minutes of the December 14, 2015 City Council Meeting

VI. Approval of Agenda of the January 11, 2016 City Council Meeting

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

VIII. Recognition of Retiring City of Spartanburg Police Department MPO Brian Stokes
Presenter: Mayor Junie White

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

IX. Presentation of Proclamation – The J. W. Woodward Funeral Home, Inc.
Presenter: Mayor Junie White

X. Other Business

A. FY2015 Comprehensive Annual Financial Report Update
Presenters: Dennis Locke, Finance Director
Kevin Madden, Greene, Finney and Horton, LLP

XI. City Council Updates

XII. Adjournment

There will be a Reception Honoring
Councilmember Sterling Anderson
Councilmember Jan Scalisi
and
Councilmember Rosalyn Henderson Myers
In the Main Lobby of City Hall
Immediately following the Council Meeting

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

**Agenda Items*
City Code Sec. 2-56. Addressing Council, Comments or Remarks to Council on Agenda Items Not Requiring Public Hearing. On agenda items not requiring a Public Hearing, please provide to the City Clerk prior to the opening of the meeting, your desire to speak on an agenda item. Remarks shall be limited to five (5) minutes and total remarks on any agenda item shall not exceed twenty (20) minutes.

III.

City Council Meeting
City Council Chambers
145 West Broad Street
Spartanburg, SC
Monday, December 14, 2015
5:30 p.m.

(These minutes are subject to approval at the January 11, 2016 City Council meeting.)

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

I. Moment of Silence - observed

II. Pledge of Allegiance - recited

III. Approval of the Minutes of the November 23, 2015 City Council Meeting –
Councilmember Reeder *made a motion to approve the minutes as received. Councilmember Rice seconded the motion, which carried unanimously 7 to 0.*

IV. Approval of Agenda of the December 14, 2015 City Council Meeting –
Councilmember Scalisi *made a motion to approve the agenda as received. Councilmember Stille seconded the motion, which carried unanimously 7 to 0.*

V. Public Comment - none
*****Citizen Appearance forms are available at the door and should be submitted to the City Clerk

VI. Presentation on Robert Wood Johnson Foundation Culture of Health Prize
Presenters: Chris Story, Assistant City Manager
Kathy Dunleavy, President and CEO of the Mary Black Foundation
Renee Romberger, Vice President Community Health Policy and Strategy for SRHS

Mr. Story presented the item to council as follows:
"Our community was recently recognized as one of eight winners nationally of the Robert Wood Johnson Foundation's Culture of Health Prize. This award, described more fully in the attached, is perhaps the most prestigious national recognition for collaborative efforts to improve wellbeing within a community. The City team is one of many partners in this remarkable effort." He introduced Ms. Dunleavy, who presented the award and an update using highlights from the press release listed below:

SPARTANBURG COUNTY, SOUTH CAROLINA RECEIVES *RWJF CULTURE OF HEALTH PRIZE* FOR INNOVATIVE EFFORTS TO HELP RESIDENTS LEAD HEALTHIER LIVES

Robert Wood Johnson Foundation Recognizes Spartanburg County, South Carolina for Collaborative Work to Improve Health for All

Spartanburg County, South Carolina—Spartanburg County is one of eight winners of the 2015 *RWJF Culture of Health Prize* awarded by the Robert Wood Johnson Foundation. The Prize celebrates the strides communities have made to ensure good health flourishes for all. Announced today at RWJF headquarters in Princeton, New Jersey, Spartanburg County will receive a cash prize of $25,000 in recognition of its commitment to building a Culture of Health.

Spartanburg County is being recognized for leveraging its unique strengths and rallying community partners around a shared vision of health. Efforts have resulted in a significant reduction in teen pregnancy rates in the county, a comprehensive neighborhood revitalization that is increasing affordable housing, education opportunities, and access to wellness services and healthy foods, increased access to healthcare and social services for low-income, uninsured residents in the county, and creative strategies to integrate behavioral health services into the community.

"Across Spartanburg County, leaders and citizens have been working together for years in an effort to address our most vexing issues of health and wellness," said Kathy Dunleavy, President and CEO of the Mary Black Foundation. "Earning the RWJF Culture of Health Prize is confirmation of the progress we have made. We still have a lot of work to do, but, because of Spartanburg's collaborative nature and the strong partnerships that have been developed, we should all be optimistic about the opportunity we have to build a community that is among the healthiest anywhere."

"This year's *RWJF Culture of Health Prize* winners are inspiring examples of communities that are weaving health into everything they do," said Risa Lavizzo-Mourey, RWJF president and CEO. "These eight communities, and our 12 previous winners, are connecting to like-minded people across the country to build a Culture of Health movement fueled by bold ideas, collaboration, and solutions so that everyone will have the opportunity and means to live the healthiest life they can."

Spartanburg County was selected from more than 340 prize applications across the country.
Building a Culture of Health means creating a society that gives every person, no matter who they are, the opportunity to be as healthy as they can be. To become a *RWJF Culture of Health* Prize winner, Spartanburg County had to demonstrate how it excelled in the following six criteria:

a) Defining health in the broadest possible terms.

b) Committing to sustainable systems changes and policy-oriented long-term solutions.
c) Cultivating a shared and deeply-held belief in the importance of equal opportunity for health.
d) Harnessing the collective power of leaders, partners, and community members.
e) Securing and making the most of available resources.
f) Measuring and sharing progress and results.

Council accepted the award and thanked Ms. Dunleavy for her efforts.

VII. Ordinance

A. Authorizing the City of Spartanburg, South Carolina, to Execute and Deliver a Lease Purchase Agreement in an Aggregate Amount Not to Exceed $925,000 Between the City and the Lessor Thereof to Defray the Cost of Acquiring Certain Law Enforcement Software; and Other Matters Related Thereto (Second Reading)

Presenter: Dennis Locke, Finance Director

Mr. Locke presented the item to council as follows:

"At the November 9, 2015 City Council meeting, the City Manager was given authorization to execute the necessary agreement to obtain new software for the Police Department.

ACTION REQUESTED: Staff has determined to use the lease purchase option to acquire the software. Therefore an ordinance is required to finance the project. Staff is requesting approval to enter into the lease agreement, not to exceed $925,000 with Government Capital. Our Bond Counsel advised us to increase the amount not to exceed based on the gross amount of the financial transaction.

BUDGET & FINANCIAL DATA: Our initial down payment of $60,000 will be paid from grant funds. There will be six annual payments of approximately $155,000 thereafter."

Councilmember Rice *made a motion to approve the ordinance as requested on second reading. Councilmember Scalisi seconded the motion, which carried unanimously 7 to 0.*

VIII. Consent Agenda

A. To Provide Certification of Beaumont Mill as a Textile Mill Site Under the South Carolina Textiles Communities Revitalization Act for the Purpose of Allowing the Developer To Qualify for State Income Tax Credits (Second Reading)

Presenter: Chris Story, Assistant City Manager

Councilmember Reeder *made a motion to approve the consent agenda. Councilmember Stille seconded the motion, which carried unanimously 7 to 0.*

IX. Other Business

A. Alexander Avenue Culvert Replacement

Presenter: Jay Squires, Streets & Storm Water Manager

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

"Staff received bids for the replacement of a culvert on Alexander Avenue. This project consists of removal and replacement of a culvert from under Alexander Avenue between Marion Avenue and Winsmith Avenue.
The following bids were submitted:

Capitol Construction of the Carolinas, LLC. (Spartanburg)	$150,137
Martin & Son Contracting, Inc. (Spartanburg)	$170,030
North American Pipeline Management, Inc. (Columbia, S.C.)	$179,649
Davis Grading, Inc. (Shelby, N.C.)	$276,476

Staff has reviewed the bids and the qualifications for each of these contractors. Based on that review, staff has determined that, Capitol Construction of the Carolinas, LLC. is the responsive low bidder. No bids were submitted from MWBE certified contractors. It is anticipated that it will take 30 days (depending on weather) to complete this project. Staff will give neighborhood residents advance notice using door hangers and mailers. A portion of Alexander Avenue will be closed during construction for safety reasons. A detour route will be in place for convenience while the segment of road is closed.
ACTION REQUESTED: Allow staff to accept the bid from Capitol Construction of the Carolinas, LLC and authorize the City Manager to enter into a contract with, Capitol Construction of the Carolinas, LLC for the completion of the project.

BUDGET AND FINANCE DATA: $150,137 from the Storm Water Utility fund will be used to complete the project."
Councilmember Reeder *made a motion to approve the award of bid as requested. Mayor pro tem Brown seconded the motion, which carried unanimously 7 to 0.*

B. Transit Presentations and Discussions

Presenter: Chris Story, Assistant City Manager

Mr. Story presented the item to council as follows:
"Over the past few months, staff has been reviewing various aspects of our public transit services. We intend to share that information with you this evening. Specifically, this session will contain the following:

1. Staff will provide a brief overview of the city's SPARTA system.
2. Dr. Eric Morris of Clemson University's City and Regional Planning Department and his students will present a report on the Sparta Customer Satisfaction Survey they conducted earlier this fall.
3. Bill Harned, Area Vice President of First Transit (the transit management firm contracted to manage the Sparta system) will present findings and

recommendations from a review of routes and schedules also conducted this fall.

4. Questions and discussion.

Related documents are enclosed. Collectively, we believe this information will enable City Council to better understand options for improving services. We envision that formal consideration and approval of any changes would occur in early 2016. We look forward to any questions you may have.

Dr. Eric Morris and his students presented a report on the Sparta Customer Satisfaction Survey they conducted earlier this fall.

This survey has evaluated SPARTA's riders' satisfaction with many different aspects of the service and the service as a whole. This includes satisfaction with buses, bus stops, bus fares, and SPARTA staff. Overall, SPARTA provides service that most customers are satisfied with. Riders are generally pleased with transit service in the region, with an average overall satisfaction score of 4.1 on a scale from 1 to 5. Riders on the Hillcrest, Church St., and Crestview lines are the most satisfied and riders on the South Liberty Street line are the least satisfied.

Survey respondents are most satisfied with the value and ease of payment of bus fares. However, there are some challenges. In their written responses, many riders indicated that they would prefer that the operation times of bus service be extended in the evenings and weekends. Relative to other factors, respondents are somewhat less satisfied with the transit center and the reliability of bus transfers.

Based on this survey, some ways that SPARTA may improve its service are:

1. Extend bus service into the evenings and weekends, even if this may mean raising fares.
2. Extend bus service geographically, based on desired destinations determined by another ridership preference study.
3. Increase bus frequency.
4. Improve the reliability of bus transfers at the transit center.
5. Work to better develop the SPARTA website.

All of this said, however, SPARTA seems to be providing service that is valued and appreciated by its customers.

Council *received the report as information.*

X. City Council Updates –

Senator Shane Martin came forward and presented Councilmember Robert Reeder with a resolution from the South Carolina Senate thanking him for his 16 years of service on Spartanburg City Council.

Mayor White presented Councilmember Reeder with a collage of pictures from events during Mr. Reeder's years of service on City Council.

Councilmember Reeder offered comments regarding his terms on council. He thanked everyone he had worked with and wished the city well in future endeavors. He added that he would still be active in the community. He introduced his family to everyone and thanked them and others attending for their support.

Councilmember Stille shared that she appreciated the opportunity to serve with Councilmember Reeder the last few months, and that he was a great example of how to

lead his neighbors and his community in the city. She mentioned that she enjoyed Dickens of a Christmas along with the Tree Lighting at Denny's, and the Christmas Parade, which were all well attended. She shared that she attended the meeting with the Arts Partnership and the Bloomberg Foundation for the "Seeing Spartanburg in a New Light" with a great turnout of neighbors to help balance the artist's ideas

Councilmember Anderson wished "God's speed" to Councilmember Reeder and thanked him for his service to the community.

Councilmember Rice thanked Councilmember Reeder for all he had done for the community and for standing firm in his leadership, not only locally, but in his National League of Cities capacity. He reminded Mr. Reeder that his leadership would still be needed with the track and field teams coming up in the future. He mentioned that the 79th Annual Shrine Bowl would take place December 19 and that the teams were practicing at Spartanburg High School.

Councilmember Scalisi thanked Councilmember Reeder for his 16 years of service and his willingness to share his knowledge to help her understand things better. She mentioned that the city had a great Christmas parade and that she thought it was a wonderful tradition to continue.

Mayor pro tem Brown thanked Councilmember Reeder for his service and for the guidance he had provided her the last few years. She expressed hope that he would continue to provide that service, guidance and leadership to the community. She shared that she had spoken to City Attorney McCabe regarding confusion of public comment at council meetings. She stated that she had asked Ms. McCabe to provide different forms for non-agenda items and agenda items to avoid confusion in the future for citizens who wished to address council. She added council could further discuss the issue at the council retreat in January.

XI. Executive Session Pursuant to Section 30-4-70 (a) (5) of the South Carolina Code to Discuss Matters Relating to Encouraging the Location of a Business in the City

Councilmember Reeder *made a motion to adjourn to Executive session for the stated reason. Councilmember Stille seconded the motion, which carried unanimously 7 to 0. Council adjourned to Executive Session at 6:52 p.m.*

Council reconvened at 7:19 p.m. Mayor White stated that discussion was held with no decisions made.

XII. Adjournment – ***Councilmember Scalisi*** *made a motion to adjourn the meeting. Councilmember Rice seconded the motion, which carried unanimously 7 to 0. The meeting adjourned at 7:20 p.m.*

A reception was held for outgoing Councilmember Robert Reeder.

Connie S. McIntyre

Connie S. McIntyre, City Clerk

X.

REQUEST FOR CITY COUNCIL ACTION

TO: Ed Memmott, City Manager

FROM: Dennis R. Locke, Finance Director

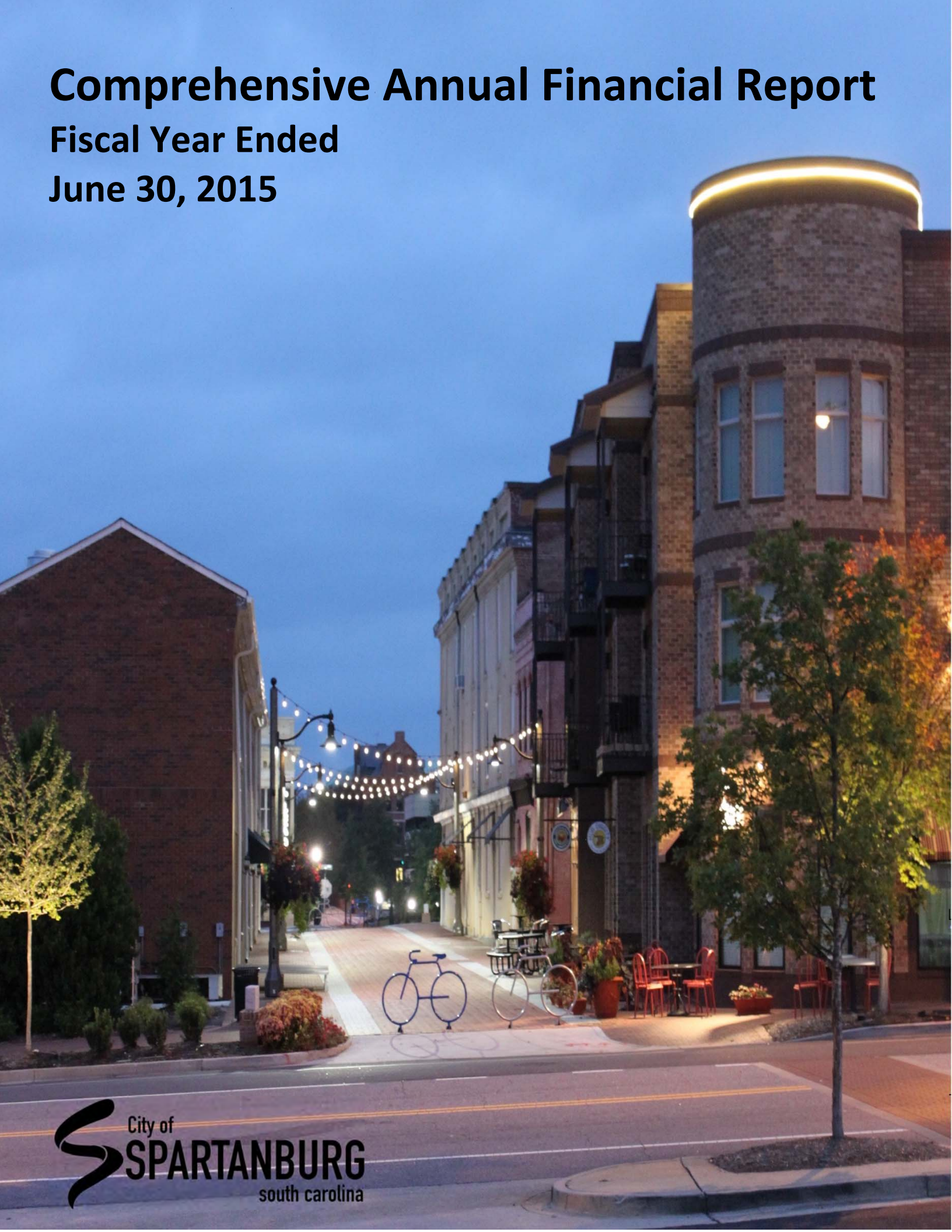
SUBJECT: FY 2015 Comprehensive Annual Financial Report

DATE: 1-06-2016

This City's auditor, Kevin Madden of Greene, Finney and Horton, LLP, and I will provide a review of the highlights for our Comprehensive Annual Financial Report.

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2015



City of
SPARTANBURG
south carolina

Layout of the 2015 cover by Finance Department, photo by Sonya Culbreth

Comprehensive Annual Financial Report

City of Spartanburg, South Carolina

For the Fiscal Year Ended June 30, 2015

Prepared by the City's Finance Division

City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

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City of Spartanburg
Finance Department
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December 17, 2015

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, 2015. 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 and Horton, LLP, a firm of licensed public accountants. The goal of the independent audit is to provide reasonable assurance that the City of Spartanburg's financial statements for the fiscal year ending June 30, 2015 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, 2015 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 CAFR.

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 109, 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
Strong hospitality tax results indicate that the City's role as a commercial and entertainment hub for the region continues to be a source of strength. Likewise we see increases in commercial development activity in the downtown and along our significant commercial corridors, which bodes well for tax base growth in future years. Downtown residential and employment numbers continue to move in a positive direction. Those factors combined with several larger employment announcements within the region support our belief that demand for residential properties in city neighborhoods is also poised for growth.

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

Major Initiatives and Long-Term Financial Planning
The City's long-term financial outlook continues to grow stronger. We experienced strong revenue growth in FY15, which bodes well for the future. Strategic efforts underway to contain healthcare costs and manage overtime expenses should ensure sustained structural balance. Sustained progress on revenue growth should continue.

We continue the implementation of a $5 million capital program built around quality-of-life enhancement. We are adding neighborhood recreational amenities to improve the desirability of our neighborhoods and we are implementing significant public realm enhancements in the downtown to strengthen it as an office and entertainment focus.

The Northside Initiative is producing noteworthy momentum. We are well on our way to transforming this once-struggling and costly geography into a stable mixed-use mixed-income neighborhood.

Finally, the City is beginning to earnestly address the important role public health plays in our social and economic wellbeing. We were one of five communities nationally selected to embark on the Way to Wellville, a five-year endeavor to address obesity, kindergarten readiness, access to healthcare, and community pride. This is a significant new endeavor that will involve bold multiyear efforts.

Collectively these strategic undertakings will strengthen our community for years to come.

Acknowledgements
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of other departments who assisted and contributed to its preparation and especially to the independent 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 22nd consecutive year for the fiscal year ended June 30, 2014. 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,

Ed Memmott	Dennis R. Locke, CGFO	James T. Kennedy II, CPA
City Manager	Finance Director	Budget & Accounting Director

City of
SPARTANBURG
south carolina

PRINCIPAL OFFICIALS

CITY COUNCIL

Junie White, Mayor

Erica Brown, Mayor Pro Tem

W. Sterling Anderson, Councilmember
Robert Reeder, Councilmember
Jerome Rice Jr., Councilmember
Jan Scalisi, Councilmember
Laura Stille, Councilmember

APPOINTED OFFICIALS

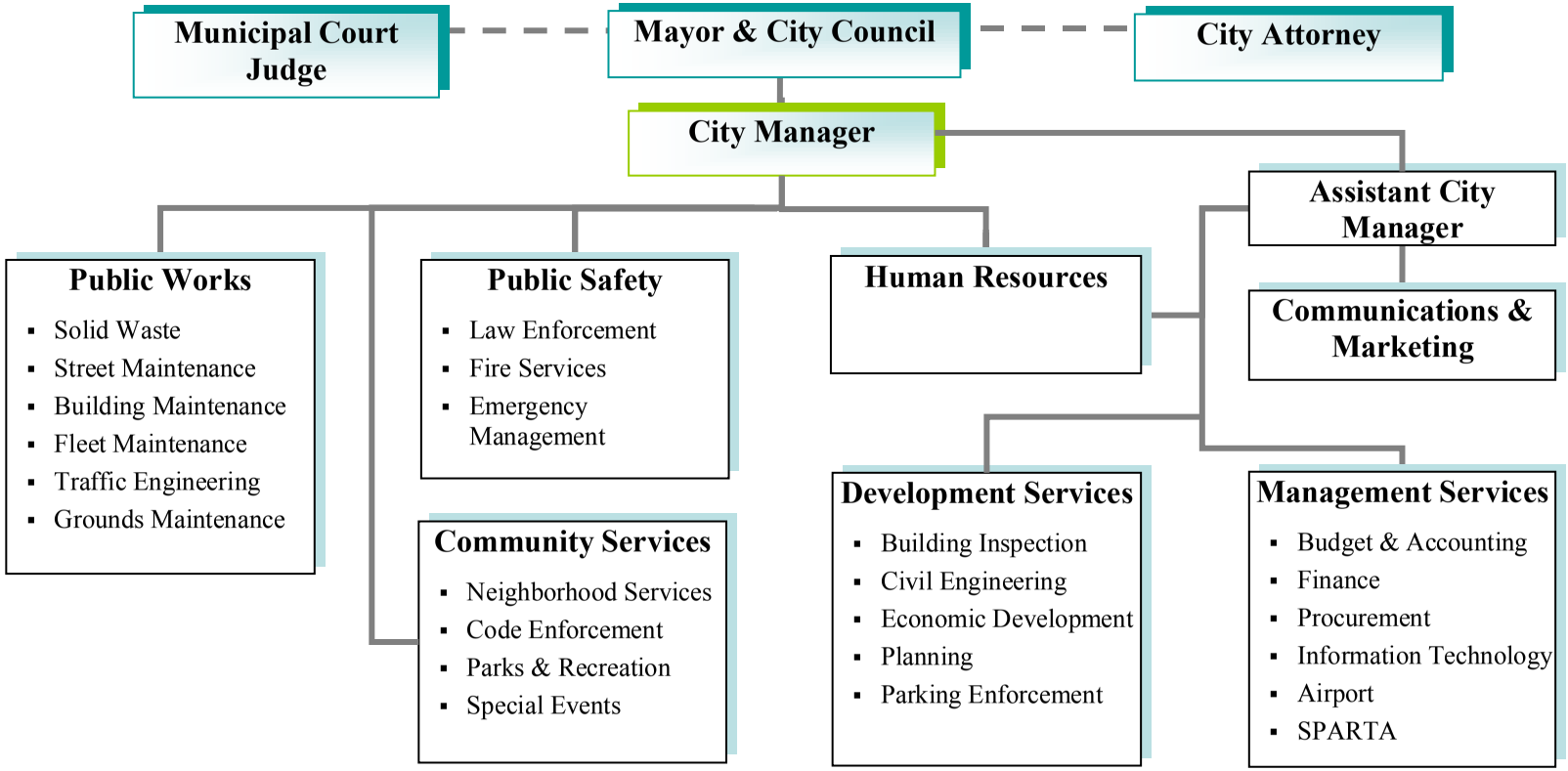
Ed Memmott
City Manager

Cathy Hoefer McCabe
City Attorney

Erika McJimpsey
Chief Municipal Judge

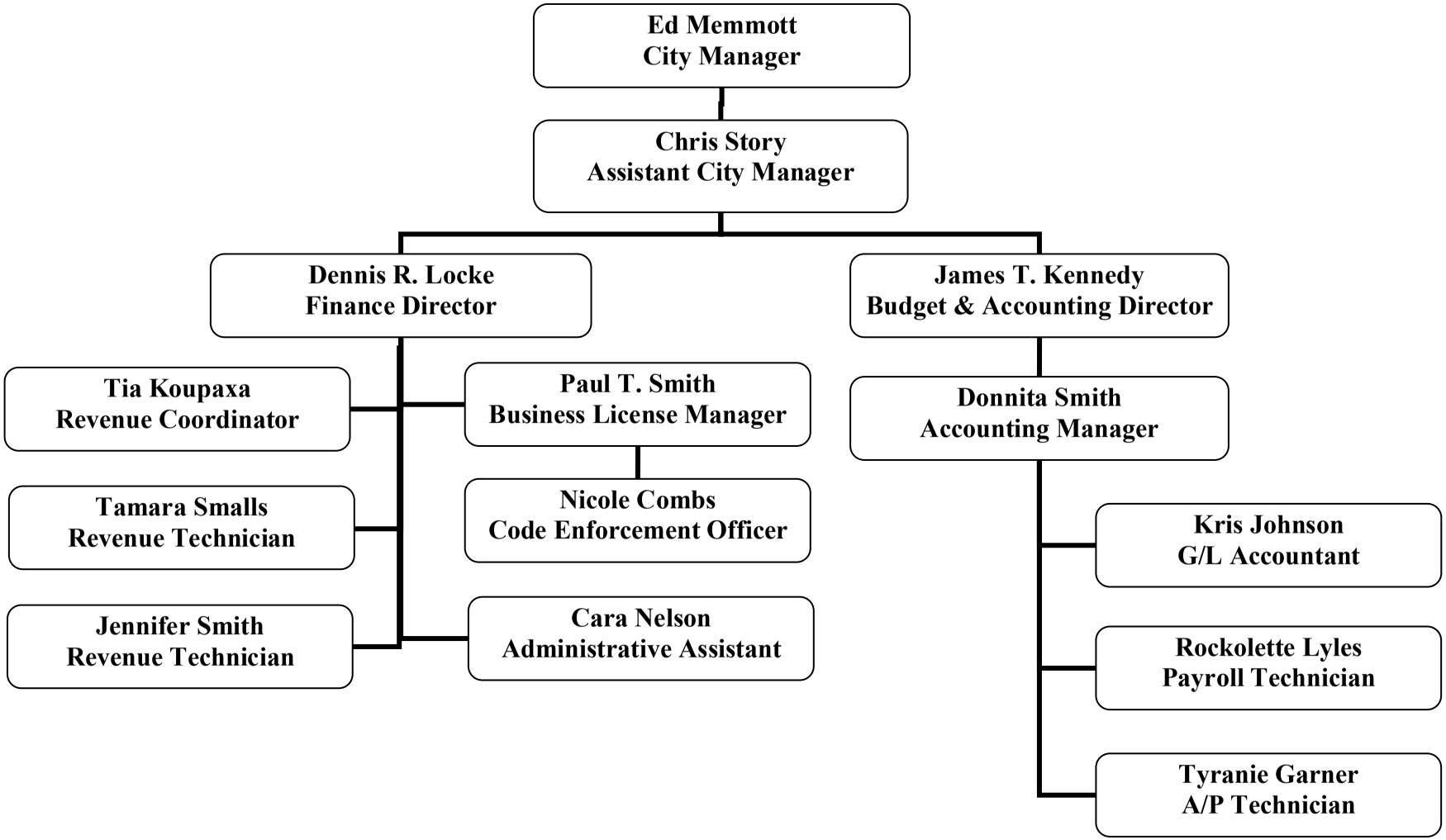
City of
SPARTANBURG
south carolina

City of Spartanburg
Organizational Chart



City of
SPARTANBURG
south carolina

Finance Division
Organizational Chart



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, 2014

Executive Director/CEO

City of
SPARTANBURG
south carolina

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spartanburg, South Carolina (the "City"), as of and for the year ended June 30, 2015, 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, 2015, 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.

Change in Accounting Principle

As discussed in Note I.B to the financial statements, in the year ended June 30, 2015 the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27"* and Governmental Accounting Standards Board Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68"*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule – General Fund, the budgetary comparison schedule – Hospitality Tax Fund, the other post employment 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 17, 2015

City of
SPARTANBURG
south carolina

This discussion and analysis of the City of Spartanburg's ("City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, financial statements, and notes to the financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2015 were as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by approximately $42,433,000 (Net Position). Of this amount, approximately ($31,193,000) is unrestricted Net Position (deficit).
- The City's total Net Position increased by approximately $903,000 which consisted of a decrease in governmental activities of approximately $420,000 and an increase in business-type activities of approximately $1,322,000. The increase was due primarily to an increase in capital contributions.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of approximately $13,443,000, a decrease of approximately $1,273,000 or approximately 9% in comparison with the prior year fund balance of approximately $14,716,000. The fund balance for the General Fund decreased approximately $271,000 (4%) to approximately $7,099,000 at June 30, 2015 compared to the prior year fund balance of approximately $7,369,000. The decrease is primarily due to an increase in expenditures in the policy formulation and administration department along with an increase in transfers out to other funds. Approximately $107,000 of the General Fund balance at year end is nonspendable (prepaids and inventories). Approximately $1,235,000 is assigned for utility projects and $250,000 is assigned for worker's compensation, with the remainder unassigned.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately 16% of total General Fund expenditures (approximately $33,602,000).
- The City's total capital assets increased by approximately $534,000 (1%) during the current fiscal year. Total additions and other increases were approximately $6,384,000 which was offset by depreciation expense of approximately $5,780,000 and disposals, and other decreases of approximately $70,000
- The City's long-term obligations decreased by approximately $1,517,000 or 3% during the fiscal year. The decrease was due primarily to scheduled debt payments partially offset by the issuance of new capital leases.
- The City implemented GASB #68 and GASB #71 (collectively "Statements") in 2015. These Statements require the City to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for the City of Spartanburg's Pension Plan ("City Pension Plan"), single-employer plan, and for their participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("State Retirement Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

  The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the City's code of ordinances for the City's Pension Plan and by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the State Retirement Plans. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide and proprietary funds financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified plans in accordance with the provisions of these Statements. Net position of the City's government-wide financial statements as of July 1, 2014 was decreased in total by approximately $37,540,000 consisting of approximately $36,341,000 for governmental activities and approximately $1,199,000 for business-type activities, to reflect the cumulative change in accounting principle related to the adoption of these Statements. The City's enterprise funds also reflected a decrease in net position of approximately $1,199,000 related to the adoption of these Statements. See Note IV.B in the notes to the financial statements for more information regarding the City's retirement plans.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1

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

		Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units (if any).	The activities of the City that are not proprietary or fiduciary.	Activities the City operates similar to private businesses.	Instances in which the City is the trustee or agent for someone else's resources.
Required financial statements	▪ Statement of Net Position ▪ Statement of activities	▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances	▪ Statement of Net Position ▪ Statement of revenues, expenses, and changes in Net Position ▪ Statement of cash flows	▪ Statement of fiduciary Net Position ▪ Statement of changes in fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of balance sheet information	All balance sheet types – both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources (if any) that are expected to be used and liabilities and deferred inflows of resources (if any) that come due during the year or soon thereafter. No capital assets or long-term debt are included.	All balance sheet types - both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately $42,433,000 at the close of the most recent fiscal year. The following table provides a summary of the City's Net Position at June 30, 2015 compared to June 30, 2014:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current & Other Assets	$ 29,973,341	28,726,074	1,064,340	1,409,679	31,037,681	$ 30,135,753
Capital Assets, Net	65,612,937	65,282,706	44,315,630	44,111,571	109,928,567	109,394,277
Total Assets	95,586,278	94,008,780	45,379,970	45,521,250	140,966,248	139,530,030
Deferred Outflows of Resources	2,749,493	-	915,343	980,233	3,664,836	980,233
Total Assets and Deferred Outflow of Resources	98,335,771	94,008,780	46,295,313	46,501,483	144,631,084	140,510,263
Liabilities						
Long-Term Liabilities	29,803,680	30,881,650	21,546,879	21,986,126	51,350,559	52,867,776
Other Liabilities	49,199,266	9,684,572	(1,104,808)	(1,112,064)	48,094,458	8,572,508
Total Liabilities	79,002,946	40,566,222	20,442,071	20,874,062	99,445,017	61,440,284
Deferred Outflows of Resources	2,650,633	-	102,543	-	2,753,176	-
Net Position						
Net Investment in Capital Assets	44,324,590	43,048,637	23,014,313	22,224,018	67,338,903	65,272,655
Restricted	6,286,921	7,148,564	-	-	6,286,921	7,148,564
Unrestricted	(33,929,319)	3,245,357	2,736,386	3,403,403	(31,192,933)	6,648,760
Total Net Position	$ 16,682,192	53,442,558	25,750,699	25,627,421	42,432,891	$ 79,069,979

The Net Position of the City's governmental activities decreased by approximately 69% (approximately $16,682,000 compared to the prior year balance of approximately $53,443,000). The various components of the City's governmental activities Net Position changed as follows:

- The Net Investment in Capital Assets increased by approximately $1,276,000 or approximately 3%, primarily due to a decrease in related debt of approximately $2,415,000, offset by net capital asset decreases of approximately $1,139,000.
- Restricted Net Position decreased by approximately $862,000 primarily due to decreased amounts restricted for capital projects and debt service, offset by an increase in special revenue.
- Unrestricted Net Position, the part of Net Position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased from approximately $3,245,000 at June 30, 2014 to approximately ($33,929,000) at June 30, 2015 as a result of a implementing GASB #68/71.

The Net Position of business-type activities increased by approximately 1% (approximately $25,751,000 in the current year compared to the prior year balance of approximately $25,627,000 in the prior year) for the year ended June 30, 2015. The various components of the business-type activities changed as follows:

- The Net Investment in Capital Assets increased by approximately $790,000 or approximately 4% primarily due to increases in net capital assets of approximately $204,000; combined with by decreases in related debt of approximately $586,000.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- Unrestricted Net Position decreased by approximately $667,000. The decrease was due to implementing GASB #68/71.

The following table shows the changes in Net Position for fiscal year 2015 compared to 2014.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for Services	$ 17,892,273	17,674,837	3,840,730	3,526,127	21,733,003	$ 21,200,964
Operating Grants	2,053,787	1,118,576	-	-	2,053,787	1,118,576
Capital Grants	-	-	2,755,968	1,747,784	2,755,968	1,747,784
General Revenue:						
Property Taxes	18,407,812	17,611,333	-	-	18,407,812	17,611,333
Other Taxes	5,226,139	4,937,734	-	-	5,226,139	4,937,734
Intergovernmental Revenue	798,466	798,466	-	-	798,466	798,466
Other	1,944,325	5,518,634	56,639	52,687	2,000,964	5,571,321
Total Revenues	46,322,802	47,659,580	6,653,337	5,326,598	52,976,139	52,986,178
Program Expenses						
Policy Formulation & Administration	7,217,844	6,004,329	-	-	7,217,844	6,004,329
Public Services	15,009,975	14,781,345	-	-	15,009,975	14,781,345
Parks, Recreation, and Special Events	1,336,488	2,075,383	-	-	1,336,488	2,075,383
Development Services	4,254,332	2,635,403	-	-	4,254,332	2,635,403
Public Works	8,238,416	9,059,910	-	-	8,238,416	9,059,910
Finance and Administrative Services	2,463,035	3,029,842	-	-	2,463,035	3,029,842
Operating	4,938,750	5,403,591	-	-	4,938,750	5,403,591
Interest and Other Charges	1,234,964	1,216,595	-	-	1,234,964	1,216,595
Transit	-	-	1,916,397	2,006,752	1,916,397	2,006,752
Parking	-	-	812,939	874,213	812,939	874,213
Storm Water	-	-	1,381,968	1,166,062	1,381,968	1,166,062
Airport	-	-	1,465,961	1,412,982	1,465,961	1,412,982
CC Woodson	-	-	410,084	410,073	410,084	410,073
St. John Parking Facility	-	-	1,009,657	980,169	1,009,657	980,169
Spartanburg Airport Facilities Corp.	-	-	382,543	396,478	382,543	396,478
Total Expenses	44,693,804	44,206,398	7,379,549	7,246,729	52,073,353	51,453,127
Change in Net Position Before Transfers	1,628,998	3,453,182	(726,212)	(1,920,131)	902,786	1,533,051
Transfers In (Out)	(2,048,651)	(2,221,954)	2,048,651	2,221,954	-	-
Change in Net Position	(419,653)	1,231,228	1,322,439	301,823	902,786	1,533,051
Net Position - Beginning of Year	53,442,558	52,211,330	25,627,421	25,577,794	79,069,979	77,789,124
Net Position - Period Adjustments	(36,340,713)	-	(1,199,161)	(252,196)	(37,539,874)	(252,196)
Net Position - Beginning of Year, Restated	17,101,845	52,211,330	24,428,260	25,325,598	41,530,105	77,536,928
Net Position - End Year	$ 16,682,192	53,442,558	25,750,699	25,627,421	42,432,891	$ 79,322,175

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities:

Net Position decreased by approximately $420,000 for fiscal year 2015 for governmental activities. Revenues decreased by approximately $1,337,000 (3%) to approximately $46,323,000 from the prior year. This decrease was primarily due to a decrease in grants and contributions due to the early payoff of the garage loan in the prior year. Expenses increased by approximately $487,000 (1%) to approximately $44,694,000 from the prior year. The increase in expenses from the prior year was primarily due to an increase in operating expenditures due to the increase in operating grants.

Business-Type Activities:

Net Position increased by approximately $1,322,000 for fiscal year 2015 for business-type activities. In aggregate, business-type revenues increased approximately 25% to $6,653,000 compared to approximately $5,327,000 in the prior year. The increase in revenue was primarily due to an increase in grant revenue of approximately $1,008,000. Total expenses increased approximately $133,000 (2%) to approximately $7,380,000 compared to approximately $7,247,000 in the prior year. The decrease was primarily due a decrease in repairs for the parking garages.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resource available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City.

At June 30, 2015, the City's governmental funds reported a combined ending fund balance of approximately $13,443,000, a decrease of approximately $1,273,000 in comparison with the prior year fund balance. Approximately 41% of this total amount (approximately $5,507,000) constitutes unassigned fund balance. The remainder of fund balance is assigned, restricted, committed, or nonspendable. The amounts are nonspendable (approximately $137,000), committed for special revenue (approximately $17,000), assigned for utility projects (approximately $1,235,000), assigned for insurance (approximately $250,000), restricted for debt service (approximately $1,992,000), special revenue ($2,741,000), and capital projects (approximately $1,564,000).

The Capital Projects Fund fund balance decreased by approximately $229,000 during the current fiscal year to approximately $1,564,000, as capital expenditures of approximately $2,614,000 exceeded donations and other financing sources of approximately $2,385,000.

The Hospitality Tax fund balance increased by approximately $277,000 during the current fiscal year to approximately $1,827,000, as revenues of approximately $4,219,000 exceeded expenditures and transfers out of approximately $3,941000.

Proprietary Funds. The City's *proprietary funds* provide the same type of information found in the government-wide financial statements but in more detail. Net Position of the Enterprise Funds at the end of the fiscal year amounted to approximately $25,751,000. Factors concerning the operations of these seven funds have already been addressed in the discussion of the City's business-type activities.

General Fund Revenues

The General Fund is the principal fund that accounts for the daily operations of the City. Total revenue for 2015 was approximately $34,073,000, an increase of 2% from the previous year. Property tax collections increased to approximately $14,558,000 (4%) compared to approximately $14,018,000 for the previous year. Fees, Licenses and Permits revenues increased to approximately $13,729,000 (2%) compared to approximately $13,412,000 for the previous year. These increases were primarily due to the increased collections of property taxes and more business licenses and permits issued during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

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 105.0 mills. The assessed value is 4% of market value for residential property, 6% for rental and other real property, and 10.5% for personal property. Property taxes accounted for 39% or approximately $13,221,000 of total General Fund revenue for the fiscal year ending June 30, 2015.

The City received approximately $13,729,000 in revenue from licenses, permits, and franchise fees. The remaining General Fund revenue sources were charges for services of approximately $1,864,000, intergovernmental revenue of approximately $3,324,000, fines and forfeitures of approximately $484,000, and other revenues of approximately $114,000.

General Fund Expenditures

General Fund expenditures at June 30, 2015 total approximately $33,602,000 a 5% increase over the previous fiscal year. This reflects increases in overtime, general liability and worker's compensation insurance, and health insurance. The largest General Fund departmental budget is Public Safety, which accounted for approximately 43% of total General Fund expenditures. Policy Formulation and Administration accounted for the second largest departmental budget, which accounted for approximately 19% of total General Fund expenditures. Actual expenditures for these departments were approximately $14,365,000 for Public Safety and approximately $6,542,000 for Policy Formulation and Administration. As comparison for FY 2013 – 2014, the Public Safety department budget accounted for approximately 44% and Policy Formulation and Administration accounted for approximately 18% of total General Fund expenditures. The remaining 38% of General Fund expenditures came from the areas of Public Works – approximately $5,774,000, Parks, Recreation, and Special Events - $1,536,000, Development Services $2,516,000, Finance and Administrative Services - $1,704,000.

General Fund Balance

Total fund balance in the General Fund decreased by approximately $271,000 from approximately $7,369,000 at June 30, 2014 to $7,099,000 at June 30, 2015. The unassigned fund balance decrease by approximately $382,000 to approximately $5,507,000. Unassigned fund balance represents 16% of total General Fund expenditures. The decrease in unassigned fund balance was due to additional transfers out for fund deficits and capital projects.

General Fund Budgetary Highlights

The City's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The original revenue/expenditure budget of approximately $34,642,000 (including other financing sources/uses) wasn't adjusted during the fiscal year. More information about our budgetary process can be found in Note II.A of the notes to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the City had approximately $109,929,000 in capital assets, net of depreciation. The total increase in the City's capital assets was approximately $534,000 (1%). Total additions and other increases were approximately $6,384,000 which was offset by depreciation expense of approximately $5,780,000 and disposals, and other decreases of approximately of $70,000. The following table shows capital asset balances (net of depreciation) at June 30, 2014 compared to June 30, 2015:

	Government Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 27,257,465	27,257,465	2,411,049	2,326,732	29,668,514	$ 29,584,197
Construction in Progress	795,642	191,495	2,639,537	706,160	3,435,179	897,655
Building & Improvements	12,508,822	13,018,007	31,231,335	32,476,082	43,740,157	45,494,089
Infrastructure	17,755,379	19,455,593	6,373,396	6,563,490	24,128,775	26,019,083
Machinery & Equipment	1,105,291	819,560	181,252	300,933	1,286,543	1,120,493
Vehicles	6,190,338	4,540,586	1,479,061	1,738,174	7,669,399	6,278,760
Totals	$ 65,612,937	65,282,706	44,315,630	44,111,571	109,928,567	$ 109,394,277

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

Long-Term Obligations

At June 30, 2015, the City had long-term obligations of approximately $51,351,000 versus approximately $52,868,000 in the prior year, a decrease of approximately $1,517,000 or 3%. The decrease was due primarily to regularly scheduled principal payments.

The following table shows long-term obligation balances at June 30, 2015 compared to June 30, 2014:

	Governmental Activities		Business-Type Activities		Total	
Long-Term Obligations	2015	2014	2015	2014	2015	2014
Debt:						
Tax Increment Bonds	$ 5,395,000	6,853,000	-	-	5,395,000	$ 6,853,000
Certificates of Participation	1,310,000	1,545,000	-	-	1,310,000	1,545,000
Hospitality Tax Bonds	7,575,000	8,250,000	-	-	7,575,000	8,250,000
Revenue Bonds	-	-	920,000	1,355,000	920,000	1,355,000
General Obligation Bonds	5,890,000	6,180,000	-	-	5,890,000	6,180,000
Promissory Note	812,285	1,000,000	20,600,000	20,600,000	21,412,285	21,600,000
Total Debt	20,982,285	23,828,000	21,520,000	21,955,000	42,502,285	45,783,000
Capital Leases	5,286,773	3,631,904	-	-	5,286,773	3,631,904
Landfill Rem./Post-Closure Liability	-	38,000	-	-	-	38,000
Compensated Absences	3,534,721	3,383,745	26,879	31,126	3,561,600	3,414,871
Total	$ 29,803,779	30,881,649	21,546,879	21,986,126	51,350,658	$ 52,867,775

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

The State limits the amount of general obligation debt that cities can issue to 8% of the assessed value of all taxable property within the City's corporate limits. The City is authorized by state statute to exceed the legal debt margin of eight percent, if citizens of the City approve such additional debt. The City's outstanding general obligation debt is below this state-imposed legal debt limit of approximately $11,668,000. The current amount of outstanding general obligation debt at June 30, 2015 is $5,890,000 which leaves an unused legal debt margin of approximately $5,778,000.

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:

Standard & Poor's AA-

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Based on overall economic forecasts for South Carolina, the City expects to see a slow but steady recovery in fiscal year 2015 - 2016. Economic forecasts project the Greenville-Spartanburg-Anderson metropolitan area will see flat job growth. The unemployment rate for the Spartanburg metropolitan statistical area increased from 5.7% in July 2014 to 6.9% in June 2015.

The primary goal of the City of Spartanburg's 2015 – 2016 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 $35,898,814 for fiscal year 2015 - 2016, an increase of approximately $1.2 million or 4% over fiscal year 2014 – 2015. Property tax collections and insurance franchise fees are expected to increase slightly. Due to a contractual agreement between the City and the Spartanburg Water System intergovernmental payments declined by $100,000 or (9%). Most of the General Fund expenditure increases will result in needed technology upgrades and equipment replacement.

Key items that factored into the preparation of the budget for the year ending June 30, 2016, are listed below:

- The budget provides for a 2.0% cost-of-living adjustment for employees
- Increase in employer's retirement contribution rates
- No change in the millage rate of 105.0
- 10% increase in employer's contribution to the Medical Insurance Fund
- New debt service for new phone system
- 24% increase in transfer to the General Fund from the Hospitality Tax Fund
- First year transfer in to the General Fund from the Multi-County Industrial Park Fund
- 2% increase in revenues for Fees, Licenses, and Permits

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2015

	PRIMARY GOVERNMENT		
	Governmental Activities	**Business-Type Activities**	**Totals**
ASSETS			
Cash and Cash Equivalents	$ 19,914,512	6,357	$ 19,920,869
Restricted Cash and Cash Equivalents	2,800,094	312,886	3,112,980
Restricted Investments	7,850	-	7,850
Cash held by County Treasurer	1,000,000	-	1,000,000
Property Taxes Receivable, Net	1,680,288	-	1,680,288
Other Receivables, Net:			
Mortgage	76,902	-	76,902
Commercial Loan	56,019	-	56,019
Other	3,280,828	463,318	3,744,146
Other Asset	1,020,103	11,838	1,031,941
Prepaids and Inventories	136,745	269,941	406,686
Capital Assets:			
Non-Depreciable	28,053,107	5,050,587	33,103,694
Depreciable, Net	37,559,830	39,265,043	76,824,873
TOTAL ASSETS	**95,586,278**	**45,379,970**	**140,966,248**
DEFERRED OUTFLOWS OF RESOURCES			
Hedging Derivative Instrument	-	813,718	813,718
Deferred Pension Charges	2,749,493	101,625	2,851,118
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	**$ 98,335,771**	**46,295,313**	**$ 144,631,084**
LIABILITIES			
Accounts Payable	$ 3,390,049	201,787	$ 3,591,836
Accrued Interest Payable	169,299	26,924	196,223
Accrued Salaries and Benefits	1,251,667	11,438	1,263,105
Internal Balances	3,461,347	(3,461,347)	-
Retainage Payable	40,426	-	40,426
Intergovernmental Payable	266,333	-	266,333
Customer Deposits	248,700	46,526	295,226
Unclaimed Checks	15,285	-	15,285
Accrued Claims/Premiums	500,082	-	500,082
Unearned Revenues	469,261	39,846	509,107
Derivative Instrument	-	813,718	813,718
Net Pension Liability	39,386,817	1,216,300	40,603,117
Non-Current Liabilities:			
Due Within One Year	5,193,505	13,224,879	18,418,384
Due in More Than One Year	24,610,175	8,322,000	32,932,175
TOTAL LIABILITIES	**79,002,946**	**20,442,071**	**99,445,017**
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	**2,650,633**	**102,543**	**2,753,176**
NET POSITION			
Net Investment in Capital Assets	44,324,590	35,762,313	80,086,903
Restricted For:			
Debt Service	1,860,506	-	1,860,506
Special Revenue	2,861,923	-	2,861,923
Capital Projects	1,564,492	-	1,564,492
Unrestricted	(33,929,319)	(10,011,614)	(43,940,933)
TOTAL NET POSITION	**$ 16,682,192**	**25,750,699**	**$ 42,432,891**

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

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
					Primary Government		
PRIMARY GOVERNMENT:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Policy Formulation and Administration	$ 7,217,844	-	-	-	(7,217,844)	-	$ (7,217,844)
Public Safety	15,009,975	908,902	453,976	-	(13,647,097)	-	(13,647,097)
Parks, Recreation, and Special Events	1,336,488	115,815	-	-	(1,220,673)	-	(1,220,673)
Development Services	4,254,332	329,411	1,216,341	-	(2,708,580)	-	(2,708,580)
Public Services	8,238,416	2,718,472	383,470	-	(5,136,474)	-	(5,136,474)
Finance and Administrative Services	2,463,035	13,819,673	-	-	11,356,638	-	11,356,638
Operating	4,938,750	-	-	-	(4,938,750)	-	(4,938,750)
Interest and Other Charges	1,234,964	-	-	-	(1,234,964)	-	(1,234,964)
Total Governmental Activities	**44,693,804**	**17,892,273**	**2,053,787**	**-**	**(24,747,744)**	**-**	**(24,747,744)**
Business-Type Activities:							
Transit	1,916,397	273,393	-	810,943	-	(832,061)	(832,061)
Parking Enterprise	812,939	353,899	-	-	-	(459,040)	(459,040)
Storm Water	1,381,968	1,852,620	-	-	-	470,652	470,652
Airport	1,465,961	1,099,310	-	1,945,025	-	1,578,374	1,578,374
CC Woodson	410,084	48,000	-	-	-	(362,084)	(362,084)
Spartanburg Parking Facilities Corporation	1,009,657	56,250	-	-	-	(953,407)	(953,407)
Spartanburg Airport Facilities Corporation	382,543	157,258	-	-	-	(225,285)	(225,285)
Total Business-Type Activities	**7,379,549**	**3,840,730**	**-**	**2,755,968**	**-**	**(782,851)**	**(782,851)**
TOTAL - PRIMARY GOVERNMENT	**$ 52,073,353**	**21,733,003**	**2,053,787**	**2,755,968**	**(24,747,744)**	**(782,851)**	**(25,530,595)**
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					14,538,966	-	14,538,966
Tax Increment					2,532,266	-	2,532,266
Motor Vehicle Taxes					1,336,580	-	1,336,580
Hospitality Taxes					4,357,875	-	4,357,875
Other Taxes					868,264	-	868,264
Intergovernmental Revenue - Unrestricted					798,466	-	798,466
Investment Income					23,370	56,639	80,009
Miscellaneous					954,259	-	954,259
Grants and Contributions Not Restricted to Specific Programs					966,696	-	966,696
Transfers In (Out)					(2,048,651)	2,048,651	-
Total General Revenues and Transfers					24,328,091	2,105,290	26,433,381
CHANGE IN NET POSITION					**(419,653)**	**1,322,439**	**902,786**
NET POSITION, Beginning of Year					53,442,558	25,627,421	79,069,979
Cumulative Change in Accounting Principle - GASB #68/71					(36,340,713)	(1,199,161)	(37,539,874)
NET POSITION, Beginning of Year, Restated					17,101,845	24,428,260	41,530,105
NET POSITION- End of Year					**16,682,192**	**25,750,699**	**$ 42,432,891**

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

CITY OF SPARTANBURG, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2015

	GENERAL	CAPITAL PROJECTS	HOSPITALITY TAX	ST. JOHN - DANIEL MORGAN TIF	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	$ 19,902,434	-	-	-	12,078	$ 19,914,512
Restricted Cash and Cash Equivalents	-	-	-	-	1,030,935	1,030,935
Restricted Investments	-	-	-	-	7,850	7,850
Cash held by County Treasurer	-	1,000,000	-	-	-	1,000,000
Property Taxes Receivable, Net	1,613,506	-	-	8,369	58,413	1,680,288
Accounts Receivable, Net	1,493,790	554,382	360,607	-	-	2,408,779
Commercial Loan Receivables	-	-	-	-	56,019	56,019
Intergovernmental Receivables	-	-	-	-	872,049	872,049
Due From Other Funds	756,272	663,208	1,435,888	-	1,874,033	4,729,401
Prepaids and Inventories	106,683	-	30,062	-	-	136,745
Mortgages Receivable:						
Home Loans	-	-	-	-	76,902	76,902
TOTAL ASSETS	**$ 23,872,685**	**2,217,590**	**1,826,557**	**8,369**	**3,988,279**	**$ 31,913,480**
LIABILITIES AND FUND BALANCES						
Accounts Payable	$ 2,173,953	612,672	-	-	422,327	$ 3,208,952
Accrued Salaries and Benefits	1,229,679	-	-	-	21,988	1,251,667
Customer Deposits	248,700	-	-	-	-	248,700
Unclaimed Checks	13,919	-	-	-	-	13,919
Retainage Payable	-	40,426	-	-	-	40,426
Intergovernmental Payable	266,333	-	-	-	-	266,333
Due To Other Funds	11,017,242	-	-	1,787	243,750	11,262,779
Unearned Revenues	274,421	-	-	-	194,840	469,261
TOTAL LIABILITIES	15,224,247	653,098	-	1,787	882,905	16,762,037
DEFERRED INFLOWS OF RESOURCES						
Unavailable Property Taxes	1,549,805	-	-	4,745	33,314	1,587,864
Unavailable Note Receivable	-	-	-	-	120,845	120,845
TOTAL DEFERRED INFLOWS OF RESOURCES	1,549,805	-	-	4,745	154,159	1,708,709
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	16,774,052	653,098	-	6,532	1,037,064	18,470,746
FUND BALANCES						
Nonspendable:						
Prepaids and Inventories	106,683	-	30,062	-	-	136,745
Restricted for:						
Debt Service	-	-	-	1,837	1,989,909	1,991,746
Capital Projects	-	1,564,492	-	-	-	1,564,492
Special Revenue	-	-	1,796,495	-	944,583	2,741,078
Committed for:						
Special Revenue	-	-	-	-	16,723	16,723
Assigned for:						
Utility Projects	1,235,024	-	-	-	-	1,235,024
Insurance	250,000	-	-	-	-	250,000
Unassigned	5,506,926	-	-	-	-	5,506,926
TOTAL FUND BALANCES	7,098,633	1,564,492	1,826,557	1,837	2,951,215	13,442,734
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 23,872,685**	**2,217,590**	**1,826,557**	**8,369**	**3,988,279**	**$ 31,913,480**

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, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		**$**	**13,442,734**
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 $104,397,789 and the accumulated depreciation was $45,054,500.			59,343,289
Property taxes receivable that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore are considered unavailable in the governmental funds.			1,587,864
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.			120,845
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			488,309
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.			(169,299)
The City's net OPEB asset resulting from overfunded annual required contributions to its defined benefit OPEB Plan in the current year is not reported as an asset in the governmental funds but is in the Statement of Net Position.			531,794
The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.			(39,287,957)
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.			5,326,968
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:			
Bonds Payable	(21,167,634)		
Compensated Absences (Sick Pay and Vacations)	(3,534,721)		(24,702,355)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		**$**	**16,682,192**

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, 2015

	GENERAL	CAPITAL PROJECTS	HOSPITALITY TAX	ST. JOHN - DANIEL MORGAN TIF	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes	$ 14,558,288	-	4,210,793	455,593	4,276,553	$ 23,501,227
Fees, Licenses, and Permits	13,728,730	-	-	-	-	13,728,730
Fines and Forfeitures	484,261	-	-	-	-	484,261
State Government Contributions	-	-	-	-	309,534	309,534
Federal Government Contributions	-	-	-	-	869,299	869,299
Intergovernmental Revenues	3,323,739	-	-	-	-	3,323,739
Charges for Services	1,863,727	-	-	-	-	1,863,727
Investment Earnings	-	-	2,337	-	5,025	7,362
Confiscated Drug Funds	-	-	-	-	62,039	62,039
Donations	-	876,255	-	-	-	876,255
Ground Lease Rent	-	-	-	200,000	-	200,000
Other	114,052	-	5,400	-	848,003	967,455
TOTAL REVENUES ALL SOURCES	**34,072,797**	**876,255**	**4,218,530**	**655,593**	**6,370,453**	**46,193,628**
EXPENDITURES:						
Current:						
Policy Formulation and Administration	6,542,355	-	-	-	-	6,542,355
Public Safety	14,365,186	-	-	-	-	14,365,186
Parks, Recreation, and Special Events	1,536,359	-	-	-	-	1,536,359
Development Services	2,516,168	-	-	-	-	2,516,168
Public Services	5,773,917	-	-	-	-	5,773,917
Finance and Administrative Services	1,704,084	-	-	-	752,603	2,456,687
Operating	-	-	558,867	-	4,070,967	4,629,834
Capital Outlay	1,163,638	2,614,242	-	-	1,186	3,779,066
Debt Service:						
Principal Retirement	-	-	-	450,000	2,427,192	2,877,192
Interest	-	-	-	189,378	525,736	715,114
Other	-	-	-	17,999	242,870	260,869
TOTAL EXPENDITURES	33,601,707	2,614,242	558,867	657,377	8,020,554	45,452,747
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**471,090**	**(1,737,987)**	**3,659,663**	**(1,784)**	**(1,650,101)**	**740,881**
OTHER FINANCING SOURCES (USES):						
Transfers In	1,575,064	1,508,713	-	136,174	3,124,694	6,344,645
Transfers Out	(2,344,616)	-	(3,382,553)	(847,234)	(1,818,893)	(8,393,296)
Proceeds from Sale of Capital Assets	27,732	-	-	-	6,880	34,612
Total Other Financing Sources (Uses)	(741,820)	1,508,713	(3,382,553)	(711,060)	1,312,681	(2,014,039)
NET CHANGES IN FUND BALANCES	**(270,730)**	**(229,274)**	**277,110**	**(712,844)**	**(337,420)**	**(1,273,158)**
FUND BALANCES, Beginning of Year	7,369,363	1,793,766	1,549,447	714,681	3,288,635	14,715,892
FUND BALANCES, End of Year	**$ 7,098,633**	**1,564,492**	**1,826,557**	**1,837**	**2,951,215**	**$ 13,442,734**

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, 2015

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	**$**	**(1,273,158)**
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:		
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.		196,146
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.		(216,826)
Landfill remediation payments reduces the long-term the liability in the Statement of Net Position, but is an expenditure in the governmental funds.		38,000
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.		2,877,192
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.		13,689
The City's net OPEB asset, resulting from overfunded annual required contributions, is not reported as an asset in the governmental funds. This amount represents the change in the net OPEB asset during the current year.		243,517
Changes in 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 reported in the governmental funds but are reported in the governmental funds but are reported in the Statement of Activities.		(442,319)
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.		32,816
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.		(150,976)
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.		(55,743)
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.		(324,757)
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 ($1,563,771) were exceeded by depreciation expense ($2,921,005) in the current period.		(1,357,234)
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	**$**	**(419,653)**

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, 2015

		TRANSIT	PARKING	STORM WATER
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$	6,357	-	-
Restricted Cash and Cash Equivalents		-	-	-
Accounts Receivable, Net		158,086	8,534	35,907
Other Assets		-	-	-
Due From Other Funds		408,705	1,423,180	1,425,386
Prepaids and Inventories		112,838	-	-
Total Current Assets		685,986	1,431,714	1,461,293
Non-Current Assets:				
Capital Assets:				
Non-Depreciable		179,840	-	-
Depreciable, Net		4,383,834	10,558,076	-
Total Non-Current Assets		4,563,674	10,558,076	-
TOTAL ASSETS		5,249,660	11,989,790	1,461,293
DEFERRED OUTFLOW OF RESOURCES				
Hedging Derivative Instruments		-	-	-
Deferred Pension Charges		-	12,500	49,124
TOTAL DEFERRED OUTFLOWS OF RESOURCES		-	12,500	49,124
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$**	**5,249,660**	**12,002,290**	**1,510,417**
LIABILITIES				
Current Liabilities:				
Accounts Payable/Deposits Payable	$	49,039	36,812	34,187
Accrued Interest Payable		-	26,924	-
Accrued Salaries and Benefits		-	3,186	-
Customer Deposits		-	46,526	-
Due To Other Funds		-	-	-
Unearned Revenue		1,250	8,534	-
Unclaimed Checks		-	-	-
Accrued Claims/Premiums		-	-	-
Current Portion of Compensated Absences		-	-	-
Current Portion of Debt/Capital Leases		-	450,000	-
Total Current Liabilities		50,289	571,982	34,187
Long-Term Liabilities:				
Derivative Instrument		-	-	-
Debt/Capital Leases, Less Current Portion		-	470,000	-
Net Pension Liability		-	147,303	604,101
Total Long-Term Liabilities		-	617,303	604,101
TOTAL LIABILITIES		50,289	1,189,285	638,288
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Credits		-	12,419	50,930
NET POSITION				
Net Investment in Capital Assets		4,563,674	9,638,076	-
Unrestricted		635,697	1,162,510	821,199
TOTAL NET POSITION		5,199,371	10,800,586	821,199
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$**	**5,249,660**	**12,002,290**	**1,510,417**

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

AIRPORT	CC WOODSON	SPARTANBURG PARKING FACILITIES CORPORATION	SPARTANBURG AIRPORT FACILITIES CORPORATION	TOTALS	TOTAL INTERNAL SERVICE FUNDS
-	-	-	-	6,357	$ -
-	36,985	262,081	13,820	312,886	1,769,159
222,927	-	18,750	19,114	463,318	-
11,838	-	-	-	11,838	-
-	107,475	79,840	527,496	3,972,082	3,072,031
157,103	-	-	-	269,941	-
391,868	144,460	360,671	560,430	5,036,422	4,841,190
4,381,799	488,948	-	-	5,050,587	-
5,482,560	5,860,745	9,403,447	3,576,381	39,265,043	6,269,648
9,864,359	6,349,693	9,403,447	3,576,381	44,315,630	6,269,648
10,256,227	6,494,153	9,764,118	4,136,811	49,352,052	11,110,838
-	-	531,693	282,025	813,718	-
40,001	-	-	-	101,625	-
40,001	-	531,693	282,025	915,343	-
10,296,228	**6,494,153**	**10,295,811**	**4,418,836**	**50,267,395**	**$ 11,110,838**
17,608	-	45,798	18,343	201,787	$ 181,097
-	-	-	-	26,924	-
8,252	-	-	-	11,438	-
-	-	-	-	46,526	-
510,735	-	-	-	510,735	-
-	30,062	-	-	39,846	-
-	-	-	-	-	1,366
-	-	-	-	-	500,082
26,879	-	-	-	26,879	-
-	5,600,000	6,062,791	1,085,209	13,198,000	1,430,769
563,474	5,630,062	6,108,589	1,103,552	14,062,135	2,113,314
-	-	531,693	282,025	813,718	-
-	-	5,054,801	2,797,199	8,322,000	3,670,556
464,896	-	-	-	1,216,300	-
464,896	-	5,586,494	3,079,224	10,352,018	3,670,556
1,028,370	5,630,062	11,695,083	4,182,776	24,414,153	5,783,870
39,194	-	-	-	102,543	-
9,864,359	6,356,616	4,564,929	774,659	35,762,313	1,168,323
(635,695)	(5,492,525)	(5,964,201)	(538,599)	(10,011,614)	4,158,645
9,228,664	864,091	(1,399,272)	236,060	25,750,699	5,326,968
10,296,228	**6,494,153**	**10,295,811**	**4,418,836**	**50,267,395**	**$ 11,110,838**

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	TRANSIT	PARKING	STORM WATER
OPERATING REVENUES			
Charges for Services	$ 240,264	343,989	1,852,620
Contributions	-	-	-
Other Revenues	33,129	9,910	-
Sale of Inventory	-	-	-
TOTAL OPERATING REVENUES ALL SOURCES	**273,393**	**353,899**	**1,852,620**
OPERATING EXPENSES			
Personal Services	-	95,450	423,446
Depreciation	457,656	481,736	-
Other Services and Charges	1,458,741	161,114	958,522
Claims/Premiums	-	-	-
Cost of Goods Sold	-	-	-
Maintenance	-	21,523	-
TOTAL OPERATING EXPENSES	1,916,397	759,823	1,381,968
OPERATING INCOME (LOSS)	**(1,643,004)**	**(405,924)**	**470,652**
NON-OPERATING REVENUES (EXPENSES)			
Gain (Loss) on Sale of Assets	-	-	-
Federal and State Contributions	810,943	-	-
Interest Expense	-	(53,116)	-
Investment Earnings	-	3,997	3,229
Other Revenues (Expenses)	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	810,943	(49,119)	3,229
INCOME (LOSS) BEFORE TRANSFERS	**(832,061)**	**(455,043)**	**473,881**
Transfers In	500,000	638,116	-
Transfers Out	-	(100,000)	(125,000)
CHANGE IN NET POSITION	**(332,061)**	**83,073**	**348,881**
NET POSITION, Beginning of Year	5,531,432	10,862,740	1,067,907
Cumulative Change in Accounting Principle - GASB #68/71	-	(145,227)	(595,589)
NET POSITION, Beginning of Year, Restated	5,531,432	10,717,513	472,318
NET POSITION, End of Year	**$ 5,199,371**	**10,800,586**	**821,199**

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

AIRPORT	CC WOODSON	SPARTANBURG PARKING FACILITIES CORPORATION	SPARTANBURG AIRPORT FACILITIES CORPORATION	TOTALS	TOTAL INTERNAL SERVICE FUNDS
117,961	48,000	56,250	157,258	2,816,342	$ 1,150,000
-	-	-	-	-	4,181,445
29	-	-	-	43,068	19,013
981,320	-	-	-	981,320	-
1,099,310	**48,000**	**56,250**	**157,258**	**3,840,730**	**5,350,458**
335,130	-	-	5,500	859,526	-
130,895	362,327	360,693	129,665	1,922,972	936,650
241,814	-	-	-	2,820,191	494,074
-	-	-	-	-	3,773,317
755,006	-	-	-	755,006	-
2,226	-	-	-	23,749	-
1,465,071	362,327	360,693	135,165	6,381,444	5,204,041
(365,761)	**(314,327)**	**(304,443)**	**22,093**	**(2,540,714)**	**146,417**
(890)	-	-	-	(890)	(46,528)
1,945,025	-	-	-	2,755,968	-
-	(45,000)	(554,496)	(211,979)	(864,591)	(55,844)
-	25	49,383	5	56,639	7,271
-	(2,757)	(94,468)	(35,399)	(132,624)	(18,500)
1,944,135	(47,732)	(599,581)	(247,373)	1,814,502	(113,601)
1,578,374	**(362,059)**	**(904,024)**	**(225,280)**	**(726,212)**	**32,816**
462,183	-	638,020	293,980	2,532,299	-
(82,000)	-	-	(176,648)	(483,648)	-
1,958,557	**(362,059)**	**(266,004)**	**(107,948)**	**1,322,439**	**32,816**
7,728,452	1,226,150	(1,133,268)	344,008	25,627,421	5,294,152
(458,345)	-	-	-	(1,199,161)	-
7,270,107	1,226,150	(1,133,268)	344,008	24,428,260	5,294,152
9,228,664	**864,091**	**(1,399,272)**	**236,060**	**25,750,699**	**$ 5,326,968**

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

		TRANSIT	PARKING	STORM WATER
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Charges for Services	$	240,264	347,950	1,845,064
Receipts from Contributions		-	-	-
Receipts from Sale of Inventory		-	-	-
Receipts from Other Revenues		33,129	9,910	-
Payments for Personal Services		-	(92,974)	(413,128)
Payments for Services and Charges		(1,494,514)	(161,701)	(995,306)
Payments for Cost of Goods Sold		-	-	-
Payments for Other Expenses		-	-	-
Payments for Claims/Premiums		-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		(1,221,121)	103,185	436,630
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds		393,758	480,934	-
Transfers to Other Funds		-	(100,000)	(439,859)
Non-Operating State and Federal Grants		827,193	-	-
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES		1,220,951	380,934	(439,859)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets		-	-	-
Proceeds on Sale of Capital Assets		-	-	-
Capital Grants and Contributions		-	-	-
Bond, Note and Capital Lease Proceeds		-	-	-
Bond, Note, and Capital Lease Principal Payments		-	(435,000)	-
Bond, Note, and Capital Lease Interest Payments		-	(53,116)	-
Bond Issuance Costs		-	-	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		-	(488,116)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Earnings		-	3,997	3,229
NET CASH PROVIDED BY INVESTING ACTIVITIES		-	3,997	3,229
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(170)**	**-**	**-**
CASH AND CASH EQUIVALENTS, Including Restricted Cash, Beginning of Year		6,527	-	-
CASH AND CASH EQUIVALENTS, Including Restricted Cash, End of Year	**$**	**6,357**	**-**	**-**
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:				
Operating Income (Loss)	$	(1,643,004)	(405,924)	470,652
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:				
Depreciation Expense		457,656	481,736	-
Other Revenues (Expenses)		-	-	-
Change in Accounts Representing				
Operating Activities:				
Accounts Receivable		-	(8,534)	(7,556)
Other Assets		-	-	-
Prepaids and Inventories		3,750	-	-
Deferred Pension Charges		-	(12,500)	(49,124)
Accounts Payable/Deposits Payable		(39,523)	20,936	(36,784)
Accrued Salaries and Benefits		-	481	-
Customer Deposits		-	3,961	-
Compensated Absences		-	-	-
Claims/Premiums		-	-	-
Unearned Revenue		-	8,534	-
Net Pension Liability		-	2,076	8,512
Deferred Pension Credits		-	12,419	50,930
Net Cash Provided by (Used in) Operating Activities	$	(1,221,121)	103,185	436,630
Supplemental Disclosures of Cash Flow Information 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	CC WOODSON	SPARTANBURG PARKING FACILITIES CORPORATION	SPARTANBURG AIRPORT FACILITIES CORPORATION	TOTALS	TOTAL INTERNAL SERVICE FUNDS
117,961	-	37,500	162,860	2,751,599	$ 1,150,000
-	-	-	-	-	4,181,445
981,320	-	-	-	981,320	-
29	-	-	-	43,068	19,013
(335,669)	-	-	(5,500)	(847,271)	-
(412,016)	-	241	(102,589)	(3,165,885)	(421,200)
(761,180)	-	-	-	(761,180)	-
-	(2,757)	(94,468)	(35,399)	(132,624)	(18,500)
-	-	-	-	-	(3,818,591)
(409,555)	(2,757)	(56,727)	19,372	(1,130,973)	1,092,167
513,014	-	610,938	368,771	2,367,415	334,611
(82,000)	-	-	(176,648)	(798,507)	-
-	-	-	-	827,193	-
431,014	-	610,938	192,123	2,396,101	334,611
(2,339,790)	-	-	-	(2,339,790)	(2,687,937)
-	-	-	-	-	17,294
2,318,331	-	-	-	2,318,331	-
-	-	-	-	-	2,625,000
-	-	-	-	(435,000)	(1,155,580)
-	(45,000)	(554,496)	(211,979)	(864,591)	(55,844)
-	-	-	-	-	-
(21,459)	(45,000)	(554,496)	(211,979)	(1,321,050)	(1,257,067)
-	25	49,383	5	56,639	7,271
-	25	49,383	5	56,639	7,271
-	**(47,732)**	**49,098**	**(479)**	**717**	**176,982**
-	84,717	212,983	14,299	318,526	1,592,177
-	**36,985**	**262,081**	**13,820**	**319,243**	**$ 1,769,159**
(365,761)	(314,327)	(304,443)	22,093	(2,540,714)	$ 146,417
130,895	362,327	360,693	129,665	1,922,972	936,650
-	(2,757)	(94,468)	(35,399)	(132,624)	(18,500)
-	-	(18,750)	5,602	(29,238)	-
(11,838)	-	-	-	(11,838)	-
(6,174)	-	-	-	(2,424)	-
(40,001)	-	-	-	(101,625)	-
(156,138)	-	241	(102,589)	(313,857)	72,874
(2,036)	-	-	-	(1,555)	-
-	-	-	-	3,961	-
(4,247)	-	-	-	(4,247)	-
-	-	-	-	-	(45,274)
-	(48,000)	-	-	(39,466)	-
6,551	-	-	-	17,139	-
39,194	-	-	-	102,543	-
(409,555)	(2,757)	(56,727)	19,372	(1,130,973)	$ 1,092,167
(103,222)	-	-	-	(103,222)	$ -

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION AND LIABILITIES-
FIDUCIARY FUND TYPES

JUNE 30, 2015

	PENSION TRUST	AGENCY
	General Employees'	Donation Fund
ASSETS		
Restricted Investments:		
Commingled Bond Funds	$ 3,045,485	$ -
Corporate Bonds	2,534,250	-
Money Market Mutual Funds	164,558	-
Accounts Receivable:		
Interest	29,195	-
Other	-	80,747
TOTAL ASSETS	**$ 5,773,488**	**$ 80,747**
LIABILITIES		
Accounts Payable	$ -	$ 1,278
Due to Others	-	79,469
TOTAL LIABILITIES	**-**	**80,747**
NET POSITION		
Held in Trust for Pension Benefits	5,773,488	-
TOTAL NET POSITION AND LIABILITIES	**$ 5,773,488**	**$ 80,747**

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, 2015

	PENSION TRUST General Employees'
ADDITIONS	
Contributions:	
Employer	$ 810,401
Member	8,304
Total Contributions	818,705
Investment Earnings:	
Realized and Unrealized Appreciation in Fair Value of Investments	130,645
Total Investment Earnings	130,645
TOTAL ADDITIONS ALL SOURCES	**949,350**
DEDUCTIONS	
Pension Benefits	1,568,073
Administrative Expense	70,454
TOTAL DEDUCTIONS	1,638,527
CHANGE IN NET POSITION	**(689,177)**
NET POSITION, Beginning of Year	6,462,665
NET POSITION, End of Year	**$ 5,773,488**

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America, ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

As required by GAAP, the financial statements would present the City along with its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity as a component unit is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either: 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City. In order to be considered fiscally independent, an entity must have the authority to do all three of the following: (a) determine its budget without the City having the authority to approve or modify that budget, (b) levy taxes or set rates or charges without approval by the City, and (c) issue bonded debt without approval by the City.

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has three blended component units.

Blended Component Unit

Spartanburg Public Facilities Corporation

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Blended Component Unit (Continued)

Spartanburg Recreational Facilities Corporation

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

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

Spartanburg Parking Facilities Corporation

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

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

Spartanburg Airport Facilities Corporation

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Blended Component Unit (Continued)

Spartanburg Airport Facilities Corporation (Continued)

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

Related Organizations

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

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

Major Operations

The City's major governmental operations include police and fire protection, parks and recreation, economic and community development, public works and general administrative services. In addition, the City operates seven enterprise funds as of June 30, 2015, consisting of Transit, Parking, Storm Water, Airport, CC Woodson, Spartanburg Parking Facilities Corporation, and Spartanburg Airport Facilities Corporation.

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

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Significant New Accounting Standards Adopted – Change in Accounting Principle

The City implemented GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68") and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") for the year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in single-employer or cost-sharing multiple employer plans are now required to recognize a net pension asset/liability for their single-employer plan or their proportionate share of the net pension asset/liability of cost-sharing multiple employer plans. It is GASB's intention that these Statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered. In particular, these Statements require the City to recognize a net pension asset/liability, deferred outflows of resources, and deferred inflows of resources for the General Employees' Pension Plan ("City Pension Plan"), single-employer plan, and for the City's participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System ("State Retirement Plans"), cost-sharing multiple-employer defined benefit pension plan, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the Pension Plan Committee for the City's Pension Plan and by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the State Retirement Plan. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide and proprietary funds financial statements to reflect the reporting of net pension assets/liabilities and deferred outflows of resources for each of its qualified plans in accordance with the provisions of these Statements. Net position of the City's government-wide financial statements as of July 1, 2014 was decreased in total by approximately $37,540,000, consisting of approximately $36,341,000 for governmental activities and approximately $1,199,000 for business-type activities, to reflect the cumulative change in accounting principle related to the adoption of these Statements. The City's enterprise funds also reflected a decrease of approximately $1,199,000 related to the adoption of these Statements. The total impact related to the State Retirement Plans was approximately $27,452,000; the impact related to the City Pension Plan was approximately $10,088,000. See Note IV.D for more information regarding the City's retirement plans.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the government.

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 major funds and fund types are used by the City.

Governmental fund types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

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

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

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

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

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

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

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City has the following Internal Service Funds:

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

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

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

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

1. Cash, Cash Equivalents, and Investments

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

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

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

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

(b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(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:

- Local Government Investment Pool ("Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00.

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

2. Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. City management determines the classification of amounts recorded as subsidies or advances. To the extent that certain transactions between funds would not be paid or received as of a year end, interfund amounts or payables would be recorded. Internal service funds are used to record charges to all City departments as operating revenue. All City funds record these payments to the internal service funds as operating expenditures or expenses. The City uses the pooling of cash method of accounting whereby the General Fund makes all receipts and disbursements for the other funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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.

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

4. Capital Assets

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

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Compensated Absences

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

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

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*." The entire compensated absence liability and expense is reported on the government-wide financial statements. The portion applicable to the Proprietary Fund is also recorded in the Proprietary Fund financial statements. If applicable, termination payments incurred prior to year end related to governmental funds are recorded in the fund financial statements (if material).

6. Accrued Liabilities and Long-Term Obligations

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

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

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

7. Fund Balance

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Fund Balance (Continued)

The City classifies governmental fund balances as follows:

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

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

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through 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.

8. 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 hedging derivative instruments in its Statements on Net Position in connection with the City's derivative instruments. (2) The City also reports deferred pension charges in its Statements of Net Position in connection with the City Pension Plan and their participation in the State Retirement Plans. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Deferred Outflows/Inflows of Resources (Continued)

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 two types of deferred inflows of resources: (1) The City reports *unavailable revenue* only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (revenues) 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 their participation in the State Retirement Plans. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

9. Net Position

Net Position represents the difference between assets and deferred outflows and liabilities. The Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same Net Position component as the unspent proceeds. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

10. Encumbrances

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

11. *Accounting Estimates*

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

12. Pensions

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Other Postemployment Benefits

Other postemployment benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.E and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

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 as noted above.

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

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

Revisions that alter the total budgeted expenditures of the City as a whole must be approved by City Council. There were no revisions to the General Fund budget in fiscal year 2015. The level at which expenditures may not legally exceed appropriations is therefore the total revised appropriations amount.

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

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

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City deposits might not be recovered. The City does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2015, approximately $20,000 of the City's non-pension trust fund bank balances of approximately $7,223,000 (book balance of approximately $7,034,000) was uncollateralized and exposed to custodial credit risk.

Investments

As of June 30, 2015, the City's non-pension trust fund investment portfolio consisted of:

Investment Type	Credit Rating ^	Fair Value	Weighted Average Maturity
State Local Government Investment Pool	*	$ 14,236,932	~
County Treasurer	*	1,000,000	~
TDAM Institutional U.S. Government Fund	AAAm, NR, NR	1,762,571	<1 year
Total Primary Government		$ 16,999,503	

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

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

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2015, none of City's investments were exposed to custodial credit risk.

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

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

Pension Trust Fund Cash, Cash Equivalents and Investments

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

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

A. Deposits and Investments (Continued)

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

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

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

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

The Pension Plan trust portfolio at June 30, 2015 is as shown in the following table. The trust reports its investments at fair value.

Investment Type	Credit Rating ^	Fair Value	Weighted Average Maturity
Fiduciary - Pension Trust Fund			
Federated Prime Obligation Fund	Aam, Aaa-mf, AAAmmf	$ 164,558	Less than 1 year
FNMA Bonds	AA+, Aaa, AAA	2,334,810	Greater than 5 yrs
US Treasury Notes	AA,AAA,AAA	710,676	Greater than 5 yrs
Corporate Bonds	Various	2,534,250	Greater than 5 yrs
Total Pension Trust		$ 5,744,294	

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

Pension Trust Interest Rate Risk: The Pension Plan's goal is to maximize investment income without unduly jeopardizing the safety and liquidity of funds. The Pension Plan does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Pension Trust Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Plan does not have an investment policy for custodial credit risk. As of June 30, 2015, none of Pension Plan's investments were exposed to custodial credit risk.

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

Concentration of Credit Risk for Pension Trust Investments*:* The Pension Plan places no limit on the amount it may invest in any one issuer. There were no investments in any one corporate issuer that exceeded 5% of the total portfolio at June 30, 2015. Investments issued or explicitly guaranteed by the U.S government and investments in mutual funds are excluded from this disclosure requirement.

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

B. Receivables and Deferred Revenue

Property Taxes Receivables and Loan Receivables

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

Assessed values for real estate are established annually by the County Tax Assessor at 4% of market value for legal residence and 6% of market value for rental and other real property. Real property in the City for the 2015 tax levy was assessed at approximately $141,344,000. 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 2015 assessed value was approximately $21,037,000 for personal property. The City's operating tax rate is currently 105.0 mills. The County bills and collects the City's property taxes. The City had outstanding property taxes receivable of $1,614,000 and $67,000 (which is net of an allowance for uncollectibles of approximately $538,000 and $20,000 respectively) for general operations and for its tax increment districts, respectively, at June 30, 2015.

The City has outstanding mortgage and commercial loans receivables of approximately $133,000 at June 30, 2015.

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

B. Receivables and Deferred Revenue (Continued)

Unavailable and Unearned Revenue

Governmental funds report unavailable and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2015, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable (General Fund, St. John Daniel Morgan TIF Fund, and Debt Service Funds) - Unavailable	$ 1,587,864
Mortgage and Loan Receivables (Special Revenue Funds) - Unavailable	120,845
Other Unearned Revenue (General Fund and Special Revenue Funds) - Unearned	469,261
Total Unavailable/Unearned Revenue for Governmental Funds	$ 2,177,970

C. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2015, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	CIP Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land	$ 27,257,465	-	-	-	$ 27,257,465
Construction In Progress ("CIP")	191,495	798,576	-	(194,429)	795,642
Total Capital Assets, Non-Depreciable	27,448,960	798,576	-	(194,429)	28,053,107
Capital Assets, Depreciable					
Buildings and Improvements	21,760,484	-	-	194,429	21,954,913
Infrastructure	48,602,035	243,898	-	-	48,845,933
Machinery and Equipment	5,897,504	559,704	(326,863)	5,140	6,135,485
Vehicles	12,622,250	2,650,298	(123,503)	(19,664)	15,129,381
Furniture and Fixtures	12,099	-	-	-	12,099
Total Capital Assets, Depreciable	88,894,372	3,453,900	(450,366)	179,905	92,077,811
Less: Accumulated Depreciation for:					
Buildings and Improvements	8,742,477	703,614	-	-	9,446,091
Infrastructure	29,146,442	1,944,112	-	-	31,090,554
Machinery and Equipment	5,077,944	278,562	(326,863)	551	5,030,194
Vehicles	8,081,664	930,682	(66,393)	(6,910)	8,939,043
Furniture and Fixtures	12,099	-	-	-	12,099
Total Accumulated Depreciation	51,060,626	3,856,970	(393,256)	(6,359)	54,517,981
Total Capital Assets, Depreciable, Net	37,833,746	(403,070)	(57,110)	186,264	37,559,830
Governmental Activities Capital Assets, Net	$ 65,282,706	395,506	(57,110)	(8,165)	$ 65,612,937

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

C. Capital Assets (Continued)

The cost of equipment recorded under capital lease was approximately $7,515,000. Accumulated amortization was approximately $2,620,000 at June 30, 2015. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

Depreciation expense for governmental activities (which includes internal service fund depreciation expense of approximately $937,000) was charged to functions/programs as follows:

Functions/Programs	Depreciation Expense
Policy Formulation and Administration	$ 365,436
Public Safety	635,454
Parks, Recreation, and Special Events	414,295
Community Development	12,965
Public Works	2,416,359
Finance and Administrative Services	12,461
Totals - Governmental Activities	$ 3,856,970

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 2015, the City did not receive any significant donated infrastructure.

The City has outstanding construction commitments of approximately $5,125,000 at June 30, 2015.

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

C. Capital Assets (Continued)

Capital asset activity for the City's business-type activities for the year ended June 30, 2015, was as follows:

Business-Type Activities:	Beginning Balance	Increases	Decreases	CIP Transfers & Adjustments	Ending Balance
Capital Assets, Non-Depreciable:					
Land	$ 2,326,732	83,532	-	785	$ 2,411,049
Construction In Progress	706,160	2,042,810	-	(109,433)	2,639,537
Total Capital Assets, Non-Depreciable	3,032,892	2,126,342	-	(108,648)	5,050,586
Capital Assets, Depreciable:					
Buildings and Improvements	47,979,816	-	-	108,648	48,088,464
Infrastructure	6,876,243	-	-	-	6,876,243
Machinery and Equipment	1,363,779	5,280	(29,106)	(5,140)	1,334,813
Vehicles	3,722,854	-	-	12,184	3,735,038
Total Capital Assets, Depreciable	59,942,692	5,280	(29,106)	115,692	60,034,558
Less: Accumulated Depreciation for:					
Buildings and Improvements	15,503,736	1,353,393	-	-	16,857,129
Infrastructure	312,753	190,094	-	-	502,847
Machinery and Equipment	1,062,846	120,372	(29,106)	(551)	1,153,561
Vehicles	1,984,680	259,113	-	12,184	2,255,977
Total Accumulated Depreciation	18,864,015	1,922,972	(29,106)	11,633	20,769,514
Total Capital Assets, Depreciable, Net	41,078,677	(1,917,692)	-	104,059	39,265,044
Business-Type Activities Capital Assets, Net	$ 44,111,569	208,650	-	(4,589)	$ 44,315,630

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

Functions/Programs	Depreciation Expense
Transit	$ 457,656
Parking	481,736
Airport	130,895
CC Woodson	362,327
Spartanburg Parking Facilities	360,693
Airport Facilities	129,665
Totals - Business-Type Activities	$ 1,922,972

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

D. Long-Term Obligations

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

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

Details for each debt issue and outstanding capital lease as of June 30, 2015, are as follows:

Principal Outstanding at Year End	
Tax Increment Bonds	
$5,395,000	Series 2010 – Bonds issued November 2010, in an original amount of $6,830,000 with an interest rate of 3.24%. The bonds mature April 1, 2025. Interest payments are due April 1st of each calendar year. Annual principal payments of $60,000 began April 1, 2011, and increase in amounts annually until the annual payment reaches $620,000 in year 2025. The proceeds of these bonds were primarily used to partially defease the Series 2002 A bonds and the Series 2002 B bonds.
Certificates of Participation ("COPS")	
$1,310,000	Series 2005 – Issued June 23, 2005, in an original amount of $3,310,000 and maturing April 1, 2020. The Bond interest rate is 3.39% and requires semi-annual interest payments and annual principal payments. The principal payments increase annually from $135,000 in 2006 to $280,000 in 2020. The bonds are the liability of the Spartanburg Public Facilities Corporation, a South Carolina nonprofit corporation (as noted earlier, it is a blended component unit of the City). The purpose of the debt was to provide funding for the "Morgan Square Project."

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

D. Long-Term Obligations (Continued)

Principal Outstanding at Year End	
Hospitality Tax Bonds	
$7,575,000	Series 2014 Refunding – Issued 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 Hospitality Tax Refunding Bonds.
Promissory Notes	
$812,285	In June 2014, the City entered into a promissory note with the Mary Black Foundation for park improvements. The rate of interest is 3.125%. The note is due in full in June 2019. The note requires monthly payments (interest and principal) of $18,024.
General Obligation Bonds	
$5,890,000	Series 2010 – Bonds issued in December of 2010, in an original amount of $6,995,000. The rate of interest ranges from 3.5% to 4.5%. The bond matures in April of 2030. Interest payments are due April 1st and October 1st of each calendar year. Annual principal payments of $265,000 began April 1, 2012, and increase in amounts annually until the annual payment reaches $510,000 in year 2030. The proceeds of these bonds were used to fund the closure of the Arkwright Landfill and the construction of community parks.
Capital Leases	
$48,949	In December 2005, the City entered into a 10-year capital lease to purchase a fire truck for its Public Safety Department. The rate of interest is 3.578%. The lease is due in full in October 2015. The lease requires semi-annual payments (interest and principal) of $49,825. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).
$194,720	In December 2009, the City entered into a 7-year capital lease to purchase two automated side loader trucks, one utility truck, and twelve vehicles. The rate of interest is 3.69%. The lease is due in full in October 2016. The lease requires semi-annual payments (interest and principal) of $67,316. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).
$108,495	In December 2010, the City entered into a 5-year capital lease to purchase vehicles. The rate of interest is 2.24%. The lease is due in full in October 2015. The lease requires semi-annual payments (interest and principal) of $109,710. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).
$836,834	In March 2012, the City entered into a 5-year capital lease to purchase vehicles. The rate of interest is 1.33%. The lease is due in full in April 2017. The lease requires semi-annual payments (interest and principal) of $212,698. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

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

D. Long-Term Obligations (Continued)

Principal Outstanding at Year End	
$1,287,426	In May 2014, the City entered into a 5-year capital lease to purchase vehicles. The rate of interest is 1.42%. The lease is due in full in April 2019. The lease requires semi-annual payments (interest and principal) of $166,112. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).
$118,109	In September 2014, the City entered into a 5-year capital lease for Phase I of a new telephone system. The rate of interest is 3.63%. The lease is due in full in August 2019. The lease requires monthly payments (interest and principal) of $2,588. This lease is funded in the General Fund.
$67,240	In September 2014, the City entered into a 5-year capital lease for Phase II of the new telephone system. The rate of interest is 4.91%. The lease is due in full in September 2019. The lease requires monthly payments (interest and principal) of $1,494. This lease is funded in the General Fund.
$2,625,000	In April 2015, the City entered into a 10-year capital lease for the purchase of vehicles and equipment. The rate of interest is 1.49%. The lease is due in full 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).

Revenue Bonds

$920,000	Series 2008 – Bonds issued October 17, 2008, in an original amount of $3,565,000 and secured by revenue from the City of Spartanburg Parking System. The bonds mature April 1, 2017. The rate of interest is 3.92%. Interest payments are due April 1st and October 1st of each calendar year. Principal payments are due annually on April 1st. Principal payments began April 1, 2009, at $295,000 and increase in amounts annually until the annual payment reaches $470,000 in year 2017. The proceeds of these bonds were used to currently refund the 2002 Bonds, for which the proceeds were used to construct the Magnolia parking garage.

Promissory Notes – Blended Component Units

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

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

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

D. Long-Term Obligations (Continued)

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

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

D. Long-Term Obligations (Continued)

Following is a summary of changes in governmental activities long-term obligations for fiscal year 2015:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
Tax Increment Bonds:					
2010 Series - Broad St.	$ 1,008,000	-	1,008,000	-	$ -
2010 Series - St. John/DM	5,845,000	-	450,000	5,395,000	465,000
Total Tax Increment Bonds	6,853,000	-	1,458,000	5,395,000	465,000
Certificates of Participation					
2005 COPS	1,545,000	-	235,000	1,310,000	245,000
Total Certificates of Participation	1,545,000	-	235,000	1,310,000	245,000
2010 Series GOB	6,180,000	-	290,000	5,890,000	300,000
2014 Hospitality Tax Refunding	8,250,000	-	675,000	7,575,000	685,000
2014 Mary Black Promissory Note	1,000,000	-	187,715	812,285	193,666
Total Debt	23,828,000	-	2,845,715	20,982,285	1,888,666
Capital Leases:					
2005 Capital Lease	144,281	-	95,332	48,949	48,949
2010 Capital Lease	318,725	-	124,005	194,720	128,623
2011 Capital Lease	321,894	-	213,399	108,495	108,495
2012 Capital Lease	1,247,004	-	410,170	836,834	415,644
2014 Capital Lease	1,600,000	-	312,574	1,287,426	315,058
2015 Capital Lease	-	2,625,000	-	2,625,000	414,000
2015 Telephone Capital Lease Phase I	-	139,368	21,259	118,109	26,424
2015 Telephone Capital Lease Phase II	-	77,458	10,218	67,240	14,344
Total Capital Leases	3,631,904	2,841,826	1,186,957	5,286,773	1,471,537
Landfill Rem. and Post-Closure Care Liability	38,000	-	38,000	-	-
Compensated Absences	3,383,745	2,008,268	1,857,292	3,534,721	1,833,302
Total Governmental Activities	$ 30,881,649	4,850,094	5,927,964	29,803,779	$ 5,193,505

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

D. Long-Term Obligations (Continued)

Following is a summary of changes in business-type activities long-term obligations for fiscal year 2015:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Debt:					
RB - 2008	$ 1,355,000	-	435,000	920,000	$ 450,000
PN - Note A (CC Woodson)	5,600,000	-	-	5,600,000	5,600,000
PN - Note A1 (SPFC)	5,152,901	-	-	5,152,901	98,100
PN - Note A2	3,000,000	-	-	3,000,000	3,000,000
PN - Note B	2,964,691	-	-	2,964,691	2,964,691
PN - Note A1 (SAFC)	2,847,099	-	-	2,847,099	49,900
PN - Note B (SAFC)	1,035,309	-	-	1,035,309	1,035,309
Total Debt	21,955,000	-	435,000	21,520,000	13,198,000
Compensated Absences	31,126	30,822	35,069	26,879	26,879
Total Business-Type Activities	$ 21,986,126	30,822	470,069	21,546,879	$ 13,224,879

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

	Debt		Capital Lease Obligations		
Year Ending June 30,	Principal	Interest	Principal	Interest	Totals
Governmental Activities					
2016	$ 1,888,666	867,482	1,471,537	75,160	$ 4,302,845
2017	1,949,805	792,981	1,273,647	52,925	4,069,358
2018	2,006,139	715,908	803,063	35,364	3,560,474
2019	2,067,675	636,513	821,942	22,952	3,549,082
2020	1,900,000	557,600	466,584	11,851	2,936,035
2021-2025	8,820,000	1,674,493	450,000	18,737	10,963,230
2026-2030	2,350,000	320,626	-	-	2,670,626
Totals	$ 20,982,285	5,565,603	5,286,773	216,989	$ 32,051,650
Business-Type Activities					
2016	$ 13,198,000	721,930	-	-	$ 13,919,930
2017	833,700	487,379	-	-	1,321,079
2018	384,100	446,199	-	-	830,299
2019	404,500	422,199	-	-	826,699
2020	427,400	396,928	-	-	824,328
2021-2023	6,272,300	219,250	-	-	6,491,550
Totals	$ 21,520,000	2,693,885	-	-	$ 24,213,885

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

D. Long-Term Obligations (Continued)

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

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2015, the City had $5,890,000 of bonded debt subject to the 8% legal debt limit of approximately $11,668,000, resulting in an unused legal debt margin of approximately $5,778,000.

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, 2015.

Interest Rate Swap Agreements

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

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

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

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

D. Long-Term Obligations (Continued)

Interest Rate Swap Agreements (Continued)

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

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

Fair Value of the Interest Rate Swaps for Note A1 and Note B: The Interest Rate Swaps had a negative fair value to the SPFC of $735,758 for Note A1 and $77,961 for Note B as of June 30, 2015. Fair value was calculated based on TD Bank's internal valuation models and available market data.

	Changes in Fair Values for the Year Ended June 30, 2015		Fair Values at June 30, 2015		Notional
	Reported as	Amount	Reported as	Amount	Amount
Reported in:					
Business-Type Activities					
Note A-1					
Cash Flow Hedges Interest Rate Swaps	Deferred outflow of resources	$ 56,257	Derivative Instrument Liability	$ (735,758)	$ 8,000,000
Note B					
Cash Flow Hedges Interest Rate Swaps	Deferred outflow of resources	$ 110,257	Derivative Instrument Liability	$ (77,961)	$ 4,000,000

Credit Risk: Should TD Bank fail to perform its obligations to the SPFC according to the terms of the Interest Rate Swaps, the SPFC could face a maximum possible loss substantially correlating with the Interest Rate Swaps fair value. TD Bank's counterparty credit rating was Aa1 by Moody's Investors Services and AA- by Standard & Poor's as of August 2015. The SPFC does not have a policy for requiring collateral or other securities to support its hedging derivative instruments exposed to credit risk.

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

D. Long-Term Obligations (Continued)

Interest Rate Swap Agreements (Continued)

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

Swap Payments and Associated Debt: Debt service requirements under Note A1 and Note B and net payments under the Interest Rate Swaps, assuming current interest rates in effect at June 30, 2015 (2.68% for the variable rate portion and 3.42% for the interest rate swap portion, net, on Note A1 and 0.68% for the variable rate portion and 3.02% for the interest rate swap portion, net, on Note B) remain the same for their terms, are presented below. As rates vary, variable-rate bond interest payments and net swap payments will vary.

	Variable-Rate Bonds		Interest Rate	
Year Ending June 30,	Principal	Interest	Swap, Net	Total Payments
2016	$ 4,148,000	241,600	334,788	$ 4,724,388
2017	363,700	210,434	258,521	832,655
2018	384,100	200,686	245,513	830,299
2019	404,500	190,393	231,806	826,699
2020	427,400	179,552	217,376	824,328
2021	6,272,300	168,098	49,648	6,490,046
Totals	$ 12,000,000	1,190,763	1,337,652	$ 14,528,415

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

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

Interfund balances at June 30, 2015, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
Major Governmental Funds		
General Fund	$ 756,272	$ 11,017,242
Capital Projects Fund	663,208	-
Hospitality Tax Fund	1,435,888	-
St. John - Daniel Morgan TIF Fund	-	1,787
Major Enterprise Funds		
Transit Fund	408,705	-
Parking Fund	1,423,180	-
Storm Water Utility Fund	1,425,386	-
Airport Fund	-	510,735
CC Woodson	107,475	-
St. John Parking Facility	79,840	-
Spartanburg Airport Facility Corp	527,496	-
Non-Major Funds - In Aggregate by Type		
Special Revenue Funds	921,956	243,750
Broad Street TIF Fund	935,430	-
Debt Service Funds	16,647	-
Internal Service Funds	3,072,031	-
Totals	$ 11,773,514	$ 11,773,514

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

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

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

Transfers between funds for the year ended June 30, 2015, consist of the following:

Fund	Transfers Out	Transfers In
Major Governmental Funds		
General Fund	$ 2,344,616	$ 1,575,064
Capital Projects Fund	-	1,508,713
Hospitality Tax Fund	3,382,553	-
St. John - Daniel Morgan TIF Fund	847,234	136,174
Major Enterprise Funds		
Transit Fund	-	500,000
Parking Fund	100,000	638,116
Storm Water Utility Fund	125,000	-
Airport Fund	82,000	462,183
St. John Parking Facility	-	638,020
Airport Facilities Corp	176,648	293,980
Non-Major Funds - In Aggregate By Type		
Special Revenue Funds	640,829	1,029,475
Debt Service Funds	1,178,064	2,095,219
Total	$ 8,876,944	$ 8,876,944

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

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

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

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

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

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

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

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

Transit Fund
Transfers in were for operating grant match.

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

Airport Fund
Transfers in were for operating funding, and grant matches for capital projects. Transfers out were to provide additional funding for Spartanburg Airport Facilities Corporation to comply with debt covenants.

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

Airport Facilities Corporation Fund
Transfers in were to make debt service payments. Transfers out were for grant match for capital projects.

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.

IV. OTHER INFORMATION (CONTINUED)

A. Agreements (Continued)

Installment Sale Agreement

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

New Market Tax Agreements

CC Woodson

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

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

The City committed to appropriate $171,500 over a seven year period to fund a reserve account. At the end of the seven years, the City will use the funds set aside in the reserve account of approximately $1,200,000 (excluding interest) to satisfy/repay the SDC's foundation loan. There is one year remaining as of June 30, 2015.

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

IV. OTHER INFORMATION (CONTINUED)

A. Agreements (Continued)

Spartanburg Parking Facilities Corporation

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

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

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

Spartanburg Airport Facilities Corporation

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

IV. OTHER INFORMATION (CONTINUED)

B. Commitments and Contingencies

Commitments

Southside Retail Partners Development Project

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

NMTC – CC Woodson

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

NMTC – Spartanburg Parking Facilities Corporation

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

Infrastructure Tax Credits

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

Contingencies

The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or overall financial position of the City at June 30, 2015.

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

IV. OTHER INFORMATION (CONTINUED)

C. Risk Management

Participation in Public Entity Risk Pools

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF"), which is a public entity risk pool currently operating as a common risk management and insurance program. The City obtains its general risk insurance through SCMIRF. It pays an annual premium for this coverage. For the year ended June 30, 2015, the City made premium payments totaling approximately $564,000. 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, 2014, totaled approximately $21,590,000. 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, 2015, the City made premium payments totaling approximately $257,000. 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, 2014, totaled approximately $52,879,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

Self-Insurance Health Plan

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

The claims liability of $501,000 (which includes unclaimed checks of approximately $1,000) reported in the medical insurance internal service fund at June 30, 2015 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the reported liabilities are as follows:

Medical Insurance Fund	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2012-2013	$ 561,054	3,187,496	(3,292,815)	$ 455,735
2013-2014	455,735	3,300,054	(3,209,067)	546,722
2014-2015	$ 546,722	3,469,059	(3,514,333)	$ 501,448

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

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans

State Retirement Plans

The City participates in the state of South Carolina's retirement plans, which are administered by the PEBA, which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the pension systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the pension systems and serves as a co-trustee of the pension systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' pension trust funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. 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.

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 firemen of the state and its political subdivisions.

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 PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Plan Benefits

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

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

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

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

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

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one- half of one percent per year.

As noted above, 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 as follows for the past three years:

	SCRS Rates			PORS Rates		
	2013	2014	2015	2013	2014	2015
Employer Rate:						
Retirement	10.45%	10.45%	10.75%	11.90%	12.44%	13.01%
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%
	10.60%	10.60%	10.90%	12.30%	12.84%	13.41%
Employee Rate	7.00%	7.50%	8.00%	7.00%	7.84%	8.41%

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

Year Ended	SCRS Contributions		PORS Contributions	
June 30,	Required	% Contributed	Required	% Contributed
2015	$ 814,863	100%	$ 1,192,042	100%
2014	788,291	100%	1,091,067	100%
2013	$ 811,552	100%	$ 1,038,641	100%

Eligible payrolls of the City covered under the State Retirement Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2015	$ 7,580,122	8,889,205	$ 16,469,327
2014	7,543,452	8,497,405	16,040,857
2013	$ 7,766,052	8,444,238	$ 16,210,290

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension
SCRS	$ 42,955,205,796	25,738,521,026	$ 17,216,684,770	59.92%
PORS	$ 5,899,529,434	3,985,101,996	$ 1,914,427,438	67.55%

At June 30, 2015, the City reported a total net pension liability of approximately $27,621,000, which consisted of approximately $14,103,000 and $13,518,000 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities for the State Retirement Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2013 that was projected forward to the measurement date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the State Retirement Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2014, the City's SCRS proportion was 0.081914 percent, which was equal to its proportion measured as of June 30, 2013. At June 30, 2014, the City's PORS proportion was 0.70614 percent, which was equal to its proportion measured as of June 30, 2013.

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

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

For the year ended June 30, 2015, the City recognized pension expense of approximately $2,171,000, consisting of approximately $988,000 and approximately $1,183,000 for the SCRS and PORS, respectively. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	$ 399,616	$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,188,975
City's Contributions Subsequent to the Measurement Date	814,863	-
Total SCRS	1,214,479	1,188,975
PORS		
Differences Between Expected and Actual Experience	360,751	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,564,201
City's Contributions Subsequent to the Measurement Date	1,192,042	-
Total PORS	1,552,793	1,564,201
Total SCRS and PORS	$ 2,767,272	$ 2,753,176

Approximately $815,000 and $1,192,000 that were 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 net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2016	$ (173,638)	(297,494)	$ (471,132)
2017	(173,638)	(297,494)	(471,132)
2018	(173,638)	(297,494)	(471,132)
2019	(268,445)	(310,968)	(579,413)
Total	$ (789,359)	(1,203,450)	$ (1,992,809)

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Actuarial Assumptions and Methods

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. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Salary Increases	Levels off at 3.5%	Levels off at 4.0%
Includes Inflation at	2.75%	2.75%
Benefit Adjustments	Lesser of 1% or $500	Lesser of 1% or $500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment City ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as consensus economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the pension systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5%		
Cash	2%	0.3%	0.01%
Short Duration	3%	0.6%	0.02%
Domestic Fixed Income	13%		
Core Fixed Income	7%	1.1%	0.08%
High Yield	2%	3.5%	0.07%
Bank Loans	4%	2.8%	0.11%
Global Fixed Income	9%		
Global Fixed Income	3%	0.8%	0.02%
Emerging Markets Debt	6%	4.1%	0.25%
Global Public Equity	31%	7.8%	2.42%
Global Tactical Asset Allocation	10%	5.1%	0.51%
Alternatives	32%		
Hedge Funds (Low Beta)	8%	4.0%	0.32%
Private Debt	7%	10.2%	0.71%
Private Equity	9%	10.2%	0.92%
Real Estate (Broad Market)	5%	5.9%	0.29%
Commodities	3%	5.1%	0.15%
Total Expected Real Return	100%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.63%

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State 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 total pension liability.

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Discount Rate (Continued)

The following table presents the sensitivity of the City's proportionate share of the net pension liability of the State Retirement Plans to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability of the SCRS	$ 18,249,993	14,102,875	$ 10,642,989
City's proportionate share of the net pension liability of the PORS	$ 18,891,886	13,518,595	$ 9,072,644

State Retirement Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the State Retirement Plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Payable to State Retirement Plans

The City reported payables of approximately $264,000 to the PEBA as of June 30, 2015, representing required employer and employee contributions for the month of June 2015. These amounts are included in Accrued Salaries and Fringe Benefits on the financial statements and were paid in July 2015.

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 – 98; vested inactive employees not yet receiving benefits – 4; and active employees – 2. Covered payroll for the year was approximately $74,000.

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

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

City Pension Plan (Continued)

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.

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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.5%. 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 $810,000 during 2015 and has committed to contributing $850,000 per year for the next 23 years to fund the retirement plan. 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 $1,077,000. This contribution is designed to fully fund the liability over 15 years.

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, 2015, using the following key actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2015
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:	RP2014 Combined Healthy Mortality Table for healthy lives and the RP 2000 Disabled Retireee Mortality Table for disabled lives
Rates of Disability:	No disability assumed
Rates of Termination - Sample Rates:	Age 20 - 20%
	Age 30 - 20%
	Age 40 - 8.8%
	Age 50 - 2%
	Age 60 - 0%
Salary Increases:	Assumed salaries increase at 3.5% per year
Retirement Age:	Ages < 50 - 25%
	Ages 50 - 64 - 15%
	Age 65 - 100%
Survivor Benefits:	85% of all employees are married and that the wife is three years younger than the husband
Cost-of-living Adjustments ("COLA"):	3.0% annual COLA
Changes in Actuarial Assumptions/Cost Method:	The assumed rate of return on investments was changed from 3.89% to 4.00%. The mortality table was updated from RP2000 to RP2014.

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 $850,000 per year for the next 23 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. The last experience study was performed on data through January 1, 2014, and the next experience study is scheduled to be conducted January 1, 2016.

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 Aon'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, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Expected Return
Domestic Equity (Large Cap)	6.5%
International Equity	6.8%
Domestic Fixed Income (Short-Term)	4.7%
Domestic Fixed Income (Long-Term)	3.5%
International Fixed Income	5.3%
Cash	2.8%

Net Pension Liability

The components of the net pension liability of the City Pension Plan at June 30, 2015 were as follows:

Components of the Net Pension Liability	
Total Pension Liability	$ 18,755,135
Plan Fiduciary Net Position	(5,773,488)
City's Net Pension Liability	$ 12,981,647
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.78%

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	$ 17,020,679	18,755,135	$ 20,794,116
Plan Fiduciary Net Position	(5,773,488)	(5,773,488)	(5,773,488)
City's Net Pension Liability	$ 11,247,191	12,981,647	$ 15,020,628

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, 2015 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at beginng of the year:	$ 19,055,670	6,462,666	$ 12,593,004
Changes for the Year:			
Interest	711,075	-	711,075
Differences between Expected and Actual Experience	4,917	-	4,917
Changes of Assumptions	551,546		551,546
Contributions - Employer	-	810,401	(810,401)
Contributions - Employee	-	8,304	(8,304)
Net Investment Income	-	130,645	(130,645)
Benefit Payments, Net	(1,568,073)	(1,568,073)	-
Administrative Expenses	-	(70,455)	70,455
Net Changes	(300,535)	(689,178)	388,643
Balance at end of the year:	$ 18,755,135	5,773,488	$ 12,981,647
City Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability			
Beginning of the Year	33.91%		
End of the Year	30.78%		

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

City Pension Plan (Continued)

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

For the year ended June 30, 2015, the City recognized pension expense of approximately $1,124,000. At June 30, 2015, 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
City Pension Plan:		
Net Difference Between Projected and Actual Earnings on Investments	$ 83,846	$ -
Total City Pension Plan	$ 83,846	$ -

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
2016	$ 20,961
2017	20,961
2018	20,961
2019	20,963
Total	$ 83,846

IV. OTHER INFORMATION (CONTINUED)

E. Postemployment Benefits Other Than Pensions

Plan Description

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

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

- **Participants who retire between January 1, 2009 and December 31, 2010** – retirees who were employed by the City for at least 20 years and eligible for retirement through one of the City's retirement plans are provided health insurance for up to 10 years but no later than age 65 and their spouse for up to 10 years, but no later than the earlier of the spouse's age 65 or the death of the retiree. The retiree and spouse rate are the COBRA rate per month less $200 (the COBRA rate is currently $407 per month for single coverage and $920 per month for retiree and spouse coverage).

- **Participants who retire after December 31, 2010** – retirees who were employed by the City for at least 20 years and eligible for retirement through the South Carolina Retirement System are provided health insurance for up to 10 years but no later than age 65 (no coverage is provided for the spouse). The retiree rate is the COBRA rate per month less $200 (the COBRA rate is currently $407 per month for single coverage).

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

As of July 1, 2013, the actuarial/measurement date, there were 438 covered participants; 37 members are retirees or their spouses receiving benefits and 401 are active participants.

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

IV. OTHER INFORMATION (CONTINUED)

E. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions

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

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

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

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

Actuarial Valuation Date:	July 1, 2013
Actuarial Cost Method:	Projected unit credit
Amortization Method:	Level percent of pay, open
Amortization Period:	30 Years
Asset Valuation Method:	5-Year Smoothed Market Value - 80% - 120% Corridor
Actuarial Assumptions:	
Investment Rate of Return:	5.00%
Medical Cost Trend Rate	8.50% - 5.00%
Ultimate Trend Rate	5.00%
Year to Ultimate Trend Rate	2018
Includes Inflation at	2.75%
Mortality Table:	RP 2000 Employee Mortality Table
Coverage Elections:	37.5% of eligible retirees will elect coverage and remain in TERI for three years
Active Participant Marriage Assumption	100% of all active employees are assumed to be married, with female spouses being 3 years younger than males.

Since 2009 was the implementation year of GASB Statement No. 45, the asset valuation method used initially is market value. The actuarial consultants use a smoothing method over a 5 year period with the assumed investment rate of return. The OPEB Plan's UAAL is being amortized as a percent of payroll on an open basis. The remaining amortization period at June 30, 2015 was 25 years.

IV. OTHER INFORMATION (CONTINUED)

E. Postemployment Benefits Other Than Pensions (Continued)

Annual OPEB Costs and Rollforward of Net OPEB Obligation

The City's annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2015) was as follows:

1.	Net OPEB Obligation (Asset), Beginning of the Plan Year	$ (288,277)
2.	One Year's Interest on the Net OPEB Obligation	(10,479)
3.	Annual Required Contribution (Normal Cost Plus Any Amortization Payments)	218,442
4.	Adjustment to Annual Required Contribution	8,370
5.	Annual OPEB Cost: (2)+(3)+(4)	216,333
6.	Contributions Made for the Plan Year	(459,850)
7.	Increase (Decrease) in Net OPEB Obligation (Asset): (5)-(6)	(243,517)
8.	Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7)	$ (531,794)

Schedule of Employer Contributions

Contributions include $119,000 paid by the City to the OPEB Plan to pre-fund benefits and approximately $341,000 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

Fiscal year 2009 was the year of implementation of GASB Statement #45. Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation (asset) for 2009 through 2015 were as follows:

Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2009	$ 504,000	527,468	104.66%	$ (23,468)
June 30, 2010	504,000	750,464	148.90%	(269,932)
June 30, 2011	310,799	314,185	101.09%	(273,318)
June 30, 2012	320,004	284,401	88.87%	(237,715)
June 30, 2013	320,004	243,508	76.10%	(161,219)
June 30, 2014	216,333	343,391	158.73%	(288,277)
June 30, 2015	$ 216,333	459,850	212.57%	$ (531,794)

Schedule of Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage Of Covered Payroll ((b-a)/c)
July 1, 2009	$ -	84,000	84,000	0.00%	$ 2,507,000	3.35%
July 1, 2011	335,325	2,950,035	2,614,710	11.37%	17,006,141	15.38%
July 1, 2013	$ 587,860	2,408,239	1,820,379	24.41%	$ 15,405,926	11.82%

IV. OTHER INFORMATION (CONTINUED)

F. Landfill Remediation and Post-Closure Care Cost

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

As of June 30, 2015, the City has paid approximately $7,578,000 in response costs associated with the RI/FS work. The EPA has issued General Notice and Demand letters to twenty other potential responsible parties ("PRPs") related to the Site. Both the EPA and the City have potential claims against the PRPs for response costs, but neither has initiated action against the PRPs to date. The City received $500,000 of its response costs paid from other PRPs.

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

The City hired an environmental consultant in 2009 to determine the remedial costs in accordance with the terms of the consent agreement and ROD. Engineering plans for remediation were developed in 2010 and 2011. Those plans were approved by SCDHEC and EPA is July 2011. In September 2011, the City accepted bids for the remediation work and began remediating the Site. During the fiscal year ended June 30, 2012, the City incurred approximately $6,159,000 in expenditures has completed the remediation. The total landfill post-closure care liability at June 30, 2015 is estimated to be approximately $0 and is recorded as a long-term obligation in the City's governmental activities in the government-wide financial statements.

Included in the total landfill post-closure care liability at June 30, 2015 is annual monitoring and maintenance costs following the capping of the landfill area with enhanced bioremediation of groundwater. The post closure monitoring period required by state law is 30 years after the entire landfill receives final cover. However, based on conversations with the EPA, SCDEC, and the environmental consultant, a much shorter monitoring period is expected since the landfill has been closed since the early 1970s and that natural remediation has occurred over time. The City believes that it has completed the required post closure monitoring and there is no liability remaining at June 30, 2015.

G. Conduit Debt

The Spartanburg Water System ("Water System") has issued the following Bonds in the name of the City: $14,925,000 in March 2002; $81,445,000 in February 2007; $31,200,000 in March 2007; $33,935,000 in December 2009; $7,749,500 in October 2010; $8,000,000 in June 2012; $27,255,000 in October 2013; $26,085,000 in June 2015; and $6,255,000 in June 2015. The purpose of these bonds was to fund capital improvements. At June 30, 2015, the outstanding balances on these bonds were approximately $169,685,000 (excluding deferred amounts). The bonds are payable solely from the gross revenues derived from the operation of the Water System after first paying operation and maintenance of the Water System. The bonds are secured by a statutory lien upon the Water System assets granted by the bond ordinances. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

IV. OTHER INFORMATION (CONTINUED)

H. Fund Balances/Net Position

The City has assigned fund balance in the:

General Fund:		
Utility	$	1,235,024
Insurance	$	250,000

The City has committed fund balance in the:

Other Governmental Funds:		
Spartanburg Res. Dev. Corp.	$	16,723

The City has restricted fund balance in the:

St. John-Daniel Morgan TIF	$	1,837
Other Governmental Funds:		
Federal Home Program		53,801
Miscellaneous Grant		5,570
Victims Assistance		111,449
City Roads Improvement		26,708
Multi County Industrial Park		458,672
Accommodations Tax		190,728
Forfeited Drug-Federal		2,645
Forfeited Drug-State		95,010
General Debt Service		1,041,989
Broad Street TIF	$	947,920

The City had the following deficit fund balance/net position at June 30, 2015:

Parking Facilities Corporation	$	1,399,272
Medical Insurance Trust	$	440,727

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

For the Parking Facilities fund the City utilized new market tax credits and a portion of the debt that is on the City's books will be forgiven. At the end of the 7 year interest only period approximately $2,930,000 will be forgiven and the City will recognize a gain. The City is closely monitoring the deficit in this fund to ensure that it does not surpass the amount that will be forgiven at the end of the agreement.

IV. OTHER INFORMATION (CONTINUED)

I. Litigation

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

The City condemned the Oakview Apartments which is a HUD assisted property. The City plans to demolish the building and use the site for a recreation center. The City's appraised value was $1.0 million at the time of the filing of the action and the City has deposited this amount with the Courts. The Defendant has an appraisal of $2.9 million. Currently this matter is in litigation.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	GENERAL FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Taxes	$ 14,116,367	14,116,367	14,558,288	$ 441,921
Fees, Licenses, and Permits	13,314,492	13,314,492	13,728,730	414,238
Fines and Forfeitures	530,000	530,000	484,261	(45,739)
Intergovernmental Revenues	3,101,921	3,101,921	3,323,739	221,818
Charges for Services	1,894,073	1,894,073	1,863,727	(30,346)
Other Revenues	90,300	90,300	114,052	23,752
TOTAL REVENUES ALL SOURCES	**33,047,153**	**33,047,153**	**34,072,797**	**1,025,644**
EXPENDITURES				
Policy Formulation and Administration	5,849,260	5,849,260	6,623,432	(774,172)
Public Safety	14,333,488	14,333,488	14,918,832	(585,344)
Parks, Recreation, and Special Events	1,640,779	1,640,779	1,536,359	104,420
Development Services	2,742,857	2,742,857	2,521,681	221,176
Public Services	6,352,754	6,352,754	6,289,738	63,016
Finance and Administrative Services	1,743,096	1,743,096	1,711,665	31,431
TOTAL EXPENDITURES	32,662,234	32,662,234	33,601,707	(939,473)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**384,919**	**384,919**	**471,090**	**86,171**
OTHER FINANCING SOURCES (USES)				
Transfers In	1,575,064	1,575,064	1,575,064	-
Transfers Out	(1,979,983)	(1,979,983)	(2,344,616)	(364,633)
Proceeds from Sale of Capital Assets	20,000	20,000	27,732	7,732
TOTAL OTHER FINANCING SOURCES (USES)	(384,919)	(384,919)	(741,820)	(356,901)
NET CHANGES IN FUND BALANCES	**-**	**-**	**(270,730)**	**(270,730)**
FUND BALANCES, Beginning of Year	7,369,363	7,369,363	7,369,363	-
FUND BALANCES, End of Year	**$ 7,369,363**	**7,369,363**	**7,098,633**	**$ (270,730)**

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

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - HOSPITALITY TAX FUND

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

YEAR ENDED JUNE 30, 2015

	HOSPITALITY TAX FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Hospitality Taxes	$ 3,936,573	3,936,573	4,210,793	$ 274,220
Investment Earnings	1,300	1,300	2,337	1,037
Other Revenues	2,500	2,500	5,400	2,900
TOTAL REVENUES ALL SOURCES	**3,940,373**	**3,940,373**	**4,218,530**	**278,157**
EXPENDITURES				
Operating	557,820	557,820	558,867	(1,047)
TOTAL EXPENDITURES	557,820	557,820	558,867	(1,047)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**3,382,553**	**3,382,553**	**3,659,663**	**277,110**
OTHER FINANCING SOURCES (USES)				
Transfers Out	(3,382,553)	(3,382,553)	(3,382,553)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,382,553)	(3,382,553)	(3,382,553)	-
NET CHANGES IN FUND BALANCES	**-**	**-**	**277,110**	**277,110**
FUND BALANCES, Beginning of Year	1,549,447	1,549,447	1,549,447	-
FUND BALANCES, End of Year	**$ 1,549,447**	**1,549,447**	**1,826,557**	**$ 277,110**

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

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2015

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

June 30, 2009	$	504,000	$	527,468	104.66%
June 30, 2010		504,000		750,464	148.90%
June 30, 2011		314,332		314,185	99.95%
June 30, 2012		320,004		284,401	88.87%
June 30, 2013		320,004		243,508	76.10%
June 30, 2014		216,333		343,391	158.73%
Junr 30, 2015	$	216,333	$	459,850	212.57%

SCHEDULE OF FUNDING PROGRESS

Applicable to Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)
July 1, 2009	$ -	84,000	$ 84,000	0.00%	$ 2,507,000
July 1, 2011	335,325	2,950,035	2,614,710	11.37%	17,006,141
July 1, 2013	$ 587,860	2,408,239	$ 1,820,379	24.41%	$ 15,405,926

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	2015	2014
Total Pension Liability:		
Service Cost	$ 7,928	$ 12,311
Interest	711,075	761,034
Differences Between Expected and Actual Experience	(3,011)	(436,740)
Changes of Assumptions	551,546	-
Benefit Payments, Including Refunds of Member Contributions	(1,568,073)	(1,664,935)
Net Change in Total Pension Liability	(300,535)	(1,328,330)
Total Pension Liability - Beginning of Year	19,055,670	20,384,000
Total Pension Liability - End of Year	$ 18,755,135	$ 19,055,670
Plan Fiduciary Net Position:		
Employer Contribution	$ 810,401	$ 812,083
Employee Contribution	8,304	8,672
Net Investment Income	130,645	267,102
Benefit Payments, Including Refunds of Member Contributions	(1,568,073)	(1,664,935)
Administrative Expenses	(70,455)	(89,978)
Net Change in Plan Fiduciary Net Position	(689,178)	(667,056)
Plan Fiduciary Net Position - Beginning of Year	6,462,666	7,129,722
Plan Fiduciary Net Position - End of Year	$ 5,773,488	$ 6,462,666
Net Pension Liability - End of Year	$ 12,981,647	$ 12,593,004
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.78%	33.91%
Covered - Employee Payroll	$ 73,802	$ 103,745
Net Pension Liability as a Percentage of Covered-Employee Payroll	17589.83%	12138.42%

Notes to Schedule:

Significant Changes of Assumptions	For 2015, the discount rate was updated from 3.89% to 4.00%; the mortality table was updated from RP2000 to RP2014.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT PLAN OF THE CITY OF SPARTANBURG - SCHEDULE OF CONTRIBUTIONS

LAST TEN YEARS

	For the Year Ended June 30,									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Actuarially Determined Contribution	$ 1,076,602	1,040,830	1,969,995	1,126,558	899,946	739,797	208,870	412,957	584,837	$ 603,733
Contributions in Relation to the Actuarially Determined Contribution:										
Employer Contribution	810,401	812,083	821,331	548,235	546,920	39,244	248,078	358,381	364,712	262,396
Employee Contribution	8,304	8,672	-	-	-	-	-	-	-	-
Total Contributions	818,705	820,755	821,331	548,235	546,920	39,244	248,078	358,381	364,712	262,396
Contribution Deficiency (Excess)	$ 257,897	220,075	1,148,664	578,323	353,026	700,553	(39,208)	54,576	220,125	$ 341,337
Covered-Employee Payroll	$ 73,802	103,745	125,428	207,200	210,891	264,820	516,784	624,469	749,594	$ 912,257
Contributions as a Percentage of Covered: Employee Payroll	1109.33%	791.13%	654.82%	264.59%	259.34%	14.82%	48.00%	57.39%	48.65%	28.76%

Notes to Schedule:

Valuation Date:	January 1, 2015 (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
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Salary Increases	3.5%, Average, Including Inflation
Investment Rate of Return	4.00%
Retirement Age	65
Mortality	RP2014 Combined Healthy Mortality Table

Other Information:

None

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	For the Year Ended June 30,									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Annual Money-Weighted Rate of Return, Net of Investment Expense	3.50%	-2.40%	6.64%	0.99%	10.80%	18.53%	-26.04%	8.11%	11.50%	6.77%

* Above rates are based on a calendar year.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	**2014**
City's Proportion of the Net Pension Liability (Asset)	0.081914%	0.081914%
City's Proportionate Share of the Net Pension Liability (Asset)	$ 14,102,875	$ 14,692,450
City's Covered-Employee Payroll	$ 7,543,452	$ 7,766,052
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	186.96%	189.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.92%	56.39%

Notes to Schedule:

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

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	**2014**
Contractually Required Contribution	$ 814,863	$ 788,291
Contributions in Relation to the Contractually Required Contribution:	814,863	788,291
Contribution Deficiency (Excess)	$ -	$ -
City's Covered-Employee Payroll	$ 7,580,122	$ 7,543,452
Contributions as a Percentage of Covered-Employee Payroll:	10.75%	10.45%

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	**2014**
City's Proportion of the Net Pension Liability (Asset)	0.70614%	0.70614%
City's Proportionate Share of the Net Pension Liability (Asset)	$ 13,518,595	$ 14,638,150
City's Covered-Employee Payroll	$ 8,497,405	$ 8,444,238
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	159.09%	173.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.55%	62.98%

Notes to Schedule:

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

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	**2014**
Contractually Required Contribution	$ 1,192,042	$ 1,090,514
Contributions in Relation to the Contractually Required Contribution:	1,192,042	1,090,514
Contribution Deficiency (Excess)	$ -	$ -
City's Covered-Employee Payroll	$ 8,889,205	$ 8,497,405
Contributions as a Percentage of Covered-Employee Payroll:	13.41%	12.83%

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

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

City of
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CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
Taxes:			
Current	$ 13,666,367	14,025,397	$ 359,030
Prior Years, Including Penalties and Execution Fees	450,000	532,891	82,891
Total Taxes	**14,116,367**	**14,558,288**	**441,921**
Fees, Licenses, and Permits:			
Business Licenses and Penalties	9,678,161	9,844,986	166,825
Utility Franchise Fees	3,316,831	3,553,294	236,463
Building Permits	180,000	191,938	11,938
Electrical Permits	27,000	21,961	(5,039)
Plumbing Permits	17,000	15,018	(1,982)
Heating & Air Conditioning Permits	22,000	23,837	1,837
Miscellaneous Inspections/License Fees	73,500	77,696	4,196
Total Fees, Licenses, and Permits	**13,314,492**	**13,728,730**	**414,238**
Fines and Forfeitures:			
Criminal Fines	70,000	98,561	28,561
Traffic Fines	410,000	357,770	(52,230)
Parking Tickets	50,000	27,930	(22,070)
Total Fines and Forfeitures	**530,000**	**484,261**	**(45,739)**
Intergovernmental Revenues:			
Local Government Funds	911,127	798,466	(112,661)
General Government Funds	185,000	256,793	71,793
Accommodations Tax	34,235	32,741	(1,494)
Inventory Tax	694,796	694,797	1
Manufacturing Tax Reimbursement	5,763	6,426	663
Sunday Alcohol Sales	86,000	134,300	48,300
Water System Payments	1,100,000	1,100,000	-
Worker's Compensation Recoveries	85,000	300,216	215,216
Total Intergovernmental Revenues	**$ 3,101,921**	**3,323,739**	**$ 221,818**

(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, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Charges for Services:			
District 6 & 7 School Guards	$ 146,585	203,801	$ 57,216
Dorman High School Security	57,000	93,573	36,573
Parks and Recreation	65,000	85,885	20,885
Fleet Charges	90,000	89,655	(345)
Sanitation Service Charge	1,535,488	1,390,813	(144,675)
Total Charges for Services	**1,894,073**	**1,863,727**	**(30,346)**
Other Revenues:			
Fair Association	27,500	27,500	-
Interest	9,800	11,330	1,530
Miscellaneous	51,000	73,222	22,222
Rents	2,000	2,000	-
Total Other Revenues	**90,300**	**114,052**	**23,752**
TOTAL REVENUES ALL SOURCES	**33,047,153**	**34,072,797**	**1,025,644**
EXPENDITURES			
Policy Formulation and Administration			
Mayor and Council:			
Personnel Services	114,044	103,281	10,763
Operating Expenditures	81,783	57,318	24,465
	195,827	160,599	35,228
Boards and Commissions:			
Operating Expenditures	2,909	1,850	1,059
	2,909	1,850	1,059
City Attorney:			
Personnel Services	210,985	217,346	(6,361)
Operating Expenditures	157,807	120,370	37,437
	368,792	337,716	31,076
City Manager:			
Personnel Services	396,401	402,731	(6,330)
Operating Expenditures	109,877	113,356	(3,479)
	$ 506,278	516,087	$ (9,809)

(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, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Communication and Marketing:			
Personnel Services	$ 248,379	299,841	$ (51,462)
Operating Expenditures	53,860	66,744	(12,884)
	302,239	366,585	(64,346)
Community Relations:			
Personnel Services	366,491	374,825	(8,334)
Operating Expenditures	47,450	55,955	(8,505)
Capital Outlay	3,582	3,762	(180)
	417,523	434,542	(17,019)
Code Enforcement:			
Personnel Services	190,101	188,324	1,777
Operating Expenditures	30,553	29,539	1,014
Capital Outlay	2,499	2,499	-
	223,153	220,362	2,791
Municipal Court:			
Personnel Services	364,597	364,203	394
Operating Expenditures	92,400	98,095	(5,695)
	456,997	462,298	(5,301)
Non-Departmental Services:			
Operating Expenditures	514,051	1,260,909	(746,858)
	514,051	1,260,909	(746,858)
Worker's Compensation:			
Personnel Services	72,333	72,242	91
Operating Expenditures	599,570	678,164	(78,594)
	671,903	750,406	(78,503)
Human Resources:			
Personnel Services	280,819	238,171	42,648
Operating Expenditures	64,875	96,861	(31,986)
Capital Outlay	1,096	1,096	-
	346,790	336,128	10,662
Information Technology:			
Personnel Services	472,259	411,721	60,538
Operating Expenditures	1,092,319	1,090,157	2,162
Capital Outlay	118,720	73,720	45,000
	$ 1,683,298	1,575,598	$ 107,700

(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, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Employee Development:			
Personnel Services	$ 86,000	90,611	$ (4,611)
Operating Expenditures	73,500	109,741	(36,241)
	159,500	200,352	(40,852)
Total Policy Formulation and Administration	**5,849,260**	**6,623,432**	**(774,172)**
Public Safety			
Administration			
Director's Office:			
Personnel Services	544,902	488,819	56,083
Operating Expenditures	162,490	128,748	33,742
Capital Outlay	2,053	2,053	-
	709,445	619,620	89,825
Technical and Support Administration:			
Personnel Services	399,699	348,709	50,990
Operating Expenditures	281,332	325,302	(43,970)
Capital Outlay	4,463	4,463	-
	685,494	678,474	7,020
Total Administration	1,394,939	1,298,094	96,845
Law Enforcement			
Detention Transport:			
Operating Expenditures	25,950	35,108	(9,158)
Capital Outlay	2,429	2,429	-
	28,379	37,537	(9,158)
Patrol:			
Personnel Services	4,604,235	4,819,825	(215,590)
Operating Expenditures	201,824	200,842	982
Capital Outlay	229,736	229,736	-
	5,035,795	5,250,403	(214,608)
Crime Prevention:			
Personnel Services	300,299	384,523	(84,224)
Operating Expenditures	9,510	9,198	312
	309,809	393,721	(83,912)
Investigations:			
Personnel Services	1,526,733	1,696,946	(170,213)
Operating Expenditures	154,359	117,668	36,691
Capital Outlay	57,914	57,914	-
	$ 1,739,006	1,872,528	$ (133,522)

(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, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Records:			
Personnel Services	$ 312,591	385,482	$ (72,891)
Operating Expenditures	13,000	11,152	1,848
	325,591	396,634	(71,043)
Animal Control:			
Personnel Services	103,321	108,406	(5,085)
Operating Expenditures	94,015	75,555	18,460
Capital Outlay	2,065	2,065	-
	199,401	186,026	13,375
Law Enforcement Administration:			
Personnel Services	249,338	266,095	(16,757)
Operating Expenditures	25,610	18,511	7,099
	274,948	284,606	(9,658)
School Crossing Guard:			
Personnel Services	130,740	66,683	64,057
Operating Expenditures	1,300	1,437	(137)
	132,040	68,120	63,920
Total Law Enforcement	8,044,969	8,489,575	(444,606)
Fire			
Fire Administration:			
Personnel Services	563,812	559,067	4,745
Operating Expenditures	96,714	73,864	22,850
Capital Outlay	10,010	10,010	-
	670,536	642,941	27,595
Fire Suppression:			
Personnel Services	3,650,468	3,908,267	(257,799)
Operating Expenditures	327,600	334,979	(7,379)
Capital Outlay	244,976	244,976	-
	4,223,044	4,488,222	(265,178)
Total Fire	4,893,580	5,131,163	(237,583)
Total Public Safety	**14,333,488**	**14,918,832**	**(585,344)**
Parks, Recreation, and Special Events			
Parks, Recreation, and Special Events Administration:			
Personnel Services	163,766	166,840	(3,074)
Operating Expenditures	170,873	179,642	(8,769)
	$ 334,639	346,482	$ (11,843)

(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, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Special Events:			
Personnel Services	$ 162,323	168,565	$ (6,242)
Operating Expenditures	11,757	11,680	77
	174,080	180,245	(6,165)
Parks:			
Personnel Services	256,665	234,730	21,935
Operating Expenditures	58,641	51,131	7,510
Capital Outlay	2,454	2,454	-
	317,760	288,315	29,445
Recreation Centers:			
Personnel Services	381,713	340,569	41,144
Operating Expenditures	67,925	68,102	(177)
	449,638	408,671	40,967
Aquatics:			
Personnel Services	186,067	143,577	42,490
Operating Expenditures	12,535	17,263	(4,728)
	198,602	160,840	37,762
Athletics			
Personnel Services	104,886	90,843	14,043
Operating Expenditures	61,174	60,963	211
	166,060	151,806	14,254
Total Parks, Recreation, and Special Events	**1,640,779**	**1,536,359**	**104,420**
Development Services			
Economic Development:			
Personnel Services	189,329	110,222	79,107
Operating Expenditures	232,463	189,695	42,768
	421,792	299,917	121,875
City Engineering:			
Personnel Services	206,500	210,767	(4,267)
Operating Expenditures	52,665	64,347	(11,682)
	259,165	275,114	(15,949)
Planning Department:			
Personnel Services	241,141	129,044	112,097
Operating Expenditures	34,276	53,453	(19,177)
Capital Outlay	1,410	1,410	-
	$ 276,827	183,907	$ 92,920

(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, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Inspections:			
Personnel Services	$ 481,493	357,069	$ 124,424
Operating Expenditures	39,455	104,283	(64,828)
Capital Outlay	4,103	4,103	-
	525,051	465,455	59,596
Parking Enforcement:			
Personnel Services	128,512	127,105	1,407
Operating Expenditures	9,180	6,089	3,091
	137,692	133,194	4,498
Construction Management:			
Personnel Services	143,596	149,664	(6,068)
Operating Expenditures	9,521	8,461	1,060
	153,117	158,125	(5,008)
Building Maintenance:			
Personnel Services	233,274	280,669	(47,395)
Operating Expenditures	729,996	719,357	10,639
Capital Outlay	5,943	5,943	-
	969,213	1,005,969	(36,756)
Total Development Services	**2,742,857**	**2,521,681**	**221,176**
Public Services			
Public Services Administration:			
Personnel Services	124,999	51,833	73,166
Operating Expenditures	13,000	10,427	2,573
Capital Outlay	1,721	1,721	-
	139,720	63,981	75,739
Ground Maintenance:			
Personnel Services	1,285,755	1,296,234	(10,479)
Operating Expenditures	489,300	498,100	(8,800)
Capital Outlay	178,749	176,604	2,145
	1,953,804	1,970,938	(17,134)
Street Maintenance:			
Personnel Services	219,900	205,165	14,735
Operating Expenditures	92,245	77,333	14,912
Capital Outlay	36,543	36,543	-
	348,688	319,041	29,647
Traffic Services:			
Personnel Services	403,748	383,470	20,278
Operating Expenditures	648,476	812,928	(164,452)
Capital Outlay	11,415	11,415	-
	$ 1,063,639	1,207,813	$ (144,174)

(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, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Fleet Maintenance:			
Personnel Services	$ 627,843	611,865	$ 15,978
Operating Expenditures	1,368,930	1,227,857	141,073
Capital Outlay	5,041	5,041	-
	2,001,814	1,844,763	157,051
Solid Waste:			
Personnel Services	460,712	519,172	(58,460)
Operating Expenditures	99,880	79,533	20,347
Capital Outlay	284,497	284,497	-
	845,089	883,202	(38,113)
Total Public Services	**6,352,754**	**6,289,738**	**63,016**
Finance and Administrative Services			
Administrative/Risk:			
Operating Expenditures	601,768	605,945	(4,177)
	601,768	605,945	(4,177)
Finance Administration:			
Personnel Services	580,579	594,137	(13,558)
Operating Expenditures	199,302	153,627	45,675
Capital Outlay	1,053	1,053	-
	780,934	748,817	32,117
Business License Code Enforcement:			
Personnel Services	124,340	127,089	(2,749)
Operating Expenditures	9,205	4,996	4,209
Capital Outlay	2,939	2,939	-
	$ 136,484	135,024	$ 1,460

(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, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Procurement and Property:			
Personnel Services	$ 143,966	149,530	$ (5,564)
Operating Expenditures	76,355	68,760	7,595
Capital Outlay	3,589	3,589	-
	223,910	221,879	2,031
Total Finance and Administrative Services	**1,743,096**	**1,711,665**	**31,431**
TOTAL EXPENDITURES	32,662,234	33,601,707	(939,473)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**384,919**	**471,090**	**86,171**
OTHER FINANCING SOURCES (USES)			
Transfers In	1,575,064	1,575,064	-
Transfers Out	(1,979,983)	(2,344,616)	(364,633)
Proceeds from Sale of Capital Assets	20,000	27,732	7,732
TOTAL OTHER FINANCING SOURCES (USES)	**(384,919)**	**(741,820)**	**(356,901)**
NET CHANGES IN FUND BALANCES	**-**	**(270,730)**	**(270,730)**
FUND BALANCES, Beginning of Year	7,369,363	7,369,363	-
FUND BALANCES, End of Year	**$ 7,369,363**	**7,098,633**	**$ (270,730)**

City of
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south carolina

SPECIAL REVENUE FUNDS

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

NON-MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
OTHER GOVERNMENTAL FUNDS

JUNE 30, 2015

	NON-MAJOR SPECIAL REVENUE FUNDS	NON-MAJOR DEBT SERVICE FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	$ 12,078	-	$ 12,078
Restricted Cash and Cash Equivalents	-	1,030,935	1,030,935
Restricted Investments	-	7,850	7,850
Property Taxes Receivable, Net	-	58,413	58,413
Commercial Loan Receivables	56,019	-	56,019
Intergovernmental Receivables	872,049	-	872,049
Mortgages Receivable:			
Home Loans	76,902	-	76,902
Due From Other Funds	921,956	952,077	1,874,033
TOTAL ASSETS	**$ 1,939,004**	**2,049,275**	**$ 3,988,279**
LIABILITIES AND FUND BALANCES			
Accounts Payable	$ 396,275	26,052	$ 422,327
Accrued Salaries and Benefits	21,988	-	21,988
Due To Other Funds	243,750	-	243,750
Deferred Revenue	194,840	-	194,840
TOTAL LIABILITIES	856,853	26,052	882,905
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	-	33,314	33,314
Unavailable Notes Receivable	120,845	-	120,845
TOTAL DEFERRED INFLOWS OF RESOURCES	120,845	33,314	154,159
FUND BALANCES			
Restricted For:			
Debt Service	-	1,989,909	1,989,909
Special Revenue	944,583	-	944,583
Committed For:			
Special Revenue	16,723	-	16,723
TOTAL FUND BALANCES	961,306	1,989,909	2,951,215
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 1,939,004**	**2,049,275**	**$ 3,988,279**

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	NON-MAJOR SPECIAL REVENUE FUNDS	NON-MAJOR DEBT SERVICE FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES:			
Federal Government Contributions	$ 869,299	-	$ 869,299
State Government Contributions	309,534	-	309,534
Taxes	2,191,245	2,085,308	4,276,553
Investment Earnings	4,571	454	5,025
Miscellaneous	848,003	-	848,003
Confiscated Drug Funds	62,039	-	62,039
TOTAL REVENUES ALL SOURCES	**4,284,691**	**2,085,762**	**6,370,453**
EXPENDITURES:			
Current:			
Finance and Administrative Services	752,603	-	752,603
Operating	4,070,967	-	4,070,967
Capital Outlay	1,186	-	1,186
Debt Service			
Principal Retirement	-	2,427,192	2,427,192
Interest	-	525,736	525,736
Other	-	242,870	242,870
TOTAL EXPENDITURES	4,824,756	3,195,798	8,020,554
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(540,065)**	**(1,110,036)**	**(1,650,101)**
OTHER FINANCING SOURCES (USES):			
Transfers In	1,029,475	2,095,219	3,124,694
Transfers Out	(640,829)	(1,178,064)	(1,818,893)
Proceeds from Sale of Capital Assets	6,880	-	6,880
Total Other Financing Sources (Uses)	395,526	917,155	1,312,681
NET CHANGES IN FUND BALANCES	**(144,539)**	**(192,881)**	**(337,420)**
FUND BALANCES, Beginning of Year	1,105,845	2,182,790	3,288,635
FUND BALANCES, End of Year	**$ 961,306**	**1,989,909**	**$ 2,951,215**

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CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	Fund 210	Fund 314
	Federal Home Program Fund	Spartanburg Residential Development Corporation
ASSETS		
Cash and Cash Equivalents	$ -	-
Intergovernmental Receivables	-	-
Mortgages Receivable-Home Loans	64,826	12,076
Due From Other Funds	55,072	4,647
TOTAL ASSETS	**119,898**	**16,723**
LIABILITIES		
Accounts Payable	1,271	-
Accrued Salaries and Benefits	-	-
Due To Other Funds	-	-
Deferred Revenue	-	-
TOTAL LIABILITIES	1,271	-
DEFERRED INFLOWS OF RESOURCES		
Unavailable Notes Receivable	64,826	-
FUND BALANCES		
Restricted	53,801	-
Committed	-	16,723
TOTAL FUND BALANCES	53,801	16,723
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 119,898**	**16,723**

(Continued)

Fund 320	Fund 322	Fund 323	Fund 339	Fund 380
Miscellaneous Grant Fund	Victims Assistance Fund	Special Events Fund	City Roads Improvement Fund	Multi County Industrial Park Fund
-	-	8,251	-	$ -
300,537	-	-	263,212	-
-	-	-	-	-
-	115,055	15,152	-	468,807
300,537	**115,055**	**23,403**	**263,212**	**468,807**
85,583	159	22,922	212,620	10,135
13,094	3,447	481	-	-
1,450	-	-	23,884	-
194,840	-	-	-	-
294,967	3,606	23,403	236,504	10,135
-	-	-	-	-
5,570	111,449	-	26,708	458,672
-	-	-	-	-
5,570	111,449	-	26,708	458,672
300,537	**115,055**	**23,403**	**263,212**	**$ 468,807**

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	Fund 480	Fund 708
	Accommodations Tax Fund	Community Development Fund
ASSETS		
Cash and Cash Equivalents	$ -	-
Intergovernmental Receivables	51,971	256,329
Commercial Loan Receivables	-	56,019
Mortgages Receivable-Home Loans	-	-
Due From Other Funds	155,169	-
TOTAL ASSETS	**207,140**	**312,348**
LIABILITIES		
Accounts Payable	16,412	32,947
Accrued Salaries and Benefits	-	4,966
Due To Other Funds	-	218,416
Deferred Revenue	-	-
TOTAL LIABILITIES	16,412	256,329
DEFERRED INFLOWS OF RESOURCES		
Unavailable Notes Receivable	-	56,019
FUND BALANCES		
Restricted	190,728	-
Committed	-	-
TOTAL FUND BALANCES	190,728	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 207,140**	**312,348**

Fund 709	Fund 803	Fund 804	
Neighborhood Stabilization Program Fund	Forfeited Drug-Federal Fund	Forfeited Drug-State Fund	Combined Funds
3,827	-	-	$ 12,078
-	-	-	872,049
-	-	-	56,019
-	-	-	76,902
-	2,645	105,409	921,956
3,827	**2,645**	**105,409**	**1,939,004**
3,827	-	10,399	396,275
-	-	-	21,988
-	-	-	243,750
-	-	-	194,840
3,827	-	10,399	856,853
-	-	-	120,845
-	2,645	95,010	944,583
-	-	-	16,723
-	2,645	95,010	961,306
3,827	**2,645**	**105,409**	**$ 1,939,004**

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	Fund 210	Fund 314
	Federal Home Program Fund	Spartanburg Residential Development Corporation
REVENUES		
Federal Government Contributions	$ 245,791	-
State Government Contributions	-	-
Property Taxes	-	-
Accommodations Taxes	-	-
Storm Water Fees and Permit	-	-
Investment Earnings	2,049	291
Miscellaneous	-	-
Confiscated Drug Funds	-	-
Total Revenues	247,840	291
EXPENDITURES		
Finance and Administrative Services	-	-
Operating	247,206	143,764
Capital Outlay	-	-
Total Expenditures	247,206	143,764
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**634**	**(143,473)**
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
Proceeds from Sale of Capital Assets	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGES IN FUND BALANCES	**634**	**(143,473)**
FUND BALANCES, Beginning of Year	53,167	160,196
FUND BALANCES, End of Year	**$ 53,801**	**16,723**

(Continued)

Fund 320	Fund 322	Fund 323	Fund 339	Fund 380
Miscellaneous Grant Fund	Victims Assistance Fund	Special Events Fund	City Roads Improvement Fund	Multi County Industrial Park Fund
360,646	-	-	-	$ -
96,914	-	-	212,620	-
-	-	-	931,686	1,112,477
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,023
136,856	67,816	640,518	-	2,812
-	-	-	-	-
594,416	67,816	640,518	1,144,306	1,116,312
343,708	107,732	95,141	-	-
286,153	13,051	686,453	1,119,788	709,087
715	-	-	-	-
630,576	120,783	781,594	1,119,788	709,087
(36,160)	**(52,967)**	**(141,076)**	**24,518**	**407,225**
33,750	-	141,076	2,190	-
-	-	-	-	(290,000)
-	-	-	-	-
33,750	-	141,076	2,190	(290,000)
(2,410)	**(52,967)**	**-**	**26,708**	**117,225**
7,980	164,416	-	-	341,447
5,570	**111,449**	**-**	**26,708**	**$ 458,672**

(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, 2015

	Fund 480	Fund 708
	Accommodations Tax Fund	Community Development Fund
REVENUES		
Federal Government Contributions	$ -	261,480
State Government Contributions	-	-
Property Taxes	-	-
Accommodations Taxes	147,082	-
Investment Earnings	321	586
Miscellaneous	-	-
Confiscated Drug Funds	-	-
Total Revenues	147,403	262,066
EXPENDITURES		
Finance and Administrative Services	-	206,022
Operating	121,947	569,478
Capital Outlay	-	471
Total Expenditures	121,947	775,971
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**25,456**	**(513,905)**
OTHER FINANCING SOURCES (USES)		
Transfers In	-	847,234
Transfers Out	(17,500)	(333,329)
Proceeds from Sale of Capital Assets	-	-
Total Other Financing Sources (Uses)	(17,500)	513,905
NET CHANGES IN FUND BALANCES	**7,956**	**-**
FUND BALANCES, Beginning of Year	182,772	-
FUND BALANCES, End of Year	**$ 190,728**	**-**

Fund 709	Fund 803	Fund 804	
Neighborhood Stabilization Program Fund	Forfeited Drug-Federal Fund	Forfeited Drug-State Fund	Combined Funds
1,382	-	-	$ 869,299
-	-	-	309,534
-	-	-	2,044,163
-	-	-	147,082
-	5	296	4,571
1	-	-	848,003
-	878	61,161	62,039
1,383	883	61,457	4,284,691
-	-	-	752,603
9,071	-	164,969	4,070,967
-	-	-	1,186
9,071	-	164,969	4,824,756
(7,688)	**883**	**(103,512)**	**(540,065)**
5,225	-	-	1,029,475
-	-	-	(640,829)
-	-	6,880	6,880
5,225	-	6,880	395,526
(2,463)	**883**	**(96,632)**	**(144,539)**
2,463	1,762	191,642	1,105,845
-	**2,645**	**95,010**	**$ 961,306**

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, 2015

	FEDERAL HOME PROGRAM FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Federal Government Contributions	$ 773,944	773,944	245,791	$ (528,153)
Investment Earnings	-	-	2,049	2,049
TOTAL REVENUES ALL SOURCES	**773,944**	**773,944**	**247,840**	**(526,104)**
EXPENDITURES				
Operating	773,944	773,944	247,206	526,738
TOTAL EXPENDITURES	773,944	773,944	247,206	526,738
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**-**	**-**	**634**	**634**
NET CHANGES IN FUND BALANCES	**-**	**-**	**634**	**634**
FUND BALANCES, Beginning of Year	53,167	53,167	53,167	-
FUND BALANCES, End of Year	**$ 53,167**	**53,167**	**53,801**	**$ 634**

CITY OF SPARTANBURG, SOUTH CAROLINA

VICTIMS ASSISTANCE FUND

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

YEAR ENDED JUNE 30, 2015

	VICTIMS ASSISTANCE FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Other Revenues	$ 69,000	69,000	67,816	$ (1,184)
TOTAL REVENUES ALL SOURCES	**69,000**	**69,000**	**67,816**	**(1,184)**
EXPENDITURES				
Finance and Administrative Services	65,310	65,310	100,837	(35,527)
Operating	3,690	3,690	13,051	(9,361)
TOTAL EXPENDITURES	69,000	69,000	113,888	(44,888)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**-**	**-**	**(46,072)**	**(46,072)**
NET CHANGES IN FUND BALANCES	**-**	**-**	**(46,072)**	**(46,072)**
FUND BALANCES, Beginning of Year	157,521	157,521	157,521	-
FUND BALANCES, End of Year	**$ 157,521**	**157,521**	**111,449**	**$ (46,072)**

CITY OF SPARTANBURG, SOUTH CAROLINA

COMMUNITY DEVELOPMENT FUND

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

YEAR ENDED JUNE 30, 2015

	COMMUNITY DEVELOPMENT FUND			
	BUDGETED AMOUNTS			
	ORIGINAL	REVISED	ACTUAL	VARIANCE
REVENUES				
Federal Government Contributions	$ 702,197	702,197	261,480	$ (440,717)
Investment Earnings	500	500	586	86
TOTAL REVENUES ALL SOURCES	**702,697**	**702,697**	**262,066**	**(440,631)**
EXPENDITURES				
Finance and Administrative Services	206,030	206,030	206,022	8
Operating	863,136	863,136	569,478	293,658
Capital Outlay	65,192	65,192	471	64,721
TOTAL EXPENDITURES	1,134,358	1,134,358	775,971	358,387
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(431,661)**	**(431,661)**	**(513,905)**	**(82,244)**
OTHER FINANCING SOURCES (USES)				
Transfers In	847,000	847,000	847,234	234
Transfers Out	(450,000)	(450,000)	(333,329)	116,671
Sale of Assets	34,661	34,661	-	(34,661)
TOTAL OTHER FINANCING SOURCES (USES)	431,661	431,661	513,905	82,244
NET CHANGES IN FUND BALANCES	**-**	**-**	**-**	**-**
FUND BALANCES, Beginning of Year	-	-	-	-
FUND BALANCES, End of Year	**$ -**	**-**	**-**	**$ -**

DEBT SERVICE FUNDS

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

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

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

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CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS

YEAR ENDED JUNE 30, 2015

	Fund 540	Fund 545	
	GENERAL DEBT SERVICE FUND	**BROAD STREET TIF**	**TOTALS**
ASSETS			
Restricted Cash and Cash Equivalents	$ 1,030,935	-	$ 1,030,935
Restricted Investments	7,850	-	7,850
Property Taxes Receivable, Net	-	58,413	58,413
Due From Other Funds	16,647	935,430	952,077
TOTAL ASSETS	**1,055,432**	**993,843**	**2,049,275**
LIABILITIES			
Accounts Payable	13,443	12,609	26,052
TOTAL LIABILITIES	13,443	12,609	26,052
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Taxes	-	33,314	33,314
TOTAL DEFERRED INFLOWS OF RESOURCES	-	33,314	33,314
FUND BALANCE			
Restricted for Debt Service	1,041,989	947,920	1,989,909
TOTAL FUND BALANCES	1,041,989	947,920	1,989,909
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 1,055,432**	**993,843**	**$ 2,049,275**

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	Fund 540	Fund 545	
	GENERAL DEBT SERVICE FUND	**BROAD STREET TIF**	**TOTALS**
REVENUES			
Tax Increment	$ -	2,085,308	$ 2,085,308
Investment Earnings	454	-	454
TOTAL REVENUES ALL SOURCES	**454**	**2,085,308**	**2,085,762**
EXPENDITURES			
Debt Service:			
Principal	1,419,192	1,008,000	2,427,192
Interest	500,838	24,898	525,736
Other	582	242,288	242,870
TOTAL EXPENDITURES	1,920,612	1,275,186	3,195,798
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(1,920,158)**	**810,122**	**(1,110,036)**
OTHER FINANCING SOURCES (USES)			
Transfers In	2,095,219	-	2,095,219
Transfers Out	-	(1,178,064)	(1,178,064)
TOTAL OTHER FINANCING SOURCES (USES)	2,095,219	(1,178,064)	917,155
NET CHANGES IN FUND BALANCES	**175,061**	**(367,942)**	**(192,881)**
FUND BALANCES, Beginning of Year	866,928	1,315,862	2,182,790
FUND BALANCES, End of Year	**$ 1,041,989**	**947,920**	**$ 1,989,909**

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, 2015

	EQUIPMENT REPLACEMENT	MEDICAL INSURANCE TRUST	TOTALS
ASSETS			
Current Assets:			
Restricted Cash and Cash Equivalents	$ 1,762,571	6,588	$ 1,769,159
Due From Other Funds	2,982,105	89,926	3,072,031
Total Current Assets	4,744,676	96,514	4,841,190
Non-Current Assets:			
Capital Assets:			
Depreciable, Net	6,269,648	-	6,269,648
Total Non-Current Assets	6,269,648	-	6,269,648
TOTAL ASSETS	**$ 11,014,324**	**96,514**	**$ 11,110,838**
LIABILITIES			
Current Liabilities:			
Accounts Payable/Deposits Payable	$ 145,304	35,793	$ 181,097
Claims/Premiums	-	500,082	500,082
Unclaimed Checks	-	1,366	1,366
Current Portion of Capital Lease Payable	1,430,769	-	1,430,769
Total Current Liabilities	1,576,073	537,241	2,113,314
Long-Term Liabilities:			
Capital Lease Payable, Less Current Portion	3,670,556	-	3,670,556
Total Long-Term Liabilities	3,670,556	-	3,670,556
TOTAL LIABILITIES	5,246,629	537,241	5,783,870
NET POSITION			
Net Investment in Capital Assets	1,168,323	-	1,168,323
Unrestricted	4,599,372	(440,727)	4,158,645
TOTAL NET POSITION	5,767,695	(440,727)	5,326,968
TOTAL LIABILITIES AND NET POSITION	**$ 11,014,324**	**96,514**	**$ 11,110,838**

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	EQUIPMENT REPLACEMENT	MEDICAL INSURANCE TRUST	TOTALS
OPERATING REVENUES			
Charges for Services	$ 1,150,000	-	$ 1,150,000
Contributions	-	4,181,445	4,181,445
Other	19,013	-	19,013
TOTAL OPERATING REVENUES ALL SOURCES	**1,169,013**	**4,181,445**	**5,350,458**
OPERATING EXPENSES			
Services and Charges	85,946	408,128	494,074
Claims/Premiums	-	3,773,317	3,773,317
Depreciation	936,650	-	936,650
TOTAL OPERATING EXPENSES	1,022,596	4,181,445	5,204,041
OPERATING INCOME	**146,417**	**-**	**146,417**
NON-OPERATING REVENUES (EXPENSES)			
Gain (Loss) on Sale of Assets	(46,528)	-	(46,528)
Interest Expense	(55,844)	-	(55,844)
Investment Earnings	7,271	-	7,271
Other	(18,500)	-	(18,500)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(113,601)	-	(113,601)
CHANGE IN NET POSITION	**32,816**	**-**	**32,816**
NET POSITION, Beginning of Year	5,734,879	(440,727)	5,294,152
TOTAL NET POSITION, End of Year	**$ 5,767,695**	**(440,727)**	**$ 5,326,968**

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2015

	EQUIPMENT REPLACEMENT	MEDICAL INSURANCE TRUST	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Charges for Services	$ 1,150,000	-	$ 1,150,000
Receipts from Contributions	-	4,181,445	4,181,445
Receipts from Other Revenues	19,013	-	19,013
Payments for Services and Charges	(42,243)	(378,957)	(421,200)
Payments for Other Expenses	(18,500)	-	(18,500)
Payments for Claims/Premiums	-	(3,818,591)	(3,818,591)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,108,270	(16,103)	1,092,167
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	318,508	16,103	334,611
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	318,508	16,103	334,611
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(2,687,937)	-	(2,687,937)
Proceeds on Sale of Capital Assets	17,294	-	17,294
Capital Lease Proceeds	2,625,000	-	2,625,000
Capital Lease Payments	(1,155,580)	-	(1,155,580)
Interest Paid	(55,844)	-	(55,844)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,257,067)	-	(1,257,067)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	7,271	-	7,271
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,271	-	7,271
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**176,982**	**-**	**176,982**
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS - Beginning of Year	1,585,589	6,588	1,592,177
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS - End of Year	**$ 1,762,571**	**6,588**	**$ 1,769,159**
Reconciliation of Operating Income to Net Cash from Operating Activities:			
Net Operating Income	$ 146,417	-	$ 146,417
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities			
Depreciation Expense	936,650	-	936,650
Other Revenues (Expenses)	(18,500)	-	(18,500)
Change in:			
Accounts Payable	43,703	29,171	72,874
Claims/Premiums	-	(45,274)	(45,274)
Net Cash Provided by Operating Activities	$ 1,108,270	(16,103)	$ 1,092,167

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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 FUND

YEAR ENDED JUNE 30, 2015

	Balance at June 30, 2014	Additions	Deductions	Balance at June 30, 2015
ASSETS				
Other Receivables	$ 64,895	64,075	48,223	$ 80,747
TOTAL ASSETS	$ 64,895	64,075	48,223	$ 80,747
LIABILITIES				
Accounts Payable	$ 799	1,278	799	$ 1,278
Amounts Held for Custody for Others	64,096	64,075	48,702	79,469
TOTAL LIABILITIES	$ 64,895	65,353	49,501	$ 80,747

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES

YEAR ENDED JUNE 30, 2015

Court Fines and Assessments:		
Court Fines Collected	$	942,690
Court Fines and Assessments Retained by City		(524,207)
Total Court Fines and Assessments Remitted to the State Treasurer	$	418,483
Court Surcharges:		
Court Surcharges Remitted to State Treasurer	$	267,858
Victims Services:		
Funds Available for Carryforward, Beginning of the Year	$	157,521
Court Assessments allocated to Victim Services		52,671
Court Surcharges allocated to Victim Services		15,505
Victim Services Expenditures		(114,248)
Funds Available for Carryforward, End of Year	$	111,449

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	DMT Contract #: PT-58099-09 Performance Period: July 1, 2014 - June 30, 2015				
	Budget	**Section 5307**	**SMTF**	**Local**	**Variance**
ADMINISTRATION					
Professional and Technical Services	$ 283,958	50,151	13,104	74,243	$ 146,460
Employee Costs/Training	42,500	19,529	4,644	11,111	7,216
Materials and Supplies	25,800	4,398	1,142	6,746	13,514
Utilities	86,400	23,017	6,062	22,590	34,731
Casualty and Liability	250,000	58,849	15,129	65,364	110,658
Dues and Subscriptions	1,600	829	210	418	143
In-State Travel and Meetings	1,000	1,155	319	261	(735)
Advertising and Promotion Media	10,000	838	226	2,615	6,321
TOTAL ADMINISTRATION	701,258	158,766	40,836	183,348	318,308
OPERATIONS					
Management Services	115,000	44,174	14,464	30,068	26,294
Professional and Technical	413,000	182,322	59,701	107,982	62,995
Contract Maintenance Services	10,000	1,099	360	2,615	5,926
Custodial Services	6,000	1,656	542	1,569	2,233
Uniforms	15,000	3,230	1,058	3,922	6,790
Fuel & Lubricants	260,000	67,658	22,155	67,979	102,208
Other Materials & Supplies	5,000	1,275	263	1,307	2,155
Vehicle Licensing & Fees	100	-	-	26	74
TOTAL OPERATIONS	824,100	301,414	98,543	215,468	208,675
CAPITAL					
Preventive Maintenance	387,700	211,385	-	101,184	75,131
TOTAL CAPITAL	387,700	211,385	-	101,184	75,131
TOTAL PROGRAM	$ 1,913,058	671,565	139,379	500,000	$ 602,114

Approved Budget	$ 1,913,058
Total Federal Costs	(671,564)
Total State Costs	(139,379)
Total Local Costs	(500,000)
Budget Balance	$ 602,115

City of
SPARTANBURG
south carolina

STATISTICAL SECTION

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

Contents **Page**

Financial Trends 153

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

Revenue Capacity 160

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

Debt Capacity 164

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

Demographic and Economic Information 172

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

Operating Information 175

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

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

City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	**2007**	**2008 ***	**2009**	**2010**	**2011**	**2012**	**2013***	**2014**	**2015**
Governmental Activities										
Net Investment in Capital Assets	$51,634,856	48,671,539	53,074,516	53,384,024	55,779,502	54,003,930	49,678,593	46,374,702	43,048,637	$ 44,324,590
Restricted	4,787,389	3,710,337	4,209,971	2,130,497	834,855	3,962,772	4,898,660	4,816,041	7,148,564	6,286,921
Unrestricted	5,544,430	6,658,785	1,443,237	1,018,340	6,026,925	3,413,824	(68,032)	1,020,587	3,245,357	(33,929,319)
Total Governmental Activities Net Position	61,966,675	59,040,661	58,727,724	56,532,861	62,641,282	61,380,526	54,509,221	52,211,330	53,442,558	16,682,192
Business-Type Activities										
Net Investment in Capital Assets	20,887,730	27,110,873	17,282,372	20,908,586	19,354,866	19,671,901	22,706,093	23,034,331	22,224,018	23,014,313
Restricted	-	-	1,100,000	1,100,000	-	-	-	-	-	-
Unrestricted	1,074,531	1,570,474	347,749	562,885	1,312,976	1,080,566	1,875,323	2,291,267	3,403,403	2,736,386
Total Business-Type Activities Net Position	21,962,261	28,681,347	18,730,121	22,571,471	20,667,842	20,752,467	24,581,416	25,325,598	25,627,421	25,750,699
Primary Government										
Net Investment in Capital Assets	72,522,586	75,782,412	70,356,888	74,292,610	75,134,368	73,675,831	72,384,686	69,409,033	65,272,655	67,338,903
Restricted	4,787,389	3,710,337	5,309,971	3,230,497	834,855	3,962,772	4,898,660	4,816,041	7,148,564	6,286,921
Unrestricted	6,618,961	8,229,259	1,790,986	1,581,225	7,339,901	4,494,390	1,807,291	3,311,854	6,648,760	(31,192,933)
Total Primary Government Net Position	$83,928,936	87,722,008	77,457,845	79,104,332	83,309,124	82,132,993	79,090,637	77,536,928	79,069,979	$ 42,432,891

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

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Expenses										
Governmental Activities:										
Policy Formulation and Administration	$ 3,376,444	4,383,247	9,011,543	5,931,181	6,653,577	5,427,127	4,858,280	5,513,826	6,004,329	$ 7,217,844
Public Services	12,704,299	12,198,601	13,118,630	13,645,106	13,499,377	13,814,584	14,047,102	15,355,555	14,781,345	15,009,975
Parks, Recreation, and Special Events	2,326,567	2,423,902	2,434,395	2,137,461	2,550,485	2,665,563	2,628,409	2,338,124	2,075,383	1,336,488
Community Development	5,063,632	2,441,514	1,677,517	2,362,617	2,044,391	1,582,139	4,311,104	1,504,594	2,635,403	4,254,332
Public Works	11,404,120	10,650,667	12,948,923	12,355,374	8,402,885	10,764,474	9,271,201	9,901,909	9,059,910	8,238,416
Finance and Administrative Services	225,424	3,539,901	2,441,508	2,491,167	2,773,086	2,698,109	2,389,918	2,291,448	3,029,842	2,463,035
Operating	1,035,138	5,578,284	4,246,284	5,066,442	4,323,162	4,706,519	6,375,577	4,786,784	5,403,591	4,938,750
Interest and Other Charges	1,724,908	1,707,435	1,641,700	1,563,341	1,522,450	2,156,316	1,983,406	1,228,999	1,216,595	1,234,964
Total Governmental Activities Expenses	37,860,532	42,923,551	47,520,500	45,552,689	41,769,413	43,814,831	45,864,997	42,921,239	44,206,398	44,693,804
Business-Type Activities:										
Transit	1,759,885	1,755,525	1,806,189	1,927,191	1,936,117	2,112,672	2,124,224	1,995,486	2,006,752	1,916,397
Parking	1,063,605	992,650	985,169	1,049,102	884,137	871,809	971,528	1,021,561	874,213	812,939
Sanitary Sewer	983,794	1,031,238	621,073	954	1,100,785	77,419	-	-	-	-
Storm Water	-	-	-	-	-	649,945	697,833	1,162,763	1,166,062	1,381,968
Airport	1,540,616	1,669,122	1,936,607	1,613,828	1,651,488	1,468,607	1,549,591	1,543,868	1,412,982	1,465,961
CC Woodson	-	-	-	295,900	538,612	677,770	444,010	443,947	410,073	410,084
Spartanburg Parking Facilities Corporation	-	-	-	313,769	522,162	806,896	858,495	961,788	980,169	1,009,657
Spartanburg Airport Facilities Corporation	-	-	-	-	102,509	212,804	376,667	291,632	396,478	382,543
Total Business-Type Activities Expenses	5,347,900	5,448,535	5,349,038	5,200,744	6,735,810	6,877,922	7,022,348	7,421,045	7,246,729	7,379,549
Total Primary Government Expenses	$ 43,208,432	48,372,086	52,869,538	50,753,433	48,505,223	50,692,753	52,887,345	50,342,284	51,453,127	$ 52,073,353
Program Revenues										
Governmental Activities:										
Charges for Services:										
Public Services	$ 854,356	1,037,145	1,191,111	1,285,197	1,049,519	1,128,967	959,335	1,047,142	884,408	$ 908,902
Parks, Recreation, and Special Events	250,129	244,783	219,537	229,714	255,177	268,951	251,713	231,659	154,449	115,815
Development Services	505,902	666,295	737,226	474,247	415,996	471,430	408,985	298,312	341,919	329,411
Pubic Works	1,195,221	1,760,990	2,230,552	3,521,417	3,264,799	3,098,216	3,033,347	2,998,689	2,716,693	2,718,472
Finance and Administrative Services	10,588,927	11,652,370	12,026,190	12,255,309	12,262,638	12,511,056	12,606,571	12,930,317	13,577,368	13,819,673
Operating Grants and Contributions										
Public Safety	955,071	1,510,345	1,886,705	957,197	1,291,281	1,575,721	1,851,029	928,999	607,124	453,976
Development Services	1,859,746	1,978,525	-	1,006,376	1,729,005	1,578,931	1,575,554	1,107,254	-	1,216,341
Public Works	$ 52,181	749,816	530,695	667,390	846,449	710,750	1,147,838	814,341	511,452	$ 383,470

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Capital Grants and Contributions										
Public Safety	$ -	-	-	-	28,705	-	-	-	-	$ -
Parks, Recreation, and Special Events	-	-	-	3,642,158	-	-	-	-	-	-
Development Services	482,744	187,500	60,000	-	-	-	-	-	-	-
Public Works	3,664,155	5,124,710	3,366,293	959,063	3,750,755	-	-	-	-	-
Total Governmental Activities Program Revenues	20,408,432	24,912,479	22,248,309	24,998,068	24,894,324	21,344,022	21,834,372	20,356,713	18,793,413	19,946,060
Business-Type Activities:										
Charges for Services:										
Transit	261,968	273,133	314,853	275,932	291,211	317,707	266,724	286,317	296,982	273,393
Parking	266,147	263,264	278,605	304,189	347,997	341,999	342,268	349,048	419,370	353,899
Sanitary Sewer	1,801,254	1,820,404	1,019,003	35,016	-	-	-	-	-	-
Storm Water	-	-	-	-	-	917,038	1,503,209	1,114,310	1,631,758	1,852,620
Airport	1,478,539	1,494,258	1,728,105	1,195,722	1,200,337	1,154,466	1,085,466	1,070,888	969,613	1,099,310
CC Woodson	-	-	-	17,938	48,000	48,000	48,000	48,000	48,000	48,000
Spartanburg Parking Facilities Corporation	-	-	-	-	-	18,750	37,500	37,500	18,750	56,250
Spartanburg Airport Facilities Corporation	-	-	-	-	27,322	80,961	137,194	151,412	141,654	157,258
Operating Grants and Contributions										
Transit	803,453	783,505	880,601	1,236,057	975,280	904,296	2,193,599	1,413,559	855,002	-
Airport	3,291	373,844	607,099	338,229	368,397	794,303	2,279,445	1,517,382	892,782	-
Capital Grants and Contributions							500,000			
CC Woodson	-	-	-	2,150,000	-	-	-	-	-	-
Spartanburg Parking Facilities Corporation	-	-	-	-	536,000	-	-	-	-	-
Total Business-Type Activities Program Revenues	4,614,652	5,008,408	4,828,266	5,553,083	3,794,544	4,577,520	8,393,405	5,988,416	5,273,911	3,840,730
Total Primary Government Program Revenues	$ 25,023,084	29,920,887	27,076,575	30,551,151	28,688,868	25,921,542	30,227,777	26,345,129	24,067,324	$ 23,786,790
Net (Expense)/Revenue										
Governmental Activities	$ (17,452,100)	(18,011,072)	(25,272,191)	(20,554,621)	(16,875,089)	(22,470,809)	(24,030,625)	(22,564,526)	(25,412,985)	$ (24,747,744)
Business-Type Activities	(733,248)	(440,127)	(520,772)	352,339	(2,941,266)	(2,300,402)	1,371,057	(1,432,629)	(1,972,818)	(782,851)
Total Primary Government Net (Expense)/Revenue	$ (18,185,348)	(18,451,199)	(25,792,963)	(20,202,282)	(19,816,355)	(24,771,211)	(22,659,568)	(23,997,155)	(27,385,803)	$ (25,530,595)

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
General Revenues and Other Changes in Net Position										
Taxes by Source:										
Property Taxes Levied for General Purposes	$ 11,615,207	12,389,702	12,776,753	13,483,193	14,344,269	13,459,316	13,458,825	13,505,430	13,911,802	$ 14,538,966
Tax Increment	2,129,608	2,183,246	2,280,212	2,048,264	2,202,158	2,435,944	2,347,008	2,234,718	2,506,919	2,532,266
Motor Vehicle Taxes	1,161,207	1,184,182	1,161,680	977,093	768,532	902,292	944,522	954,596	1,192,612	1,336,580
Hospitality Taxes	3,011,080	3,290,344	3,497,438	3,423,105	3,364,211	3,474,814	3,762,816	3,954,089	4,128,299	4,357,875
Other Taxes	830,608	825,297	826,975	807,585	828,885	843,104	823,052	814,120	809,435	868,264
Intergovernmental Revenue - Unrestricted	1,217,526	1,140,963	1,273,314	1,273,314	1,091,766	881,044	688,658	799,823	798,466	798,466
Unrestricted Investment Earnings	379,126	441,941	322,073	109,092	46,866	54,933	77,763	16,426	11,797	23,370
Miscellaneous	894,831	375,682	2,200,286	449,662	727,412	912,648	680,963	796,676	919,488	954,259
Grants/Contributions Not Restricted to Specific Programs	377,552	504,731	426,450	617,505	595,453	590,549	857,561	810,300	4,040,241	966,696
Gains (Loss) on Disposal/Sale of Capital Assets	37,826	915,231	64,850	11,148	(77,404)	-	120,202	-	547,108	-
Special Item - Impairment of Asset **	-	-	-	(1,425,841)	-	-	(1,445,731)	(1,244,765)	-	-
Transfers	(324,821)	(560,459)	(204,258)	(3,414,362)	(908,638)	(2,344,591)	(2,404,751)	(2,374,778)	(2,221,954)	(2,048,651)
Total Governmental Activities	21,329,750	22,690,860	24,625,773	18,359,758	22,983,510	21,210,053	19,910,888	20,266,635	26,644,213	24,328,091
Business-Type Activities:										
Investment Income	59,808	127,121	131,693	74,649	125,010	40,436	53,141	54,229	52,687	56,639
Miscellaneous	-	-	-	-	594	-	-	-	-	-
Gains (Loss) on Disposal/Sale of Capital Assets	10,155	28,341	100	-	3,395	-	-	-	-	-
Special Item - Loss on Transfer of Net Sewer Assets *	-	-	(9,766,505)	-	-	-	-	-	-	-
Transfers	324,821	560,459	204,258	3,414,362	908,638	2,344,591	2,404,751	2,374,778	2,221,954	2,048,651
Total Business-Type Activities	394,784	715,921	(9,430,454)	3,489,011	1,037,637	2,385,027	2,457,892	2,429,007	2,274,641	2,105,290
Total Primary Government	$ 21,724,534	23,406,781	15,195,319	21,848,769	24,021,147	23,595,080	22,368,780	22,695,642	28,918,854	$ 26,433,381
Change in Net Position:										
Governmental Activities	$ 3,877,650	4,679,788	(646,418)	(2,194,863)	6,108,421	(1,260,756)	(4,119,737)	(2,297,891)	1,231,228	$ (419,653)
Business-Type Activities	(338,464)	275,794	(9,951,226)	3,841,350	(1,903,629)	84,625	3,828,949	996,378	301,823	1,322,439
Total Primary Government	$ 3,539,186	4,955,582	(10,597,644)	1,646,487	4,204,792	(1,176,131)	(290,788)	(1,301,513)	1,533,051	$ 902,786

(A): GASB #34 was not implemented until the 2003 fiscal year; change in net asset information is not available prior to that fiscal year.
* In 2008, the sewer function was transferred to the Spartanburg Water and Sewer System.
Note: ** In 2009, City Council approved the demolition of the old CC Woodson community center. The City wrote down the capital asset to its fair value.

CITY OF SPARTANBURG, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
General Fund										
Pre- GASB 54*										
Reserved	$ 97,446	94,826	95,441	84,409	103,654	-	-	-	-	$ -
Unreserved	4,903,232	4,847,512	4,775,526	4,044,591	4,963,758	-	-	-	-	-
Post- GASB 54*										
Nonspendable	-	-	-	-	-	116,402	106,008	102,098	101,836	106,683
Assigned	-	-	-	-	-	667,200	900,107	1,144,933	1,378,933	1,485,024
Unassigned	-	-	-	-	-	5,020,942	4,936,665	5,354,546	5,888,594	5,506,926
Total General Fund	$ 5,000,678	4,942,338	4,870,967	4,129,000	5,067,412	5,804,544	5,942,780	6,601,577	7,369,363	$ 7,098,633
All Other Governmental Funds										
Pre- GASB 54*										
Reserved, Reported In:	$ -	-	-	318,062	270,062	-	-	-	-	$ -
Special Revenue Funds	470,675	462,243	163,542	165,086	-	-	-	-	-	-
Capital Projects Funds	37,382	41,468	262,145	358,412	1,062,968	-	-	-	-	-
Unreserved, Reported In:										
	3,626,906	2,600,048	3,063,166	1,111,729	1,298,303	-	-	-	-	-
Capital Projects Funds	2,536,144	3,743,918	2,556,208	2,415,584	2,857,583	-	-	-	-	-
Debt Service Funds	826,517	192,628	928,763	830,502	743,797	-	-	-	-	-
Post- GASB 54*										
Nonspendable	-	-	-	-	-	222,062	174,062	126,062	78,062	30,062
Restricted	-	-	-	-	-	11,366,916	6,320,226	5,430,648	7,108,271	6,297,316
Committed	-	-	-	-	-	28,996	203,019	191,818	160,196	16,723
Assigned	-	-	-	-	-	1,301,097	-	-	-	-
Total All Other Governmental Funds	$ 7,497,624	7,040,305	6,973,824	5,199,375	6,232,713	12,919,071	6,697,307	5,748,528	7,346,529	$ 6,344,101

* 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

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Revenues										
Taxes	$ 18,155,144	18,870,136	20,509,688	20,258,175	20,291,332	20,952,315	21,405,253	20,808,394	22,147,732	$ 23,501,227
Fees, Licenses and Permits	10,873,097	12,094,813	12,538,972	12,571,179	12,469,852	12,783,762	12,855,275	13,038,564	13,412,343	13,728,730
Fines and Forfeitures	469,367	552,608	566,601	548,396	542,713	665,917	656,368	529,992	469,079	484,261
State Government Contributions	3,402,406	2,510,496	1,535,012	552,757	978,951	224,118	445,143	588,436	760,701	309,534
Federal Government Contributions	2,953,786	2,324,035	1,569,560	1,833,615	2,874,063	3,223,159	3,439,345	2,223,423	2,292,837	869,299
Intergovernmental Revenue	3,301,817	3,731,577	4,296,385	4,608,818	3,830,517	3,503,780	3,179,792	3,323,655	3,402,420	3,323,739
Charges for Services	650,044	658,605	921,596	2,037,283	2,039,231	2,041,770	1,866,123	1,816,294	1,733,977	1,913,727
Investment Earnings	227,427	261,269	167,550	63,889	16,502	37,008	67,398	10,717	6,522	7,362
Confiscated Drug Funds	41,265	90,732	74,020	20,236	120,746	25,044	14,073	234,017	46,970	62,039
Donations	275,000	438,482	393,000	507,500	542,921	538,754	687,708	747,504	3,931,638	826,255
Ground Lease Rent	200,000	-	400,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Other	1,373,497	1,011,336	2,217,240	1,235,719	884,692	885,940	1,098,916	869,964	1,069,156	967,455
Total Revenues	$ 41,922,850	42,544,089	45,189,624	44,437,567	44,791,520	45,081,567	45,915,394	44,390,960	49,473,375	$ 46,193,628
Expenditures										
Current:										
Policy Formulation and Administration	$ 3,224,091	3,662,869	5,092,676	5,807,254	4,278,734	4,755,876	4,470,733	5,081,462	5,661,977	$ 6,542,355
Public Services	11,617,218	11,626,737	12,492,637	12,921,842	12,553,639	12,775,459	13,196,470	13,627,497	14,013,012	14,365,186
Parks, Recreation, and Special Events	1,666,874	1,726,686	1,789,556	1,989,003	2,109,339	2,049,555	2,126,283	1,752,671	1,595,250	1,536,359
Community Development	2,912,455	3,019,086	3,408,697	2,108,556	2,086,943	1,784,428	1,781,632	1,487,142	2,285,664	2,516,168
Public Works	6,444,504	6,264,411	6,866,608	8,055,305	7,648,214	7,146,465	7,098,549	6,417,008	5,881,653	5,773,917
Finance and Administrative Services	1,671,699	3,494,545	2,420,329	2,466,170	2,776,225	2,668,849	2,397,943	2,286,954	2,246,173	2,456,687
Operating	3,322,576	5,578,284	4,246,284	5,066,442	4,323,162	4,706,519	6,375,577	4,782,012	5,403,591	4,629,834
Capital Outlay	8,435,170	3,886,888	5,203,163	3,376,908	2,569,316	3,700,295	7,488,084	3,104,384	2,525,081	3,779,066
Debt Service:										
Principal Retirement	1,480,000	1,595,000	1,970,000	2,060,000	1,895,000	17,190,000	2,579,000	2,712,000	13,686,000	2,877,192
Interest	1,694,429	1,657,096	1,586,260	1,510,319	1,428,562	1,493,317	1,986,043	1,096,090	1,089,906	715,114
Other	22,621	41,143	50,116	51,662	113,013	614,370	143,533	88,653	187,576	260,869
Total Expenditures	42,491,637	42,552,745	45,126,326	45,413,461	41,782,147	58,885,133	49,643,847	42,435,873	54,575,883	45,452,747
Excess of Revenues Over (Under) Expenditures	$ (568,787)	(8,656)	63,298	(975,894)	3,009,373	(13,803,566)	(3,728,453)	1,955,087	(5,102,508)	$ 740,881

(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									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Other Financing Sources (Uses)										
Transfers In	$ 4,312,304	3,749,772	5,238,325	5,413,774	4,934,707	3,520,517	2,914,132	3,670,598	3,811,100	$ 6,344,645
Transfers Out	(4,637,125)	(4,874,135)	(5,442,583)	(7,007,964)	(6,112,792)	(5,865,108)	(5,287,956)	(6,045,376)	(6,033,054)	(8,393,296)
2005 COPS Issued	-	-	-	-	-	-	-	-	-	-
Proceeds from Bond Issue	-	-	-	-	4,795,000	23,320,000	-	-	9,250,000	-
Defeasement of Debt	-	-	-	-	(4,725,000)	182,660	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	957,544	1,050,000	3,108	53,668	70,462	68,987	18,749	129,709	440,249	34,612
Total Other Financing Sources (Uses)	632,723	(74,363)	(201,150)	(1,540,522)	(1,037,623)	21,227,056	(2,355,075)	(2,245,069)	7,468,295	(2,014,039)
Net Change in Fund Balances	$ 63,936	(83,019)	(137,852)	(2,516,416)	1,971,750	7,423,490	(6,083,528)	(289,982)	2,365,787	$ (1,273,158)
Capital Asset Expenditures	$ 8,435,170	3,886,888	2,353,664	1,040,378	904,094	1,420,695	2,663,832	1,703,880	233,768	$ 3,779,066
Debt Service as a Percentage of Noncapital Expenditures	9.4%	8.5%	8.4%	8.2%	8.4%	33.6%	10.0%	9.6%	27.5%	9.2%

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					
2006	$ 92,507,837	12,593,887	9,949,980	9,940,370	362,070	$ 124,630,004	103.2	$ 2,092,996,381	6.0%
2007	95,424,660	10,884,336	9,035,780	11,156,290	383,190	126,117,876	103.2	2,223,308,433	5.7%
2008	94,244,700	11,146,386	8,972,580	10,854,905	202,790	125,015,781	104.7	2,260,486,536	5.5%
2009	109,316,471	10,012,944	9,553,340	10,585,064	201,590	139,266,229	101.0	2,585,358,227	5.4%
2010	110,320,512	10,032,747	10,141,344	9,917,900	198,090	140,214,413	101.0	2,574,231,919	5.4%
2011	107,489,352	9,569,447	9,045,937	10,321,213	149,260	136,276,689	101.0	2,515,692,359	5.4%
2012	108,758,305	8,002,130	8,798,688	9,785,311	167,210	135,177,224	101.0	2,351,928,159	5.7%
2013	108,813,727	7,330,030	9,230,710	9,727,475	183,150	134,918,792	101.0	2,139,124,624	6.3%
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%

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.

This table does not include properties that are located in our TIF districts or properties that have Fee-in-Lieu of tax agreements. TIF values are on pages 158 and 159.

The total assessment for the Multi-County District is $4,131,731 for FY 2015.

CITY OF SPARTANBURG, SOUTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
City Direct Rates:										
Basic Rate	103.20	103.20	104.70	101.00	101.00	101.00	101.00	101.00	103.00	105.00
Total Direct Rate	103.20	103.20	104.70	101.00	101.00	101.00	101.00	101.00	103.00	105.00
County Rates:										
Spartanburg County	65.10	64.80	70.00	68.40	69.50	69.80	70.80	71.50	73.20	74.40
School District Rates:										
School District #7	215.50	215.50	229.50	227.20	273.90	279.20	274.30	280.40	280.50	286.80
Sewer District Rates:										
Spartanburg Sewer District	8.20	8.20	8.20	7.50	7.50	7.50	7.50	7.50	7.50	7.50

Source: Spartanburg County Tax Auditor's Office

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Spartanburg. Not 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

	2015			2006		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Duke Energy Corp	$ 3,884,830	1	2.9%	$ 3,557,500	2	2.9%
Yeomans Charles L III et al	2,776,360	2	2.0%	3,553,530	3	2.9%
Bellsouth Telecommunications	1,979,060	3	1.5%	4,848,822	1	3.9%
ERP Hillcrest LLC	1,612,060	4	1.2%			
J M Smith Corportation	1,463,150	5	1.1%		6	
SSK Land, LLC	1,230,600	6	0.9%			
Inland Western Spartanburg , LLC	1,171,030	7	0.9%	2,542,020	4	2.0%
East Main Redevelopment, LLC	1,115,760	8	0.8%			
Inland Western Spartanburg , LLC	979,650	9				
Dennys Corportation	826,210	10	0.6%			
Renaissance Park Hotel, LLC				1,423,516	5	1.1%
Hillcrest Shopping Complex				1,091,040	7	0.9%
Piedmont Natural Gas				964,841	10	0.6%
Walmart Real Estate Business				900,720	8	0.7%
Home Depot USA				820,520	9	0.7%
Totals	$ 17,038,710		11.8%	$ 19,702,509		15.7%

Source: Spartanburg County Tax Auditor's Office

CITY OF SPARTANBURG, SOUTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

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

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			
2005	$ -	35,755,000	30,096	1,350,000	4,705,398	-	$ 41,840,494	6.0%	1,084
2006	-	34,275,000	796,582	1,180,000	4,548,973	-	40,800,555	5.9%	1,063
2007	-	33,280,000	724,800	1,005,000	4,361,257	-	39,371,057	5.6%	1,021
2008	-	31,310,000	650,426	820,000	3,490,000	-	36,270,426	5.2%	934
2009	-	29,250,000	573,367	630,000	3,270,000	20,600,000	54,323,367	7.7%	1,399
2010	-	27,425,000	1,265,322	430,000	2,935,000	20,600,000	52,655,322	7.5%	1,377
2011	6,995,000	26,560,000	2,009,762	220,000	2,565,000	20,600,000	58,949,762	8.4%	1,460
2012	6,730,000	24,246,000	3,663,325	-	2,180,000	20,600,000	57,419,325	6.6%	1,538
2013	6,460,000	21,804,000	2,856,934	-	1,775,000	20,600,000	53,495,934	5.8%	1,430
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

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
2006	$ 1,180,000	N/A	$ 1,180,000	0.1%	$ 31
2007	1,005,000	N/A	1,005,000	0.0%	26
2008	820,000	N/A	820,000	0.0%	21
2009	630,000	N/A	630,000	0.0%	16
2010	430,000	N/A	430,000	0.0%	11
2011	7,215,000	N/A	7,215,000	0.3%	179
2012	6,730,000	N/A	6,730,000	0.3%	180
2013	6,460,000	N/A	6,460,000	0.3%	173
2014	6,180,000	N/A	6,180,000	0.3%	164
2015	$ 5,890,000	N/A	$ 5,890,000	0.3%	$ 157

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, 2015

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
General County Purpose	$ 22,654,834	20%	$ 4,517,374
School District:			
School District 7	48,845,218	58%	28,403,494
School District 6	13,120,000	16%	2,108,384
Sewer District:			
Spartanburg Sanitary Sewer District (Area-City is 45% of Sewer District Area)	$ 31,287,000	23%	7,302,386
Subtotal, Overlapping Debt			42,331,638
City of Spartanburg Direct Debt			31,120,934
Total Direct and Overlapping Debt			$ 73,452,572

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									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Debt Limit	$10,331,180	10,450,209	10,362,042	11,502,078	11,577,932	11,262,914	11,174,957	11,154,283	11,522,923	$ 11,668,270
Total Net Debt Applicable to Debt Limit	1,180,000	1,005,000	820,000	630,000	430,000	7,215,000	6,730,000	6,460,000	6,180,000	5,890,000
Legal Debt Margin	$ 9,151,180	9,445,209	9,542,042	10,872,078	11,147,932	4,047,914	4,444,957	4,694,283	5,342,923	$ 5,778,270
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	11.4%	10.3%	7.9%	5.5%	3.7%	64.1%	60.2%	57.9%	53.6%	50.5%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value*	$ 141,343,641
Plus: Merchant's Inventory	4,509,740
Total Assessed Value	145,853,381
Debt Limit (8% of Total Assessed Value)	11,668,270
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	5,890,000
Total Amount of Debt Applicable to Debt Limit	5,890,000
Legal Debt Margin	$ 5,778,270

Source: *Spartanburg County Auditor's Office

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

CITY OF SPARTANBURG, SOUTH CAROLINA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

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

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

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

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

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

N/A: Not Applicable.

During the year the HUD 108 Loan was paid off early which is reflected in the Revenue Bond information (FY 2014).

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
2006	$ 2,417,874	897,987	$ 3,315,861
2007	2,427,313	1,456,747	3,884,060
2008	2,563,668	1,534,833	4,098,501
2009	3,065,687	1,400,000	4,465,687
2010	3,246,839	1,400,000	4,646,839
2011	3,233,407	1,400,000	4,633,407
2012	3,113,574	1,400,000	4,513,574
2013	3,294,163	1,400,000	4,694,163
2014	3,507,611	1,200,000	4,707,611
2015	$ 3,553,294	1,100,000	$ 4,653,294

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
2006	$ 1,176,998	4,910,940	$ 3,733,942	392	$ 1,435,412	3,315,861	$ 4,751,273
2007	1,176,998	5,155,820	3,978,822	392	1,532,016	3,884,060	5,416,076
2008	1,176,998	5,218,550	4,041,552	412	1,612,342	4,098,501	5,710,843
2009	1,176,998	5,535,105	4,358,107	404	1,789,284	4,465,687	6,254,971
2010	1,176,998	6,229,395	5,052,397	452	1,910,208	4,646,839	6,557,047
2011	1,176,998	6,275,401	5,098,403	458	2,069,661	4,633,407	6,703,068
2012	1,176,998	5,991,511	4,814,513	454	1,997,358	4,513,574	6,510,932
2013	1,176,998	6,200,362	5,023,364	460	1,861,796	4,694,163	6,555,959
2014	1,176,998	5,127,616	3,950,618	464	2,154,914	4,707,611	6,862,525
2015	$ 1,176,988	5,126,345	$ 3,949,357	474	$ 2,085,308	4,653,293	$ 6,738,601

(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
2006*	$ 657,060	2,580,620	$ 1,923,560	392	$ 694,195	3,315,861	$ 4,010,056
2007**	657,060	2,892,160	2,235,100	392	157,496	3,884,060	4,041,556
2008***	657,060	2,734,414	2,077,354	412	1,116,518	4,098,501	5,215,019
2009	657,060	1,686,429	1,029,369	404	270,019	4,465,687	4,735,706
2010	657,060	1,737,267	1,080,207	452	320,448	4,646,839	4,967,287
2011	657,060	1,710,035	1,052,975	458	331,813	4,646,839	4,978,652
2012	657,060	1,525,552	868,492	454	339,775	4,513,574	4,853,349
2013	657,060	1,667,079	1,010,019	460	389,284	4,694,163	5,083,447
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

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

*2006 Incremental Tax Revenues included a significant penalty amount.

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

*** 2008 includes two years of tax collections.

N/A: Not Applicable.

CITY OF SPARTANBURG, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

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

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

	2015 *			2006		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Spartanburg Regional	6,400	1	17.14%	4,607	1	11.69%
Spartanburg County	1,437	2	3.85%	1,379	2	3.50%
Spartanburg School District #7	1,243	3	3.33%	1,300	3	3.30%
Walmart	925	4	2.48%	-		-
American Credit Acceptance	582	5	1.56%	-		-
QS1 Headquarters	520	6	1.39%	350	6	0.89%
Wofford College	450	7	1.21%	347	7	0.88%
City of Spartanburg*	438	8	1.17%	480	4	1.22%
Advance America, Inc	411	9	1.10%	250	9	0.63%
Denny's Corporate Office	285	10	0.76%	439	5	1.11%
Converse College	-		-	300	8	0.76%
Vic Bailey Auto	-		-	225	10	0.57%
Totals	12,691		33.99%	9,677		24.55%

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

Source: ^ City of Spartanburg Economic Development Division.

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
2006	28	$ 26,612,191	106	$ 16,763,283	1,059,530,895	$ 795,761,690
2007	43	56,946,842	108	17,571,100	1,091,156,125	805,601,985
2008	63	62,659,406	70	10,097,199	1,106,771,110	817,853,190
2009	41	29,344,493	37	5,625,034	1,266,018,124	940,342,638
2010	12	32,652,274	35	6,845,804	1,203,400,528	951,733,627
2011	15	34,706,366	12	1,873,368	939,998,881	952,250,970
2012	10	28,166,597	24	3,983,669	955,152,480	964,438,905
2013	4	10,089,723	17	2,860,415	976,806,157	963,582,846
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

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

	Fiscal Year									
Function	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Governmental Activities										
Finance and Administrative Services	13	12	10	12	14	14	14	13	13	13
Community Development	41	43	44	41	22	25	30	29	29	31
Parks, Recreation, and Special Events	20	23	24	23	17	17	14	15	15	13
Policy Formulation and Administration	39	40	38	40	40	35	35	33	32	32
Public Safety	214	217	217	215	221	220	218	212	212	218
Public Works	104	103	115	107	100	102	81	70	73	73
Business-Type Activities										
Parking Enterprise	1	3	3	2	2	3	3	2	2	1
Airport	9	9	11	9	8	10	10	8	9	9
Sewer	12	10	-	-	-	-	-	-	-	-
Total	453	460	462	449	424	426	405	382	385	390

Source: City Payroll

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

CITY OF SPARTANBURG, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
Function/Program	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Finance and Administrative Services										
Business Licenses Issued	5,530	5,954	5,517	5,330	5,567	5,763	5,381	5,101	4,950	4,975
Courtesy Summons Issued	1,023	976	826	824	610	589	638	542	478	485
Development Services										
Building Permits Issued	4,061	4,220	4,227	2,929	3,026	3,334	3,111	2,862	2,691	2,863
Building Inspections Conducted	7,475	7,513	7,667	5,846	5,042	4,501	4,735	4,266	4,073	3,641
Policy Formulation and Management										
Judicial Cases	14,334	14,683	14,797	13,822	15,319	16,462	14,207	12,176	10,776	13,031
Police Department										
Calls for Service	76,766	76,312	62,563	62,470	75,313	75,480	76,490	77,903	74,867	81,499
Physical Arrests	4,615	5,645	3,804	3,757	4,073	5,420	6,365	5,894	5,361	3,874
Traffic Violations	12,004	12,082	11,434	11,597	11,793	13,226	11,061	10,613	8,276	11,264
Fire Department										
Emergency Responses	2,242	2,172	2,031	2,228	2,127	2,254	2,057	2,113	2,220	2,261
Fires Extinguished	345	301	328	347	277	315	294	273	156	152
Inspections	3,325	2,556	3,863	3,085	3,466	1,482	2,927	934	1,510	1,520
Public Works										
Roads Maintained (miles)	171	173	173	173	174	177	181	187	187	177
Refuse Collection (tons)	11,100	11,260	10,924	10,581	9,291	9,339	8,596	9,319	9,319	9,610
Yard Waste Collection (tons)	-	-	-	-	6,791	7,152	9,166	6,684	7,911	6,585
Recycling Collection (tons)	-	-	-	-	835	925	802	1,048	1,222	1,215
Transit										
Passengers per Year	542,000	547,418	534,688	534,599	519,084	513,886	524,187	520,143	487,579	457,758
Parking										
Garages	3	3	3	3	4	4	4	4	4	4
Parking Lots	5	5	5	5	5	5	5	5	5	5
Total Public Spaces	2,261	2,261	2,261	2,261	3,011	3,011	3,011	3,011	3,011	3,011
Airport										
Fuel Gallons Sold	258,302	246,987	247,649	162,360	193,796	154,407	168,931	260,335	148,561	211,589
Hours of Aircraft Maintenance	1,784	1,659	1,455	898	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

	Fiscal Year									
Function	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Community Development										
Traffic Signals	107	123	123	123	123	123	156	130	132	133
Public Safety - Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	84	86	86	80	80	80	80	80	74	122
Public Safety - Fire										
Fire Station	5	5	5	5	5	5	5	5	5	5
Fire Trucks	12	12	12	12	13	13	11	10	10	10
Public Works										
Streets (in Miles)	171	173	173	173	174	177	181	187	187	187
Collection/Refuse Trucks	39	38	37	34	30	30	23	28	28	24
Parks and Recreation*										
Parks Acreage	300	300	278	278	278	301	301	301	301	301
Parks	24	24	20	21	21	24	24	24	24	24
Ball fields	10	10	10	10	10	9	9	9	9	9
Swimming Pools	2	2	2	2	2	2	2	2	1	1
Community Centers	4	4	4	4	4	4	2	2	2	2
Solid Waste										
Collection/Refuse Trucks	39	38	37	34	30	30	23	28	28	24
Transit										
Passenger Buses	11	-	11	11	11	10	11	11	12	12
Parking										
Garages	3	3	3	3	4	4	4	4	4	4
Airport										
Community Hangars	4	4	4	4	4	4	4	4	4	4
Maintenance Hangars	1	1	1	1	1	1	1	1	1	1
T-Hangars	30	30	30	30	30	46	46	35	46	46

Sources: Various City departments.

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

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

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

City of Spartanburg, South Carolina

Schedule of State Appropriations

UNAUDITED

Fiscal Year	Local Government Fund	Merchants Inventory	Accommodations Tax	Manufacturing Tax	Total
2009	$ 1,273,314	694,796	30,010	6,028	$ 2,004,148
2010	1,091,766	694,796	29,406	5,946	1,821,914
2011	881,044	694,796	30,011	6,046	1,611,897
2012	688,658	694,796	30,207	6,268	1,419,929
2013	690,974	694,796	29,946	5,763	1,421,479
2014	815,000	694,796	31,643	5,763	1,547,202
2015	911,127	694,796	34,235	5,763	1,645,921
2016	$ 911,127	694,796	34,289	5,763	$ 1,645,975

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Program	CFDA Number	Grant / Contract Number	Expenditures
DEPARTMENT OF HOUSING / URBAN DEVELOPMENT			
Direct:			
CDBG Entitlement Grant, 38th	14.218	B-12-MC-45-0001	$ 78,133
CDBG Entitlement Grant, 39th	14.218	B-13-MC-45-0001	1,025,430
	Subtotal 14.218		1,103,563
Home Program Year 2010	14.239	M-10-45-0207	188,966
Home Program Year 2013	14.239	M-13-45-0207	20,847
Home Program Year 2014	14.239	M-14-45-0207	35,977
	Subtotal 14.239		245,790
Neighborhood Stabilization Program	14.228	08-NSP110	1,382
TOTAL DEPARTMENT OF HOUSING / URBAN DEVELOPMENT			**1,350,735**
DEPARTMENT OF HOMELAND SECURITY			
Direct:			
FEMA Assistance to Firefighters Grant	97.083	EMW-2013-FH-00265	129,827
Pass Through City of Anderson			
Upstate Regional Type III Incident Management Team	97.067	9SHSP13	4,802
TOTAL DEPARTMENT OF HOMELAND SECURITY			**134,629**
DEPARTMENT OF JUSTICE			
Direct:			
Cops 2011 Cops Hiring Program	16.710	2011-UM-WX-0168	31,422
Cops 2013 Cops Hiring Program	16.710	2013-UM-WX-0102	27,083
Cops 2014 Cops Hiring Program	16.710	2014-UM-WX-0102	45,623
	Subtotal 16.710		104,128
Justice Assistance Grant	16.738	2011-DJ-BX-2843	715
Justice Assistance Grant	16.738	2012-DJ-BX-2843	25,245
Justice Assistance Grant	16.738	2014-DJ-BX-2843	23,522
	Subtotal 16.738		49,482
Grants to Encourage Arrest Policies	16.59	2014-WE-AX-0037	63,162
Bulletproof Vest Partnership	16.607	N/A	13,253
Equitable Sharing	16.922	N/A	878
Joint Law Enforcement Operations (JLEO)	16.111	N/A	16,183
Pass Through SC Department of Public Safety:			
Paul Coverdell Forensic Science	16.742	1NF10007	2,865
Reduced Crime for Status Offenders	16.540	IJ11007	23,535
TOTAL DEPARTMENT OF JUSTICE			**273,486**
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct:			
Addressing Teen Pregnancy in South Carolina	93.297	1US8DP002913	23,149
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			**$ 23,149**

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Program	CFDA Number	Grant / Contract Number	Expenditures
DEPARTMENT OF TRANSPORTATION			
Direct:			
Federal Aviation Administration:			
Airport Improvement Program (AIP)	20.106	3-45-0051-19	$ 1,842,038
	Subtotal 20.106		1,842,038
Federal Transit Administration:			
Operating Assistance	20.507	SC 90-X275-00	539,084
Operating Assistance	20.507	SC-90-X283-00	132,480
	Subtotal 20.507		671,564
Pass Through SC Department of Public Safety:			
Office of Highway Safety and Justice Programs	20.600	PT-2015-HS-18-15	65,900
TOTAL DEPARTMENT OF TRANSPORTATION			**2,579,502**
GRAND TOTALS			**$ 4,361,501**

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

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, 2015. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B. – BASIS OF ACCOUNTING

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

C. – RELATIONSHIP TO THE FINANCIAL STATEMENTS

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

D. – MATCHING COSTS

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

City of
SPARTANBURG
south carolina

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spartanburg (the "City"), as of and for the year ended June 30, 2015, 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 17, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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 *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. 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. We consider the deficiency described as 2015-001 in the accompanying schedule of findings and responses 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 17, 2015

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the City of Spartanburg, South Carolina's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 17, 2015

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2015

FINDINGS – 2014 FINANCIAL STATEMENTS

Major Program

Federal Agency: HUD
Neighborhood Stabilization Program # 14.228

2014-003: Monitoring of Federal Programs

Condition, Criteria
Cause and Effect: The City was not adequately monitoring the activities and reporting requirements related to the program. In addition, the City did not respond in a timely manner to the South Carolina State Housing Finance and Development Authority's (the "Authority") report that was issued during the fiscal year. The City should have effective controls in place over the monitoring and reporting requirements related to all federal programs. In addition, the City should respond timely to any issues noted as a result of monitoring visits by the Authority. The City was monitored by the Authority and failed to adequately respond to the findings in a timely manner. This visit noted several items that the City was not handling correctly. We also noted many of these same items during our procedures. Two of the more significant items noted were:

- The City was not tracking their program income correctly.
- The City did not include the required restrictive covenants on a property that was sold.

Status: The City has taken the necessary steps to address this issue.

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

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 Section 510(a) of Circular A-133		Yes	X	No

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
14.218	CDBG Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee?		Yes	X	No

Section II – Findings – Current Year Financial Statements Audit

2015-001: FAILURE TO PROPERLY RECORD YEAR END BALANCE SHEET ITEM

Condition, Criteria, Context, Cause and Effect: An effective system of internal controls should be in place to ensure all balance sheet items are recorded properly. During our testing, we noted that the City had not recorded an item properly and this resulted in a material audit adjustment. The City's internal controls failed resulting in a balance sheet account being materially misstated.

Recommendation: We recommend that the City take the necessary steps to ensure all items are properly recorded.

Response/Update: The City has taken the necessary steps to address this issue.

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

None