

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



Comprehensive Annual Financial Report

City of Spartanburg, South Carolina

Fiscal Year Ended June 30, 2018

Prepared by the City's Finance Division



City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

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December 21, 2018

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, 2018. State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (“CAFR”) of the City of Spartanburg.

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

The City of Spartanburg’s financial statements have been audited by Greene Finney LLP, a firm of licensed public accountants. The goal of the independent audit is to provide reasonable assurance that the City of Spartanburg’s financial statements for the fiscal year ending June 30, 2018 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, 2018 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 93, as part of the financial statements for the government funds.

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

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

Factors Affecting Financial Conditions

Local Economy

The current low unemployment rate of 3.5% and the continual increase of businesses moving into our region has had a positive impact on the growth of the region. While the majority of the new jobs are located outside the municipal limits, we continue to see increases in business license, hospitality, accommodation fees and building permits for commercial and residential properties.

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 \$10 Million renovation and two story addition (Aug. W Smith building) has been completed. The now five story building houses 48 apartment and retail spaces on 1st floor.

- The 1st Airport in the state celebrated its 90th birthday and a \$25 million investment expanded the runway by 1,700 feet to 6,000 feet. The Downtown Airport plays a key role in the continued economic prosperity of the Spartanburg community. The airport is the 3rd busiest in terms of traffic among 55 general aviation airports in South Carolina, contributing \$25 million to the local economy.
- The Airport Park opened in Spring 2018 and is a seven-acre play space in the City of Spartanburg with aviation-themed elements throughout, including two playgrounds, one for children 5-12 and another for children aged 2-5, as well as a splash pad, multipurpose athletic field, picnic shelters, a paved walking path, and restroom facilities.

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 25th consecutive year for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements. We believe our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

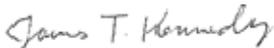
Respectfully submitted,



Chris Story
City Manager



Dennis R. Locke, CGFO
Finance Director



James T. Kennedy II, CPA
Budget & Accounting Director



City of
SPARTANBURG
south carolina



PRINCIPAL OFFICIALS

CITY COUNCIL

Junie White, Mayor

Jerome Rice, Mayor Pro Tem

W. Sterling Anderson, Council Member

Alan Jenkins, Councilmember

Ruth Littlejohn, Council Member

Max Hyde, Council Member

Erica Brown, Council Member

APPOINTED OFFICIALS

**Chris Story
City Manager**

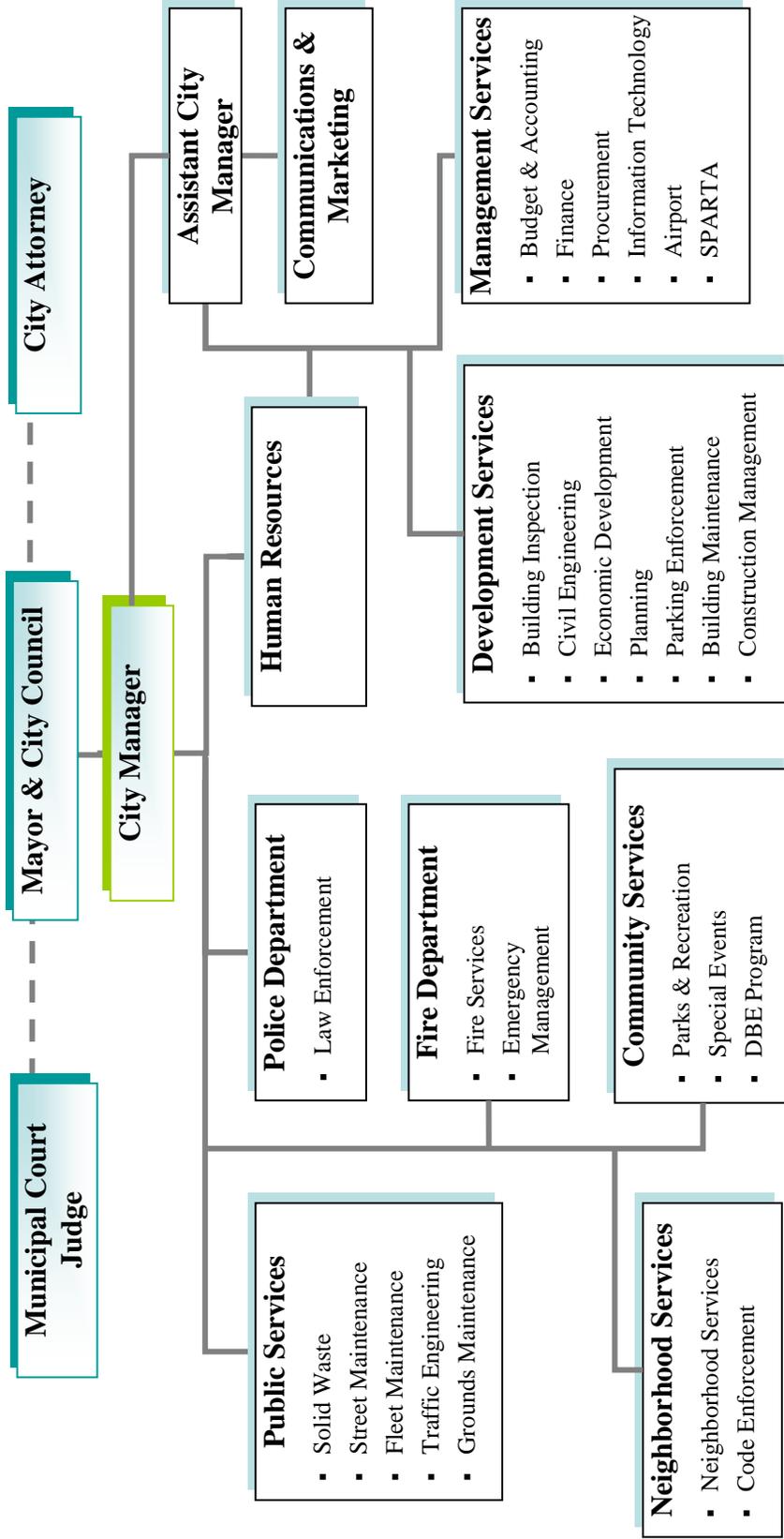
**Lawrence E. Flynn III
Interim City Attorney**

**Erika McJimpsey
Chief Municipal Judge**



City of
SPARTANBURG
south carolina

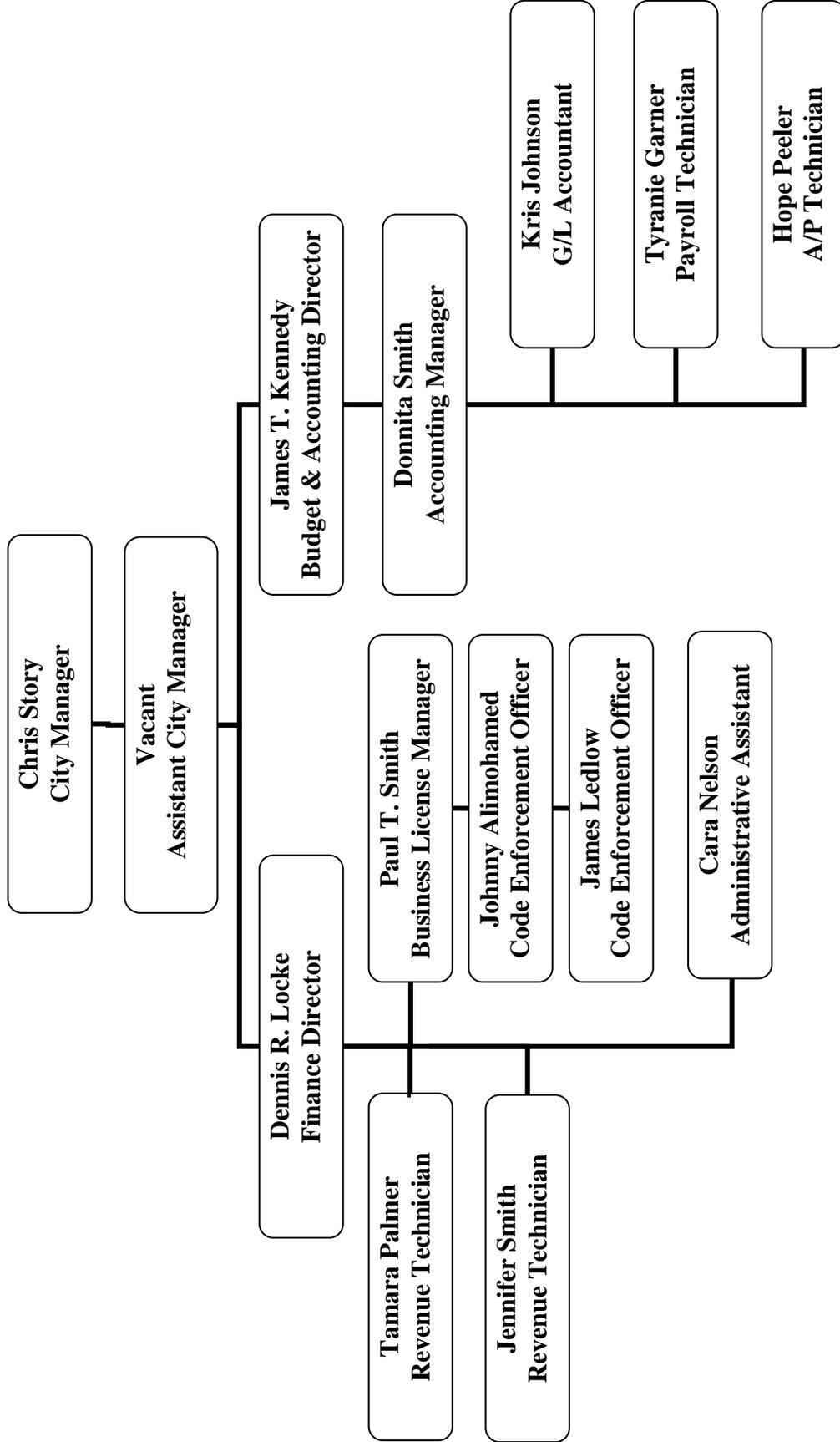
City of Spartanburg Organizational Chart





City of
SPARTANBURG
south carolina

Finance Division





City of
SPARTANBURG
south carolina



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Spartanburg
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO



City of
SPARTANBURG
south carolina



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spartanburg, South Carolina (the "City"), as of and for the year ended June 30, 2018, 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, 2018, 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.

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OPEN BY APPOINTMENT ONLY

Change in Accounting Principle

As discussed in Note I.B in the notes to the financial statements, for the year ended June 30, 2018 the City adopted the provisions of Governmental Accounting Standards Board Statement (“GASB”) No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, the budgetary comparison schedules, the other postemployment benefit plan schedules, and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The introductory section, supplementary information, statistical section, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
December 21, 2018

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

As management of the City of Spartanburg ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2018 ("FY 2018" or "2018") compared to year ended June 30, 2017 ("FY 2017" or "2017"). The intent of this management's discussion and analysis ("MD&A") is to look at the City's financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information provided in letter of transmittal, the financial statements and notes to the financial statements to enhance their understanding the City's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 were as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$69,912,000 (Net Position). Of this amount, approximately (\$34,198,000) is a negative unrestricted net position and is the result of pension and other postemployment benefit accounting standards that were implemented in 2015 and 2018, respectively.
- The City's total net position increased by approximately \$8,416,000 which consisted of a increase in governmental activities of approximately \$2,202,000, and an increase in business-type activities of approximately \$6,214,000. The increase in governmental activities was primarily due to revenues exceeding expenses. The increase in business-type activities was due primarily to an increase in capital grants in the Airport Fund.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of approximately \$12,323,000, an increase of approximately \$879,000 or approximately 8% in comparison with the prior year fund balance of approximately \$11,444,000. The fund balance for the General Fund increased approximately \$330,000 (4%) to approximately \$8,063,000 at June 30, 2018 compared to the prior year fund balance of approximately \$7,732,000. The increase is primarily due to revenues exceeding expenditures in the current year. Approximately \$94,000 of the fund balance in the General Fund at year end is nonspendable (prepaids and inventories), approximately \$250,000 is assigned for worker's compensation, and the remainder of approximately \$7,719,000 is unassigned.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund (\$7,719,000) was approximately 21% of total General Fund expenditures (approximately \$36,405,000).
- The City's total capital assets increased by approximately \$5,243,000 (4%) during the current fiscal year. Total additions and other increases were approximately \$10,847,000 which was partially offset by depreciation expense of approximately \$5,517,000 and disposals and other decreases of approximately \$87,000.
- The City's long-term obligations decreased by approximately \$1,155,000 or 3% during the current year. The decrease was due primarily to scheduled and refunding debt payments, partially offset by the issuance of a new capital lease.
- The City adopted Governmental Accounting Standards Board ("GASB") Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("GASB #75" or "Statement") for the year ended June 30, 2018. This Statement requires the City to recognize a net OPEB liability (and any related deferred outflows/inflows of resources) along with a more comprehensive measure of OPEB expense for its OPEB Plan ("OPEB 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 has resulted in the restatement of the City's net position as of July 1, 2017 for its government-wide and enterprise funds financial statements to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plan in accordance with the provisions of this Statement. Net position of the City's government-wide financial statements as of July 1, 2017 was decreased by approximately \$2,080,000, which consisted of approximately \$2,035,000 for its governmental activities and \$45,000 for its business-type activities (enterprise funds), reflecting the cumulative change in accounting principle related to the adoption of this Statement. See Note IV.E in the notes to the financial statements for more information regarding the City's OPEB Plan.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section*, *Financial Section* (which includes the MD&A, financial statements, notes to the financial statements, required supplementary information and supplementary information), *Statistical Section*, and the *Compliance Section*.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on *individual parts* of the City, reporting the City's operations in *more detail* than the government-wide financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

Major Features of the City’s Government-Wide and Fund Financial Statements				
	Fund Financial Statements			
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government except for fiduciary funds.	The activities of the City that are not proprietary or fiduciary.	Activities the City operates similar to private businesses.	Instances in which the City is the trustee or agent for someone else’s resources.
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of revenues, expenses, and changes in Net Position ▪ Statement of Cash Flows 	<ul style="list-style-type: none"> ▪ Statement of fiduciary Net Position ▪ Statement of changes in fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of balance sheet information	All balance sheet elements – both financial and capital, and short-term and long-term	Only balance sheet elements that come due during the year or soon, thereafter. No capital assets or long-term debt.	All balance sheet elements - both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$69,912,000 at the close of the most recent fiscal year. The following table provides a summary of the City's Net Position at June 30, 2018 compared to June 30, 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018 *	2017	2018 *	2017	2018 *	2017
Assets						
Current & Other Assets	\$ 23,017,104	21,526,662	7,429,917	7,492,011	30,447,021	\$ 29,018,673
Capital Assets, Net	70,708,357	70,601,915	52,577,808	47,441,179	123,286,165	118,043,094
Total Assets	93,725,461	92,128,577	60,007,725	54,933,190	153,733,186	147,061,767
Deferred Outflows of Resources						
Deferred Pension Charges	7,094,455	6,315,903	201,613	197,716	7,296,068	6,513,619
Deferred OPEB Charges	38,696	-	1,919	-	40,615	-
Total Deferred Outflows of Resources	7,133,151	6,315,903	203,532	197,716	7,336,683	6,513,619
Liabilities						
Long-Term Liabilities	33,654,846	34,816,050	112,628	105,951	33,767,474	34,922,001
Net Pension Liability	47,314,904	46,221,119	1,290,278	1,310,851	48,605,182	47,531,970
Net OPEB Liability	1,654,772	-	48,258	-	1,703,030	-
Other Liabilities	4,820,271	4,545,722	1,396,953	2,533,586	6,217,224	7,079,308
Total Liabilities	87,444,793	85,582,891	2,848,117	3,950,388	90,292,910	89,533,279
Deferred Inflows of Resources						
Deferred Pension Credits	784,854	448,565	29,500	17,232	814,354	465,797
Deferred OPEB Credits	48,822	-	1,424	-	50,246	-
Total Deferred Inflows of Resources	833,676	448,565	30,924	17,232	864,600	465,797
Net Position						
Net Investment in						
Capital Assets (1)	54,829,393	52,133,237	52,577,808	47,441,179	99,923,212	91,324,922
Restricted	4,187,094	4,443,720	-	-	4,187,094	4,443,720
Unrestricted (1)	(46,436,344)	(44,163,933)	4,754,408	3,722,107	(34,197,947)	(32,192,332)
Total Net Position	\$ 12,580,143	12,413,024	57,332,216	51,163,286	69,912,359	\$ 63,576,310

* The City adopted GASB #75 in FY 2018. See Financial Highlights section for more details.

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

The Net Position of the City's governmental activities increased by 21% (approximately \$2,202,000) from the prior year's restated net position balance of approximately \$10,378,000. The various components of the City's governmental activities Net Position changed as follows:

- The Net Investment in Capital Assets increased by approximately \$2,696,000 or 5%, primarily due to a new equipment lease purchase in the current year along with capital asset additions.
- Restricted Net Position decreased by approximately \$257,000 or 6%.
- 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 (\$44,164,000) at June 30, 2017 to approximately (\$46,436,000) at June 30, 2018 as a result of the increase in net position for the year, partially offset by an increase in the City's net pension / OPEB balances.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The Net Position of business-type activities increased by approximately \$6,214,000 or 12% (approximately \$57,332,000 in the current year compared to approximately \$51,119,000 for the restated prior year) for the year ended June 30, 2018. The various components of the business-type activities Net Position changed as follows:

- The Net Investment in Capital Assets increased by approximately \$5,137,000 or approximately 11% primarily due to capital grants for the airport runway extension project.
- Unrestricted Net Position increased by approximately \$1,032,000. The increase was due to revenues exceeding expenses.

The following table shows the changes in Net Position for 2018 compared to 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018 *	2017	2018 *	2017	2018 *	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 20,514,668	20,071,837	3,825,175	3,721,474	24,339,843	\$ 23,793,311
Operating Grants	4,717,699	3,415,281	-	-	4,717,699	3,415,281
Capital Grants	-	-	7,182,112	11,264,237	7,182,112	11,264,237
General Revenue:						
Property Taxes	18,440,992	18,409,536	-	-	18,440,992	18,409,536
Other Taxes	6,171,779	5,852,657	-	-	6,171,779	5,852,657
Intergovernmental Revenue	836,020	844,738	-	-	836,020	844,738
Other	2,452,673	2,117,792	65,256	53,491	2,517,929	2,171,283
Total Revenues	53,133,831	50,711,841	11,072,543	15,039,202	64,206,374	65,751,043
Program Expenses						
Policy Formulation & Administration	6,003,757	6,071,710	-	-	6,003,757	6,071,710
Public Safety	17,754,307	17,864,273	-	-	17,754,307	17,864,273
Parks, Recreation, and Special Events	2,456,742	2,592,220	-	-	2,456,742	2,592,220
Development Services	3,839,251	3,790,091	-	-	3,839,251	3,790,091
Public Services	8,250,848	8,563,016	-	-	8,250,848	8,563,016
Finance and Administrative Services	2,637,266	3,534,213	-	-	2,637,266	3,534,213
Operating	6,557,239	5,800,758	-	-	6,557,239	5,800,758
Interest and Other Charges	2,396,183	1,653,346	-	-	2,396,183	1,653,346
Transit	-	-	1,999,130	1,933,748	1,999,130	1,933,748
Parking	-	-	1,319,091	1,195,457	1,319,091	1,195,457
Airport	-	-	1,722,404	1,518,271	1,722,404	1,518,271
Storm Water	-	-	854,172	910,138	854,172	910,138
Total Expenses	49,895,593	49,869,627	5,894,797	5,557,614	55,790,390	55,427,241
Change in Net Position Before Transfers	3,238,238	842,214	5,177,746	9,481,588	8,415,984	10,323,802
Transfers In (Out)	(1,035,929)	(927,039)	1,035,929	927,039	-	-
Change in Net Position	2,202,309	(84,825)	6,213,675	10,408,627	8,415,984	10,323,802
Net Position, Beginning of Year - As Previously Reported	12,413,024	12,497,849	51,163,286	40,754,659	63,576,310	53,252,508
Cumulative Change in Accounting Principle - GASB #75*	(2,035,190)	-	(44,745)	-	(2,079,935)	-
Net Position, Beginning of Year - As Restated	10,377,834	12,497,849	51,118,541	40,754,659	61,496,375	53,252,508
Net Position - End of Year	\$ 12,580,143	12,413,024	57,332,216	51,163,286	69,912,359	\$ 63,576,310

* The City implemented GASB #75 in FY 2018. See Financial Highlights section for more details.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities:

Net Position increased by approximately \$2,202,000 for 2018 for governmental activities. Revenues increased by approximately \$2,422,000 (5%) to approximately \$53,134,000 from the prior year. This increase was primarily due to increases in operating grant revenues, charges for services, tax revenue, and other revenues as compared to the prior year. Expenses remained relatively flat as compared to the prior year as they increased by approximately \$26,000 (<1%) to approximately \$49,896,000 from the prior year.

Business-Type Activities:

Net Position increased by approximately \$6,214,000 for 2018 for business-type activities. In aggregate, business-type revenues decreased approximately \$3,967,000 (26%) to \$11,073,000 compared to approximately \$15,039,000 in the prior year. The decrease in revenue was primarily due to a decrease in capital grants of approximately \$4,082,000 primarily related to the Transit and Airport funds. Total expenses increased approximately \$337,000 (6%) to approximately \$5,895,000 compared to approximately \$5,558,000 in the prior year. The increase was due to higher operating costs primarily for maintenance and wages / benefits.

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, 2018, the City's governmental funds reported a combined ending fund balance of approximately \$12,323,000, an increase of approximately \$879,000 in comparison with the prior year fund balance. Approximately 63% of this total amount (approximately \$7,719,000) constitutes unassigned fund balance. The remainder of fund balance is assigned, restricted, committed, or nonspendable. The amounts are nonspendable (approximately \$94,000), committed for special revenue programs (approximately \$12,000), assigned for insurance costs (approximately \$250,000), assigned for capital projects (approximately \$43,000), restricted for debt service (approximately \$778,000), restricted for tourism related costs (\$2,624,000), and restricted for special revenue programs (approximately \$803,000).

The fund balance for the Capital Projects Fund increased by approximately \$855,000 during the current fiscal year to a fund balance of approximately \$43,000 as revenues and other financing resources of approximately \$2,631,000 exceeded capital expenditures of approximately \$1,776,000.

The fund balance for the Hospitality Tax Fund increased by approximately \$38,000 during the current fiscal year to approximately \$2,380,000, as revenues of approximately \$5,059,000 exceeded expenditures and transfers out of approximately \$5,021,000. Revenues increased approximately \$267,000 from the prior year due to better collections. Expenditures and transfers out increased approximately \$458,000 from the prior year to support debt service payments and operating costs related to special events.

The Neighborhood Initiative Program Fund generally has no fund balance as revenues are expended as they are received. During the year the fund had revenues and other financing sources of approximately \$2,728,000 and operating expenditures of approximately \$2,728,000, which was an increase of approximately \$1,885,000 from the prior year of approximately \$843,000.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

General Fund Revenues

The General Fund is the principal fund that accounts for the daily operations of the City. Total revenue for 2018 was approximately \$37,209,000, an increase of approximately \$492,000 (1%) from the previous year. Property tax collections decreased approximately \$30,000 (<1%) to approximately \$14,799,000 compared to approximately \$14,828,000 for the previous year. Fees, Licenses and Permits revenues increased approximately \$183,000 (1%) to approximately \$16,564,000 compared to approximately \$16,381,000 for the previous year. These increases were primarily due to higher business license (including MASC collections) and building permit collections in the current year due to a strong economy.

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 40% or approximately \$14,799,000 of total General Fund revenue for 2018.

The City received approximately \$16,564,000 in revenue from fees, licenses, and permits. The remaining General Fund revenue sources were charges for services of approximately \$1,857,000, intergovernmental revenue of approximately \$3,350,000, fines and forfeitures of approximately \$345,000, investment earnings of approximately \$90,000, and other revenues of approximately \$205,000.

General Fund Expenditures

General Fund expenditures for 2018 totaled approximately \$36,405,000, an approximate \$428,000 (1%) decrease over the previous fiscal year. This reflects a decrease in salaries, benefits, and capital outlay. The largest General Fund departmental budget is Public Safety, which accounted for approximately 45% of total General Fund expenditures. Public Services accounted for the second largest departmental budget, which accounted for approximately 17% of total General Fund expenditures. Actual expenditures for these departments were approximately \$16,278,000 for Public Safety and approximately \$6,144,000 for Public Services. The remaining 38% of General Fund expenditures came from the areas of Policy Formulation and Administration – approximately \$5,975,000, Parks, Recreation, and Special Events – approximately \$1,628,000, Development Services of approximately \$3,048,000, Finance and Administrative Services - \$2,000,000, and Capital Outlay of approximately \$1,332,000.

General Fund Balance

Total fund balance in the General Fund increased by approximately \$330,000 to \$8,063,000 at June 30, 2018. The unassigned fund balance increased by approximately \$1,632,000 to approximately \$7,719,000. The increase is due primarily to funds that were assigned for utility projects in the prior year of approximately \$1,298,000 are unassigned in the current year. Unassigned fund balance represents approximately 21% of total General Fund expenditures.

Proprietary Funds. The City's *proprietary funds* provide the same type of information found in the government-wide financial statements but in more detail. Net Position of the Enterprise Funds at the end of the fiscal year amounted to approximately \$57,332,000. Factors concerning the operations of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The City adopted a balanced revenue/expenditure budget of approximately \$39,098,000 (including other financing sources/uses) and there were no budget amendments made during the year. More information about our budgetary process can be found in Note II.A in the notes to the financial statements.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the City had approximately \$123,286,000 in capital assets, net of depreciation. The total increase in the City’s capital assets was approximately \$5,243,000 (4%). Total additions and other increases were approximately \$10,847,000 which was partially offset by depreciation expense of approximately \$5,517,000 and disposals and other decreases of approximately of \$87,000.

The following table shows capital asset balances (net of depreciation) at June 30, 2018 compared to June 30, 2017:

	Government Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 31,512,286	30,473,329	3,088,761	2,982,220	34,601,047	\$ 33,455,549
Construction in Progress	486,310	842,983	17,950,780	12,587,148	18,437,090	13,430,131
Building & Improvements	16,645,979	17,234,157	23,500,843	23,353,618	40,146,822	40,587,775
Infrastructure	12,744,880	14,281,863	5,803,113	5,993,207	18,547,993	20,275,070
Machinery & Equipment	1,778,535	828,303	16,544	25,778	1,795,079	854,081
Vehicles	7,540,367	6,941,280	2,217,767	2,499,208	9,758,134	9,440,488
Totals	\$ 70,708,357	70,601,915	52,577,808	47,441,179	123,286,165	\$ 118,043,094

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

Long-Term Obligations

At June 30, 2018, the City had long-term obligations of approximately \$33,767,000 versus approximately \$34,922,000 in the prior year, a decrease of approximately \$1,155,000 or 3%. The decrease was primarily due to scheduled and refunding debt payments, partially offset by the issuance of a new capital lease.

The following table shows long-term obligation balances at June 30, 2018 compared to June 30, 2017:

Long-Term Obligations	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Debt:						
General Obligation Bonds	\$ 5,275,000	5,280,000	-	-	5,275,000	\$ 5,280,000
Tax Increment Bonds	4,020,000	4,545,000	-	-	4,020,000	4,545,000
Hospitality Tax/SOB Bonds	13,905,000	15,465,000	-	-	13,905,000	15,465,000
Revenue Bonds	-	-	-	-	-	-
Promissory Note	212,675	418,814	-	-	212,675	418,814
Total Debt	23,412,675	25,708,814	-	-	23,412,675	25,708,814
Capital Leases	6,452,966	5,474,154	-	-	6,452,966	5,474,154
Compensated Absences	3,789,205	3,633,082	112,628	105,951	3,901,833	3,739,033
Total	\$ 33,654,846	34,816,050	112,628	105,951	33,767,474	\$ 34,922,001

The State limits the amount of general obligation debt that cities can issue to 8% of the assessed value of all taxable property within the City's corporate limits. The City is authorized by state statute to exceed the legal debt margin of eight percent, if citizens of the City approve such additional debt. The City's outstanding general obligation debt is below this state-imposed legal debt limit of approximately \$12,053,000. The current amount of outstanding general obligation debt at June 30, 2018 is \$5,275,000 which leaves an unused legal debt margin of approximately \$6,778,000.

CITY OF SPARTANBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Based on overall economic forecasts for South Carolina, the City expects to see a slow but steady growth for the year ended June 30, 2019 ("FY 2019"). Economic forecasts project the Greenville-Spartanburg-Anderson metropolitan area will see positive job growth. The unemployment rate for the Spartanburg metropolitan statistical area decreased from 4.2% in June 2017 to 3.5% in June 2018.

The primary goal of the City's FY 2019 budget appropriation is to provide a financial plan for City officials to carry out both short-term and long-term priorities set by City Council to meet the expectations of our citizens.

General Fund revenues are budgeted at approximately \$40,819,000 for FY 2019, an increase of approximately 4% over FY 2018 original budget. Property tax collections are projected to increase slightly and insurance franchise fees are expected to increase slightly. Business license fee are projected to increase by 4%, while building permits are projected to increase by 13%. The City has projected a 5% increase in funding from the State's Local Government Fund. Most of the General Fund expenditure increases were the result of needed compensation adjustments, employer's contributions for medical insurance, and mandatory changes in retirement contributions.

Key items that factored into the preparation of the budget for the FY 2019, are listed below:

- The budget provides for a 3.0% cost-of-living adjustment for employees
- 1.00% and 1.00% mandatory increase in employer's retirement contribution rates for SCRS and PORS
- Decrease in the millage rate to 104.4 due to reassessment
- 7% increase in employer's contribution to the Medical Insurance Fund
- 21% increase in transfer to the General Fund from the Hospitality Tax Fund
- Third year of transfer to the St. Johns Street TIF Fund from the General Fund for debt service
- 3% increase in revenues for Fees, Licenses, and Permits
- 2.1% increase in transfer from Spartanburg Water System

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2018

	PRIMARY GOVERNMENT			Totals
	Governmental Activities	Business-Type Activities	Adjustment	
ASSETS				
Cash and Cash Equivalents	\$ 12,649,414	5,259,850	-	\$ 17,909,264
Restricted Cash and Cash Equivalents	1,261,174	-	-	1,261,174
Restricted Investments	491	-	-	491
Property Taxes Receivable, Net	1,860,874	-	-	1,860,874
Other Receivables, Net:				
Mortgage	70,803	-	-	70,803
Commercial Loan	52,293	-	-	52,293
Other	5,214,168	1,914,593	-	7,128,761
Other Asset	962,370	11,388	-	973,758
Prepays and Inventories	945,517	244,086	-	1,189,603
Capital Assets:				
Non-Depreciable	31,998,596	21,039,541	-	53,038,137
Depreciable, Net	38,709,761	31,538,267	-	70,248,028
TOTAL ASSETS	93,725,461	60,007,725	-	153,733,186
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Charges	7,094,455	201,613	-	7,296,068
Deferred Other Postemployment Benefit Charges	38,696	1,919	-	40,615
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,133,151	203,532	-	7,336,683
LIABILITIES				
Accounts Payable	1,767,128	974,708	-	2,741,836
Accrued Interest Payable	204,708	-	-	204,708
Accrued Salaries and Benefits	1,793,293	39,004	-	1,832,297
Internal Balances	(302,327)	302,327	-	-
Retainage Payable	-	5,081	-	5,081
Intergovernmental Payable	393,545	-	-	393,545
Customer Deposits	21,932	55,444	-	77,376
Unclaimed Checks	10,193	-	-	10,193
Accrued Claims/Premiums	407,727	-	-	407,727
Unearned Revenues	524,072	20,389	-	544,461
Non-Current Liabilities:				
Net Pension Liability	47,314,904	1,290,278	-	48,605,182
Net Other Postemployment Benefit Liability	1,654,772	48,258	-	1,703,030
Long-Term Obligations - Due Within One Year	6,494,874	56,314	-	6,551,188
Long-Term Obligations - Due in More Than One Year	27,159,972	56,314	-	27,216,286
TOTAL LIABILITIES	87,444,793	2,848,117	-	90,292,910
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Credits	784,854	29,500	-	814,354
Deferred Other Postemployment Benefit Credits	48,822	1,424	-	50,246
TOTAL DEFERRED INFLOWS OF RESOURCES	833,676	30,924	-	864,600
NET POSITION				
Net Investment in Capital Assets	54,829,393	52,577,808	(7,483,989)	99,923,212
Restricted For:				
Debt Service	646,800	-	-	646,800
Tourism Related Costs	2,624,168	-	-	2,624,168
Special Revenue Programs	916,126	-	-	916,126
Unrestricted	(46,436,344)	4,754,408	7,483,989	(34,197,947)
TOTAL NET POSITION	\$ 12,580,143	57,332,216	-	\$ 69,912,359

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, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital	Primary Government		Total
					Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT:							
Governmental Activities:							
Policy Formulation and Administration	\$ 6,003,757	-	-	-	(6,003,757)	-	\$ (6,003,757)
Public Safety	17,754,307	717,286	548,401	-	(16,488,620)	-	(16,488,620)
Parks, Recreation, and Special Events	2,456,742	106,746	-	-	(2,349,996)	-	(2,349,996)
Development Services	3,839,251	598,563	3,185,939	-	(54,749)	-	(54,749)
Public Services	8,250,848	2,809,875	983,359	-	(4,457,614)	-	(4,457,614)
Finance and Administrative Services	2,637,266	16,282,198	-	-	13,644,932	-	13,644,932
Operating	6,557,239	-	-	-	(6,557,239)	-	(6,557,239)
Interest and Other Charges	2,396,183	-	-	-	(2,396,183)	-	(2,396,183)
Total Governmental Activities	49,895,593	20,514,668	4,717,699	-	(24,663,226)	-	(24,663,226)
Business-Type Activities:							
Transit	1,999,130	213,381	-	847,962	-	(937,787)	(937,787)
Parking Enterprise	1,319,091	460,119	-	-	-	(858,972)	(858,972)
Airport	1,722,404	1,478,264	-	6,334,150	-	6,090,010	6,090,010
Storm Water	854,172	1,673,411	-	-	-	819,239	819,239
Total Business-Type Activities	5,894,797	3,825,175	-	7,182,112	-	5,112,490	5,112,490
TOTAL - PRIMARY GOVERNMENT	\$ 55,790,390	24,339,843	4,717,699	7,182,112	(24,663,226)	5,112,490	(19,550,736)
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					14,663,465	-	14,663,465
Tax Increment					2,484,205	-	2,484,205
Motor Vehicle Taxes					1,293,322	-	1,293,322
Hospitality Taxes					5,340,373	-	5,340,373
Other Taxes					831,406	-	831,406
Intergovernmental Revenue - Unrestricted					836,020	-	836,020
Investment Income					124,296	60,904	185,200
Miscellaneous					958,640	-	958,640
Grants and Contributions Not Restricted to Specific Programs					1,195,634	-	1,195,634
Gain (Loss) on Sale of Assets					174,103	4,352	178,455
Transfers In (Out)					(1,035,929)	1,035,929	-
Total General Revenues and Transfers					26,865,535	1,101,185	27,966,720
CHANGE IN NET POSITION					2,202,309	6,213,675	8,415,984
NET POSITION, Beginning of Year - As Previously Reported					12,413,024	51,163,286	63,576,310
Cumulative Change in Accounting Principle - GASB #75					(2,035,190)	(44,745)	(2,079,935)
NET POSITION, Beginning of Year - Restated					10,377,834	51,118,541	61,496,375
NET POSITION, End of Year					12,580,143	57,332,216	\$ 69,912,359

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, 2018

	GENERAL FUND	CAPITAL PROJECTS FUND	HOSPITALITY TAX FUND	NEIGHBORHOOD INITIATIVE PROGRAM FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	\$ 3,185	-	-	-	15,650	\$ 18,835
Pooled Cash and Cash Equivalents	6,815,360	129,049	1,934,805	-	2,216,568	11,095,782
Restricted Investments	-	-	-	-	491	491
Property Taxes Receivable, Net	1,787,307	-	-	-	73,567	1,860,874
Accounts Receivable, Net	1,305,646	15,000	444,867	-	1,150	1,766,663
Commercial Loan Receivables	-	-	-	-	52,293	52,293
Intergovernmental Receivables	-	-	-	3,047,592	382,491	3,430,083
Due From Other Funds	3,247,938	-	-	-	-	3,247,938
Prepays and Inventories	93,743	-	-	-	-	93,743
Mortgages Receivable: Home Loans	-	-	-	-	70,803	70,803
TOTAL ASSETS	\$ 13,253,179	144,049	2,379,672	3,047,592	2,813,013	\$ 21,637,505
LIABILITIES						
Accounts Payable	\$ 1,105,226	85,718	-	255,298	251,157	\$ 1,697,399
Accrued Salaries and Benefits	1,771,742	-	-	-	21,551	1,793,293
Customer Deposits	21,932	-	-	-	-	21,932
Unclaimed Checks	10,084	-	-	-	-	10,084
Intergovernmental Payable	393,545	-	-	-	-	393,545
Due To Other Funds	-	-	-	2,792,294	153,317	2,945,611
Unearned Revenues	145,912	15,000	-	-	363,160	524,072
TOTAL LIABILITIES	3,448,441	100,718	-	3,047,592	789,185	7,385,936
DEFERRED INFLOWS OF RESOURCES						
Unavailable Property Taxes	1,742,147	-	-	-	73,377	1,815,524
Unavailable Note Receivables	-	-	-	-	112,910	112,910
TOTAL DEFERRED INFLOWS OF RESOURCES	1,742,147	-	-	-	186,287	1,928,434
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,190,588	100,718	-	3,047,592	975,472	9,314,370
FUND BALANCES						
Nonspendable:						
Prepays and Inventories	93,743	-	-	-	-	93,743
Restricted for:						
Debt Service	-	-	-	-	778,131	778,131
Tourism Related Costs	-	-	2,379,672	-	244,496	2,624,168
Special Revenue Programs	-	-	-	-	803,216	803,216
Committed for:						
Special Revenue Programs	-	-	-	-	11,698	11,698
Assigned for:						
Capital Projects	-	43,331	-	-	-	43,331
Insurance Costs	250,000	-	-	-	-	250,000
Unassigned	7,718,848	-	-	-	-	7,718,848
TOTAL FUND BALANCES	8,062,591	43,331	2,379,672	-	1,837,541	12,323,135
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,253,179	144,049	2,379,672	3,047,592	2,813,013	\$ 21,637,505

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, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 12,323,135
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 \$118,842,457 and the accumulated depreciation was \$55,865,236.	62,977,221
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.	1,815,524
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.	112,910
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	962,370
Accrued interest on the bonds in governmental accounting are not due or payable in the current period, therefore, they have not been reported as a liability in the funds.	(204,708)
The City's (a) net pension liability, deferred outflows of resources, and deferred inflows of resources related to the City pension plan and (b) proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(41,005,303)
The City's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the City's OPEB plan are not reported in the governmental funds but is in the Statement of Net Position.	(1,664,898)
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.	5,393,089
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt (including Capital Leases)	(24,339,992)
Compensated Absences (Sick Pay and Vacations)	(3,789,205)
	(28,129,197)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ 12,580,143

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, 2018

	GENERAL FUND	CAPITAL PROJECTS FUND	HOSPITALITY TAX FUND	NEIGHBORHOOD INITIATIVE PROGRAM FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes	\$ 14,798,582	-	5,041,501	-	4,532,050	\$ 24,372,133
Fees, Licenses, and Permits	16,564,114	-	-	-	-	16,564,114
Fines and Forfeitures	345,112	-	-	-	-	345,112
State Government Contributions	-	-	-	2,710,407	521,602	3,232,009
Federal Government Contributions	-	-	-	-	821,575	821,575
Intergovernmental Revenues	3,349,936	-	-	-	-	3,349,936
Charges for Services	1,856,760	-	-	-	-	1,856,760
Investment Earnings	89,774	-	16,473	-	8,751	114,998
Confiscated Drug Funds	-	-	-	-	7,645	7,645
Donations	-	195,000	-	-	60,000	255,000
Ground Lease Rent	-	-	-	-	200,000	200,000
Other	204,976	164,359	951	7,123	1,392,130	1,769,539
TOTAL REVENUES	37,209,254	359,359	5,058,925	2,717,530	7,543,753	52,888,821
EXPENDITURES:						
Current:						
Policy Formulation and Administration	5,975,414	-	-	-	-	5,975,414
Public Safety	16,278,128	-	-	-	-	16,278,128
Parks, Recreation, and Special Events	1,627,584	-	-	-	-	1,627,584
Development Services	3,047,816	-	-	-	-	3,047,816
Public Services	6,144,286	-	-	-	-	6,144,286
Finance and Administrative Services	1,999,845	-	-	-	654,177	2,654,022
Operating	-	-	548,330	2,728,163	3,238,474	6,514,967
Capital Outlay	1,331,747	1,775,710	-	-	911,009	4,018,466
Debt Service:						
Principal Retirement	-	-	-	-	2,942,865	2,942,865
Interest	-	-	-	-	729,429	729,429
Other	-	-	-	-	1,357,473	1,357,473
TOTAL EXPENDITURES	36,404,820	1,775,710	548,330	2,728,163	9,833,427	51,290,450
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	804,434	(1,416,351)	4,510,595	(10,633)	(2,289,674)	1,598,371
OTHER FINANCING SOURCES (USES):						
Transfers In	2,716,682	2,271,160	-	10,633	3,647,492	8,645,967
Transfers Out	(3,245,316)	-	(4,472,841)	-	(1,963,739)	(9,681,896)
Refunding Bonds Issuance	-	-	-	-	4,650,000	4,650,000
Payment to Refunding Bond Escrow Agent	-	-	-	-	(4,533,614)	(4,533,614)
Proceeds from Sale of Capital Assets	54,364	-	-	-	145,719	200,083
Total Other Financing Sources (Uses)	(474,270)	2,271,160	(4,472,841)	10,633	1,945,858	(719,460)
NET CHANGES IN FUND BALANCES	330,164	854,809	37,754	-	(343,816)	878,911
FUND BALANCES, Beginning of Year	7,732,427	(811,478)	2,341,918	-	2,181,357	11,444,224
FUND BALANCES, End of Year	\$ 8,062,591	43,331	2,379,672	-	1,837,541	\$ 12,323,135

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, 2018

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 878,911
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.	67,592
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.	(4,650,000)
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.	7,217,865
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.	30,399
Changes in the City's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the City's OPEB plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities	(103,481)
Changes in (a) the City's net pension liability, deferred outflows of resources, and deferred inflows of resources related to the City pension plan and (b) the City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(651,522)
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.	99,419
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.	(156,123)
The repayment of principal by debtors to the City is considered income in the governmental funds, but the repayment is shown as a reduction of the notes receivable amounts in the Statement of Net Position.	(1,682)
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.	(54,609)
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 (\$2,205,006) were exceeded by depreciation expense (\$2,679,466) in the current period.	(474,460)
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 2,202,309

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, 2018

	TRANSIT FUND	PARKING FUND	AIRPORT FUND	STORM WATER FUND	TOTALS	TOTAL INTERNAL SERVICE FUNDS
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 8,434	-	-	-	8,434	\$ -
Pooled Cash and Cash Equivalents	745,896	2,237,502	-	2,268,018	5,251,416	1,534,797
Restricted Cash and Cash Equivalents	-	-	-	-	-	1,261,174
Accounts Receivable, Net	188,866	19,088	1,680,176	26,463	1,914,593	17,422
Other Assets	-	-	11,388	-	11,388	-
Prepays and Inventories	89,458	-	154,628	-	244,086	851,774
Total Current Assets	1,032,654	2,256,590	1,846,192	2,294,481	7,429,917	3,665,167
Non-Current Assets:						
Capital Assets:						
Non-Depreciable	179,840	-	20,859,701	-	21,039,541	-
Depreciable, Net	4,245,994	17,482,064	9,503,923	306,286	31,538,267	7,731,136
Total Non-Current Assets	4,425,834	17,482,064	30,363,624	306,286	52,577,808	7,731,136
TOTAL ASSETS	5,458,488	19,738,654	32,209,816	2,600,767	60,007,725	11,396,303
DEFERRED OUTFLOW OF RESOURCES						
Deferred Pension Charges	-	27,946	77,807	95,860	201,613	-
Deferred Other Postemployment Benefit Charges	-	-	368	1,551	1,919	-
TOTAL DEFERED OUTFLOWS OF RESOURCES	-	27,946	78,175	97,411	203,532	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,458,488	19,766,600	32,287,991	2,698,178	60,211,257	\$ 11,396,303
LIABILITIES						
Current Liabilities:						
Accounts Payable/Deposits Payable	\$ 100,838	6,048	776,715	91,107	974,708	\$ 69,729
Accrued Salaries and Benefits	-	4,811	19,329	14,864	39,004	-
Retainage Payable	-	-	-	5,081	5,081	-
Customer Deposits	-	55,444	-	-	55,444	-
Due To Other Funds	-	-	302,327	-	302,327	-
Unearned Revenue	1,301	19,088	-	-	20,389	-
Unclaimed Checks	-	-	-	-	-	109
Accrued Claims/Premiums	-	-	-	-	-	407,727
Current Portion of Compensated Absences	-	-	14,331	41,983	56,314	-
Current Portion of Debt/Capital Leases	-	-	-	-	-	1,531,409
Total Current Liabilities	102,139	85,391	1,112,702	153,035	1,453,267	2,008,974
Long-Term Liabilities:						
Compensated Absences, Less Current Portion	-	-	14,331	41,983	56,314	-
Debt/Capital Leases, Less Current Portion	-	-	-	-	-	3,994,240
Net Pension Liability	-	178,842	497,952	613,484	1,290,278	-
Net Other Postemployment Benefit Liability	-	-	9,242	39,016	48,258	-
Total Long-Term Liabilities	-	178,842	521,525	694,483	1,394,850	3,994,240
TOTAL LIABILITIES	102,139	264,233	1,634,227	847,518	2,848,117	6,003,214
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension Credits	-	4,089	11,385	14,026	29,500	-
Deferred Other Postemployment Benefit Credits	-	-	273	1,151	1,424	-
TOTAL DEFERED INFLOWS OF RESOURCES	-	4,089	11,658	15,177	30,924	-
NET POSITION						
Net Investment in Capital Assets	4,425,834	17,482,064	30,363,624	306,286	52,577,808	4,247,635
Unrestricted	930,515	2,016,214	278,482	1,529,197	4,754,408	1,145,454
TOTAL NET POSITION	5,356,349	19,498,278	30,642,106	1,835,483	57,332,216	5,393,089
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 5,458,488	19,766,600	32,287,991	2,698,178	60,211,257	\$ 11,396,303

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

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

	TRANSIT FUND	PARKING FUND	AIRPORT FUND	STORM WATER FUND	TOTALS	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES						
Charges for Services	\$ 193,318	455,188	420,847	1,673,411	2,742,764	\$ 1,318,085
Contributions	-	-	-	-	-	4,242,350
Other Revenues	20,063	4,931	708	-	25,702	49,301
Sale of Inventory	-	-	1,056,709	-	1,056,709	-
TOTAL OPERATING REVENUES	213,381	460,119	1,478,264	1,673,411	3,825,175	5,609,736
OPERATING EXPENSES						
Personal Services	-	101,940	452,824	376,491	931,255	-
Depreciation	472,623	812,613	242,972	32,196	1,560,404	1,276,980
Other Services and Charges	1,526,507	214,373	224,442	413,232	2,378,554	509,046
Claims/Premiums	-	-	-	-	-	3,622,242
Cost of Goods Sold	-	-	768,447	-	768,447	-
Maintenance	-	189,904	33,719	32,253	255,876	-
TOTAL OPERATING EXPENSES	1,999,130	1,318,830	1,722,404	854,172	5,894,536	5,408,268
OPERATING INCOME (LOSS)	(1,785,749)	(858,711)	(244,140)	819,239	(2,069,361)	201,468
NON-OPERATING REVENUES (EXPENSES)						
Gain (Loss) on Sale of Assets	-	-	4,352	-	4,352	(3,781)
Federal and State Contributions	847,962	-	6,334,150	-	7,182,112	-
Interest Expense	-	-	-	-	-	(81,066)
Investment Earnings	-	30,156	18	30,730	60,904	9,298
Other Revenues (Expenses)	-	(261)	-	-	(261)	(26,500)
TOTAL NON-OPERATING REVENUES (EXPENSES)	847,962	29,895	6,338,520	30,730	7,247,107	(102,049)
INCOME (LOSS) BEFORE TRANSFERS	(937,787)	(828,816)	6,094,380	849,969	5,177,746	99,419
Transfers In	565,000	-	895,929	-	1,460,929	-
Transfers Out	-	-	-	(425,000)	(425,000)	-
CHANGE IN NET POSITION	(372,787)	(828,816)	6,990,309	424,969	6,213,675	99,419
NET POSITION, Beginning of Year	5,729,136	20,327,094	23,660,367	1,446,689	51,163,286	5,293,670
Cumulative Change in Accounting Principle - GASB #75	-	-	(8,570)	(36,175)	(44,745)	-
NET POSITION, Beginning of Year, Restated	5,729,136	20,327,094	23,651,797	1,410,514	51,118,541	5,293,670
NET POSITION, End of Year	\$ 5,356,349	19,498,278	30,642,106	1,835,483	57,332,216	\$ 5,393,089

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

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2018

	TRANSIT FUND	PARKING FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Charges for Services	\$ 193,344	458,881
Receipts from Contributions	-	-
Receipts from Sale of Inventory	-	-
Receipts from Other Revenues	20,063	4,931
Payments for Personal Services	-	(103,272)
Payments for Services and Charges	(1,477,440)	(402,197)
Payments for Cost of Goods Sold	-	-
Payments for Other Expenses	-	-
Payments for Claims/Premiums	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(1,264,033)</u>	<u>(41,657)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds	565,000	-
Transfers to Other Funds	-	-
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>565,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	-	1
Proceeds on Sale of Capital Assets	-	-
Acquisition of Redevelopment Properties	-	-
Capital Grants and Contributions	792,382	-
Bond, Note and Capital Lease Proceeds	-	-
Bond, Note, and Capital Lease Principal Payments	-	-
Bond, Note, and Capital Lease Interest Payments	-	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>792,382</u>	<u>1</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	-	30,156
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>30,156</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	93,349	(11,500)
CASH AND CASH EQUIVALENTS, Including Restricted and Pooled, Beginning of Year	660,981	2,249,002
CASH AND CASH EQUIVALENTS, Including Restricted and Pooled, End of Year	\$ 754,330	2,237,502
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:		
Operating Income (Loss)	\$ (1,785,749)	(858,711)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:		
Depreciation Expense	472,623	812,613
Other Revenues (Expenses)	-	(261)
Change in Accounts Representing Operating Activities:		
Accounts Receivable	-	(6,885)
Other Assets	-	-
Prepays and Inventories	7,879	-
Deferred Pension Charges	-	(487)
Deferred OPEB Charges	-	-
Accounts Payable/Deposits Payable	41,188	2,341
Accrued Salaries and Benefits	-	663
Customer Deposits	-	3,693
Compensated Absences	-	-
Claims/Premiums	-	-
Unearned Revenue	26	6,885
Unclaimed Checks	-	-
Net Pension Liability	-	(3,204)
Net OPEB Liability	-	-
Deferred Pension Credits	-	1,696
Deferred OPEB Credits	-	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,264,033)</u>	<u>(41,657)</u>
Noncash Investing, Capital and Financing Activities:		
Change in Acquisition of Capital Assets Not Yet Paid For	\$ -	-

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

AIRPORT FUND	STORM WATER FUND	TOTALS	TOTAL INTERNAL SERVICE FUNDS
420,847	1,687,714	2,760,786	\$ 1,318,085
-	-	-	4,231,620
1,056,709	-	1,056,709	-
708	-	25,702	49,301
(408,966)	(414,998)	(927,236)	-
(250,626)	(405,739)	(2,536,002)	(571,410)
(841,306)	-	(841,306)	-
-	-	-	(26,500)
-	-	-	(3,993,720)
<u>(22,634)</u>	<u>866,977</u>	<u>(461,347)</u>	<u>1,007,376</u>
156,304	-	721,304	-
-	(425,000)	(425,000)	-
<u>156,304</u>	<u>(425,000)</u>	<u>296,304</u>	<u>-</u>
(7,156,467)	(43,983)	(7,200,449)	(1,907,498)
2,809	-	2,809	45,835
-	-	-	-
7,019,970	-	7,812,352	-
-	-	-	2,550,000
-	-	-	(1,299,462)
-	-	-	(81,066)
<u>(133,688)</u>	<u>(43,983)</u>	<u>614,712</u>	<u>(692,191)</u>
18	30,730	60,904	9,298
<u>18</u>	<u>30,730</u>	<u>60,904</u>	<u>9,298</u>
-	428,724	510,573	324,483
-	1,839,294	4,749,277	2,471,488
-	2,268,018	5,259,850	\$ 2,795,971
(244,140)	819,239	(2,069,361)	\$ 201,468
242,972	32,196	1,560,404	1,276,980
-	-	(261)	(26,500)
-	14,303	7,418	(10,730)
(12)	-	(12)	-
(72,859)	-	(64,980)	(138,874)
(7,532)	4,121	(3,898)	-
(66)	(272)	(338)	-
7,547	39,746	90,822	5,710
5,160	702	6,525	-
-	-	3,693	-
8,370	(1,693)	6,677	-
-	-	-	(299,238)
-	-	6,911	-
-	-	-	(1,440)
32,023	(49,391)	(20,572)	-
370	1,562	1,932	-
5,260	5,313	12,269	-
273	1,151	1,424	-
<u>(22,634)</u>	<u>866,977</u>	<u>(461,347)</u>	<u>\$ 1,007,376</u>
(504,959)	-	(504,959)	\$ -

CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION AND LIABILITIES-
FIDUCIARY FUND TYPES

JUNE 30, 2018

	PENSION TRUST FUND	AGENCY FUND
	General Employees' Fund	Donation Fund
ASSETS		
Restricted Cash and Cash Equivalents	\$ 49,248	\$ -
Restricted Investments:		
Commingled Bond Funds	2,719,114	-
Corporate Bonds	1,149,684	-
Money Market Mutual Funds	46,624	-
Accounts Receivable:		
Interest	24,908	-
Other	-	77,031
TOTAL ASSETS	\$ 3,989,578	\$ 77,031
LIABILITIES		
Accounts Payable	\$ -	\$ 2,455
Due to Others	-	74,576
TOTAL LIABILITIES	-	77,031
NET POSITION		
Restricted for Pensions	3,989,578	-
TOTAL NET POSITION AND LIABILITIES	\$ 3,989,578	\$ 77,031

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, 2018

	PENSION TRUST FUND
	<u>General Employees' Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 950,000
Total Contributions	<u>950,000</u>
Investment Earnings:	
Interest	(18,625)
Total Investment Earnings	<u>(18,625)</u>
TOTAL ADDITIONS ALL SOURCES	<u>931,375</u>
DEDUCTIONS	
Pension Benefits	1,536,892
Administrative Expense	44,817
TOTAL DEDUCTIONS	<u>1,581,709</u>
CHANGE IN NET POSITION	(650,334)
NET POSITION, Beginning of Year	<u>4,639,912</u>
NET POSITION, End of Year	<u>\$ 3,989,578</u>

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

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

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

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

Related Organizations

The City Council has various responsibilities with the following organizations of either appointing a limited number of board members to the organizations listed below or ministerial approval of certain transactions. The City does not believe that any of the following organizations are fiscally dependent upon the City and thus these organizations are not considered component units as defined by GAAP:

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

Major Operations

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the primary government). 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.

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

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

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The **Capital Projects Fund, a major fund** and a budgeted fund, is used to account for financial resources expended for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Special Revenue Funds). These funds are also used to carry on specified ongoing major improvement projects or major equipment acquisitions usually spanning more than one fiscal year. Projects for this fund are designated by City officials. Budgets for capital projects are approved on a project-by-project basis and not on an annual or biennial basis.

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

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

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

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

Proprietary fund types are accounted for based on the flow of economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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:

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

- The **Equipment Replacement Fund** is used to account for the funding of the estimated amounts to replace the moveable City equipment used in day to day operations.
- The **Medical Insurance Trust Fund** is used to account for the collection of medical insurance premiums and payment of medical claims under the City’s self-insured health insurance plan.

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

Fiduciary fund types include the *Pension Trust Fund* and the *Agency Fund*. These funds are used to account for assets held by the City in a trustee capacity for individuals, other governments, and/or other funds. Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds and are used to account for the City’s single-employer defined benefit retirement plan (General Employees’ Fund). The Agency Fund (Donation 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.

Change in Accounting Principle

The City adopted GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“Statement” or “GASB #75”) for the year ended June 30, 2018. The primary objective of GASB #75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (“OPEB”). It is GASB’s intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City’s financial obligations to current and former employees for past services rendered.

In particular, this Statement requires the City to recognize a net OPEB liability, any related deferred outflows/inflows of resources, and a more comprehensive measure of OPEB expense for the City of Spartanburg Defined Benefit Retiree Healthcare Plan (“OPEB Plan”), which is an agent-multiple-employer defined benefit 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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Change in Accounting Principle (Continued)

The adoption has resulted in the restatement of the City's net position as of July 1, 2017 for its government-wide and enterprise funds financial statements to reflect the reporting of an additional OPEB liability and deferred outflows of resources for its OPEB Plan in accordance with the provisions of this Statement. Net position of the City's government-wide financial statements as of July 1, 2017 was decreased by approximately \$2,080,000, which consisted of approximately \$2,035,000 for its governmental activities and \$45,000 for its business-type activities (enterprise funds), reflecting the cumulative change in accounting principle related to the adoption of GASB #75. See Note IV.E for more information regarding the City's OPEB Plan.

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

1. Cash, Cash Equivalents, and Investments

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

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has used the following investments in its non-fiduciary activities:

- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.
- Agency securities are generally backed by mortgage loans, and due to their creation from particular corporations that are sponsored by the U.S. government, they enjoy credit protection based on either an implicit or explicit guarantee from the U.S. Government.
- US securities are generally treasury notes, treasury bonds, treasury bills, and related securities which are debt obligations of the U.S. government (lending money to the federal government for a specified period of time). These debt obligations are backed by the "full faith and credit" of the government, and thus by its ability to raise tax revenues and print currency, U.S. Treasury securities are considered the safest of all investments.
- Corporate obligations consists of fixed income securities that include domestic bonds, collateralized mortgage obligation securities, and international fixed income bonds. These corporate obligations are issued by corporations in order to raise financing for various business reasons. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations.
- South Carolina Local Government Investment Pool ("LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. *Receivables and Payables*

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

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

3. *Inventories, Prepaid Items, and Other Assets*

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

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

4. *Capital Assets*

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

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

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

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

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

5. Compensated Absences

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

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

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

6. Accrued Liabilities and Long-Term Obligations

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Accrued Liabilities and Long-Term Obligations (Continued)*

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

7. *Deferred Outflows/Inflows of Resources*

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

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

8. *Fund Balance*

In accordance with GAAP, the City classifies governmental fund balances as follows:

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

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Fund Balance (Continued)*

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed; in addition, such assignments are made before the report issuance date. The City Council has formally granted the City Manager, Assistant City Manager, Finance Director, or Budget Director the authority to make assignments of fund balance for the City.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

9. *Net Position*

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

10. *Pensions and Other Postemployment Benefits*

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fair Value

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

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

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

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

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

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

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

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

12. Encumbrances

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

13. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

14. Comparative Data

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

Revisions that alter the total budgeted expenditures of the City as a whole must be approved by City Council. There were no revisions to the General Fund budget in fiscal year 2018. 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, 2018, none of the City's non-pension trust fund bank balances of approximately \$2,774,000 (book balance of approximately \$1,932,000) was uncollateralized and exposed to custodial credit risk

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2018, the City’s non-pension trust fund investment portfolio consisted of:

Investment Type	Fair Value Levels (1)	Credit Rating ^	Fair Value	Weighted Average Maturity < 1 year
State Local Government Investment Pool	N/A	NR, NR, NR	\$ 15,977,882	\$ 15,977,882
Treasury MMMF	Level 1	AAAm, Aaa-mf, NR	1,261,174	1,261,174
Total Primary Government			\$ 17,239,056	\$ 17,239,056

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

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

NR – Not rated.

N/A - Not applicable or not available.

MMMF - Money market mutual fund.

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

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2018, none of the City’s investments were exposed to custodial credit risk.

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

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

Pension Trust Fund Cash, Cash Equivalents, and Investments

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

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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

A. Deposits and Investments (Continued)

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

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

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

Deposits

Custodial Credit Risk for Pension Trust Deposits: Custodial credit risk for pension trust deposits is the risk that, in the event of a bank failure, the City Pension Trust deposits might not be recovered. As of June 30, 2018, none of the City’s pension trust fund bank balances of approximately \$49,000 (with a book balance of approximately \$49,000) was uncollateralized and exposed to custodial credit risk.

Investments

The Pension Plan trust portfolio at June 30, 2018 is as shown in the following table. The trust reports its investments at fair value.

Investment Type	Fair Value Levels (1)	Credit Rating ^	Fair Value	Weighted Average Maturity			
				< 1 Year	1 - 3 Years	3 - 5 Years	> 5 Years
Money Market Mutual Funds	Level 1	AAAam,Aaa-mf,NR	\$ 46,624	46,624	-	-	\$ -
Agency Securities	Level 2	AA+, Aaa, AAA	1,588,694	254,962	-	132,192	1,201,540
US Securities	Level 1	AA+, AAA, AAA	1,130,420	-	211,388	292,629	626,403
Corporate Obligations	Level 2	(2)	1,149,684	-	305,029	438,127	406,528
Total Pension Trust			<u>\$3,915,422</u>	<u>301,586</u>	<u>516,417</u>	<u>862,948</u>	<u>\$2,234,471</u>

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

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

(2) Credit ratings range from BBB to AA-, BAA2 to A1, N/A.

NR – Not rated.

N/A - Not applicable or not available.

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

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 30,2018, none of the Pension Plan’s investments were exposed to custodial credit risk.

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

A. Deposits and Investments (Continued)

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

Investments (Continued)

Concentration of Credit Risk for Pension Trust Investments: The Pension Plan places no limit on the amount it may invest in any one issuer. The Pension Plan had approximately 31% and 8% of its investments with the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, respectively, as of June 30, 2018. Investments issued or explicitly guaranteed by the U.S government and investments in mutual funds are excluded from this disclosure requirement.

B. Receivables and Unavailable, Deferred, and Unearned Revenues

Property Taxes Receivables and Loan Receivables

Property tax for the City is levied by the County each fall on the assessed valuation of property located in the City as of the preceding January 1. Property taxes are generally levied in September. The first penalty, calculated at fifteen percent, is applicable to payments made after the original January 15th property tax due date. Property taxes attach as an enforceable lien on January 1st and are considered delinquent if not paid by March 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 2018 tax levy was assessed at approximately \$150,666,000. Assessed values for personal property are established by the County Auditor at 10.5% of market value, which was determined by the South Carolina Department of Revenue. The 2018 assessed value was approximately \$2,220,000 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 \$1,742,000 and \$74,000 (which is net of an allowance for uncollectibles of approximately \$596,000 and \$25,000 respectively) for general operations and for its tax increment districts, respectively, at June 30, 2018.

The City has outstanding mortgage and commercial loans receivables of approximately \$123,000 at June 30, 2018.

Unavailable, Deferred, and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources (a) revenues that are not considered to be available to liquidate liabilities (unavailable revenue) and (b) revenues that have been received but are intended to finance future periods (deferred revenue). Governmental funds also defer revenue recognition and report liabilities in connection with resources that have been received but not yet earned (unearned revenue). As of June 30, 2018, the City had the following unavailable, deferred, and unearned revenues in its governmental funds:

Description	Category	Amount
Property Taxes Receivable (General Fund, TIF Funds, and Debt Service Funds)	Unavailable	\$ 1,815,524
Mortgage and Loan Receivables (Special Revenue Funds)	Unavailable	112,910
Other Unearned Revenue (General Fund, Capital Projects Fund and Special Revenue Funds)	Unearned	524,072
Total		<u>\$ 2,452,506</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

C. Capital Assets

Capital asset activity for the City’s governmental activities for the year ended June 30, 2018, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 30,473,329	80,000	-	958,957	\$ 31,512,286
Construction In Progress ("CIP")	842,983	2,050,006	-	(2,406,679)	486,310
Total Capital Assets, Non-Depreciable	<u>31,316,312</u>	<u>2,130,006</u>	<u>-</u>	<u>(1,447,722)</u>	<u>31,998,596</u>
Capital Assets, Depreciable					
Buildings and Improvements	30,567,450	-	-	426,028	30,993,478
Infrastructure	49,308,612	-	-	-	49,308,612
Machinery and Equipment	6,439,320	182,485	(177,797)	1,021,694	7,465,702
Vehicles	16,412,121	1,839,341	(540,563)	(18,510)	17,692,389
Furniture and Fixtures	12,099	-	-	-	12,099
Total Capital Assets, Depreciable	<u>102,739,602</u>	<u>2,021,826</u>	<u>(718,360)</u>	<u>1,429,212</u>	<u>105,472,280</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	13,333,293	1,014,206	-	-	14,347,499
Infrastructure	35,026,749	1,536,983	-	-	36,563,732
Machinery and Equipment	5,611,017	214,620	(138,470)	-	5,687,167
Vehicles	9,470,841	1,190,637	(492,488)	(16,968)	10,152,022
Furniture and Fixtures	12,099	-	-	-	12,099
Total Accumulated Depreciation	<u>63,453,999</u>	<u>3,956,446</u>	<u>(630,958)</u>	<u>(16,968)</u>	<u>66,762,519</u>
Total Capital Assets, Depreciable, Net	<u>39,285,603</u>	<u>(1,934,620)</u>	<u>(87,402)</u>	<u>1,446,180</u>	<u>38,709,761</u>
Governmental Activities Capital Assets, Net	<u>\$ 70,601,915</u>	<u>195,386</u>	<u>(87,402)</u>	<u>(1,542)</u>	<u>\$ 70,708,357</u>

Depreciation expense for governmental activities (which includes internal service fund depreciation expense of approximately \$1,277,000) was charged to functions/programs as follows:

Functions/Programs	Depreciation Expense
Policy Formulation and Administration	\$ 402,021
Public Safety	694,470
Parks, Recreation, and Special Events	707,309
Development Services	8,579
Public Services	2,135,484
Finance and Administrative Services	8,583
Totals - Governmental Activities	<u>\$ 3,956,446</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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, 2018, was as follows:

Business-Type Activities:	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 2,982,220	-	-	106,642	\$ 3,088,862
Construction In Progress	12,587,148	6,651,508	-	(1,287,977)	17,950,679
Total Capital Assets, Non-Depreciable	<u>15,569,368</u>	<u>6,651,508</u>	<u>-</u>	<u>(1,181,335)</u>	<u>21,039,541</u>
Capital Assets, Depreciable:					
Buildings and Improvements	40,488,310	-	-	1,181,335	41,669,645
Infrastructure	6,876,243	-	-	-	6,876,243
Machinery and Equipment	918,714	-	(5,250)	-	913,464
Vehicles	4,406,974	43,983	-	18,510	4,469,467
Total Capital Assets, Depreciable	<u>52,690,241</u>	<u>43,983</u>	<u>(5,250)</u>	<u>1,199,845</u>	<u>53,928,819</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	17,134,692	1,034,110	-	-	18,168,802
Infrastructure	883,036	190,094	-	-	1,073,130
Machinery and Equipment	892,936	9,234	(5,250)	-	896,920
Vehicles	1,907,766	326,966	-	16,968	2,251,700
Total Accumulated Depreciation	<u>20,818,430</u>	<u>1,560,404</u>	<u>(5,250)</u>	<u>16,968</u>	<u>22,390,552</u>
Total Capital Assets, Depreciable, Net	<u>31,871,811</u>	<u>(1,516,421)</u>	<u>-</u>	<u>1,182,877</u>	<u>31,538,267</u>
Business-Type Activities Capital Assets, Net	<u>\$ 47,441,179</u>	<u>5,135,087</u>	<u>-</u>	<u>1,542</u>	<u>\$ 52,577,808</u>

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

Functions/Programs	Depreciation Expense
Transit	\$ 472,623
Parking	812,613
Airport	242,972
Storm Water	32,196
Totals - Business-Type Activities	<u>\$ 1,560,404</u>

The cost of equipment recorded under capital lease was approximately \$7,849,000. Accumulated amortization was approximately \$1,617,000 at June 30, 2018. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

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 2018, the City did not receive any significant donated infrastructure.

The City has outstanding construction commitments of approximately \$12,930,000 at June 30, 2018 primarily related to the airport runway extension project.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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”) and General Obligation Refunding Bonds (“GORB”) are direct obligations and pledge the full faith and credit of the City. Tax Increment Refunding Bonds (“TIRB”) are considered a special obligation of the City payable solely from ad valorem taxes generated by improvements to real property within the redevelopment project area. Hospitality Tax Refunding bonds (“HTRB”) and Hospitality Tax Refunding and Improvement Bonds (“HTRB”) are special obligations of the City that are secured by hospitality tax revenue. Capital Lease (“CL”) obligations are special obligations of the City payable from the general revenues of the City. The full faith, credit, and taxing powers of the City are not pledged for the payment of the TIRB, HTRB, or CL obligations nor the interest thereon. Details for each debt issue and outstanding capital lease as of June 30, 2018, are as follows:

Principal Outstanding
at Year End

General Obligation Bonds

- | | |
|-------------|--|
| \$680,000 | Series 2010 – GOB issued in December of 2010, in an original amount of \$6,995,000. The rate of interest ranges from 3.5% to 4.5%. The bond matures in April of 2030. Interest payments are due April 1 st and October 1 st 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. These bonds were partially refunded by the Series 2017 – GO. |
| \$4,595,000 | Series 2017 – GORB issued in December 2017, in an original amount of \$4,650,000 with an interest rate of 2.71%. The bond matures in April of 2030. Interest payments are due April 1 st and October 1 st of each calendar year. Annual principal payments of \$55,000 began April 1, 2018, and increase in amounts annually until the annual payment reaches \$505,000 in year 2030. The proceeds of these bonds were used to partially advance refund the Series 2010 – GOB. |

Tax Increment Refunding Bonds

- | | |
|-------------|--|
| \$4,020,000 | Series 2017 – TIRB issued in March 2017, in an original amount of \$4,545,000 with an interest rate of 2.24%. The bonds mature April 1, 2025. Interest payments are due April 1 st of each calendar year. Annual principal payments of \$525,000 begin April 1, 2018, and increase in amounts annually until the annual payment reaches \$610,000 in year 2025. The proceeds of these bonds were primarily used to refund the Series 2010 – TIRB. |
|-------------|--|

Hospitality Tax Bonds

- | | |
|-------------|--|
| \$5,465,000 | Series 2014 – HTRB (Hospitality Fee Pledge) issued in April 2014, in an original amount of \$8,250,000 with an interest rate of 2.05%. The bonds mature April 1, 2025. Interest payments are due April 1 st of each year. Principal payments begin April 1, 2015, at \$675,000 and increase in amounts annually until the annual payment reaches \$830,000 in year 2025. The proceeds of these bonds were used to defease the Series 2010 – HTRB. |
|-------------|--|

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

D. Long-Term Obligations (Continued)

Principal Outstanding
at Year End

Hospitality Tax Bonds (Continued)

\$3,465,000 Series 2016A – HTRIB (Hospitality Fee Pledge) – Issued May 2016, in an original amount of \$4,005,000 with an interest rate of 2.33%. The bonds mature April 1, 2030. Interest payments are due April 1st of each year. Principal payments begin April 1, 2017, at \$270,000 and increase in amounts annually until the annual payment reaches \$290,000 in year 2030. Part of the proceeds of these bonds were used to refund the Series 2005 Certificates of Participation (“COPS”) with the rest going to acquire capital assets for the Airport Fund.

\$4,975,000 Series 2016B – HTB (Hospitality Fee Pledge) – Issued May 2016, in an original amount of \$6,130,000 with an interest rate of 3.54%. The bonds mature April 1, 2029. Interest payments are due April 1st of each year. Principal payments begin April 1, 2017, at \$585,000 and fluctuate in amounts annually until the final payment of \$485,000 in year 2029. The proceeds of these bonds were used to acquire capital assets for the Parking Fund.

Promissory Note

\$212,675 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.

Capital Leases

\$328,720 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).

1,353,000 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).

35,257 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.

21,549 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.

\$574,417 In December, 2015 the City entered into a 7-year capital technology lease purchase agreement for a police records system. The rate of interest is 2.95%. The lease requires annual payments (principal and interest) of \$154,349.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

D. Long-Term Obligations (Continued)

Principal Outstanding
at Year End

Capital Leases (Continued)

\$296,094	In March 2016, the City entered into a 5-year building lease (including land and parking lot) on Church Street with Spartanburg Development Corporation (a related party). The implicit rate of interest is 7.585%. The lease requires monthly payments (principal and interest) of \$9,969 beginning in March 2016. Upon the expiration of the lease, the City has the right to purchase the building for \$10.
1,499,801	In September 2016, the City entered into a 10-year capital lease for the purchase of vehicles and equipment. The rate of interest is 1.42%. The lease is due in full in October 2026. The lease requires semi-annual payments (interest and principal) of \$180,181 for the first five years and \$29,884 for the last five years. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).
\$2,344,128	In October 2017, the City entered into a 10-year capital lease for the purchase of vehicles and equipment. The rate of interest is 1.85%. The lease is due in full in October 2027. The lease requires semi-annual payments (interest and principal) of \$228,923 for the first five years and \$42,943 for the last five years. This lease is recorded and funded in the Equipment Replacement Fund (internal service fund).

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, 2018, the City had \$5,275,000 of bonded debt subject to the 8% legal debt limit of approximately \$12,053,000, resulting in an unused legal debt margin of approximately \$6,778,000.

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, 2018.

Advanced Refunding

In December 2017, the City issued the Series 2017 – GORB for \$4,650,000 and used these proceeds to advance refund most of the GOB – Series 2010 and to pay the cost of issuance. The City placed the net proceeds of approximately \$4,534,000 into an irrevocable trust, which were used to refund \$4,275,000 of the outstanding balance on the Series 2010 Series – GOB that were maturing on April 1, 2021 through April 1, 2030. The proceeds in the trust will be used to redeem the bonds on April 1, 2020, the date the bonds were first callable, at a redemption price of par. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$206,000. This amount was not deemed significant and will not be amortized over the life of the old debt. This refunding was undertaken to reduce total debt service payments by approximately \$149,000 and resulted in an economic gain of approximately \$129,000.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

D. Long-Term Obligations (Continued)

Following is a summary of changes in long-term obligations for governmental and business-type activities for the year ended June 30, 2018:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
2010 Series - GOB	\$ 5,280,000	-	4,600,000	680,000	\$ 335,000
2014 Series - HTRB	6,185,000	-	720,000	5,465,000	735,000
2014 Mary Black Promissory Note	418,814	-	206,139	212,675	212,675
2016 Series A - HTRB	3,735,000	-	270,000	3,465,000	280,000
2016 Series B - HTRB	5,545,000	-	570,000	4,975,000	590,000
2017 Series - TIRB	4,545,000	-	525,000	4,020,000	540,000
2017 Series - GORB	-	4,650,000	55,000	4,595,000	40,000
Total Debt	25,708,814	4,650,000	6,946,139	23,412,675	2,732,675
Capital Leases:					
2014 Capital Lease	652,821	-	324,101	328,720	328,720
2015 Capital Lease	1,787,000	-	434,000	1,353,000	446,000
2015 Telephone Capital Lease Phase I	64,085	-	28,828	35,257	30,110
2015 Telephone Capital Lease Phase II	37,683	-	16,134	21,549	17,112
2016 Police Records System Capital Lease	707,884	-	133,467	574,417	137,404
2016 Church Street Capital Lease	389,391	-	93,297	296,094	100,622
2017 Capital Lease	1,835,290	-	335,489	1,499,801	340,269
2018 Capital Lease	-	2,550,000	205,872	2,344,128	416,420
Total Capital Leases	5,474,154	2,550,000	1,571,188	6,452,966	1,816,657
Compensated Absences	3,633,082	2,105,802	1,949,679	3,789,205	1,945,542
Total Governmental Activities	\$ 34,816,050	9,305,802	10,467,006	33,654,846	\$ 6,494,874
Business-Type Activities:					
Compensated Absences	\$ 105,951	71,645	64,968	112,628	\$ 56,314

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

D. Long-Term Obligations (Continued)

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

Year Ending June 30,	Debt		Capital Lease Obligations		Totals
	Principal	Interest	Principal	Interest	
Governmental Activities					
2019	\$ 2,732,675	610,872	1,816,657	121,233	\$ 5,281,437
2020	2,575,000	535,973	1,485,837	84,826	4,681,636
2021	2,345,000	470,886	1,100,650	54,013	3,970,549
2022	2,415,000	413,265	882,712	32,645	3,743,622
2023	2,475,000	353,783	408,533	16,878	3,254,194
2024-2028	8,805,000	913,653	758,577	26,571	10,503,801
2029-2030	2,065,000	78,225	-	-	2,143,225
Totals	<u>\$ 23,412,675</u>	<u>3,376,657</u>	<u>6,452,966</u>	<u>336,166</u>	<u>\$ 33,578,464</u>

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

Interfund balances at June 30, 2018, consisted of the following fund receivables and payables:

Fund	Receivables	Payables
Major Governmental Funds		
General Fund	\$ 3,247,938	\$ -
Neighborhood Initiative Fund	-	2,792,294
Enterprise Funds		
Airport Fund	-	302,327
Non-Major Funds - In Aggregate by Type		
Special Revenue Funds	-	153,317
Totals	<u>\$ 3,247,938</u>	<u>\$ 3,247,938</u>

The Neighborhood Initiative Fund, The Airport Fund, and the Special Revenue Fund payables are for expenditures/expenses paid by the General Fund and are expected to be paid within one year.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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, 2018, consist of the following:

Fund	Transfers Out	Transfers In
<u>Major Governmental Funds</u>		
General Fund	\$ 3,245,316	\$ 2,716,682
Capital Projects Fund	-	2,271,160
Hospitality Tax Fund	4,472,841	-
Neighborhood Initiative Project Fund	-	10,633
<u>Enterprise Funds</u>		
Transit Fund	-	565,000
Airport Fund	-	895,929
Storm Water Fund	425,000	-
<u>Non-Major Funds - In Aggregate By Type</u>		
Special Revenue Funds	176,765	504,904
Debt Service Funds	1,786,974	3,142,588
Total	\$ 10,106,896	\$ 10,106,896

General Fund

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

Capital Project Fund

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

Hospitality Tax Fund

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

Transit Fund

Transfers in were for operating grant match.

Airport Fund

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

Storm Water Fund

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

Special Revenue Funds

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

Debt Service Funds

Transfers in and out were primarily for debt service payments.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

F. Net Investment in Capital Assets

During the year ended June 30, 2016, the City issued its Series 2016 A & B Hospitality Tax Bonds in the combined amount of \$10,135,000 to refund all of the outstanding Series 2005 COPS (\$1,105,000), for which a portion of the proceeds were originally used to fund the Morgan Square Project, and the remaining portion was used to purchase capital assets (pay off the outstanding debt) in the Airport Fund and the Parking Fund (\$9,030,000). The Parking Fund and the Airport Fund are reported in the business-type activities and the Series 2016 A & B Hospitality Tax Bonds are reported in the government-wide financial statements' governmental activities as it will be repaid by governmental activities. The capital assets are reported in the business-type activities. Accordingly, approximately \$7,484,000 of the outstanding balance of these two bonds at June 30, 2018 is included in the calculation of the governmental activities' unrestricted net position in the Statement of Net Position, but the net book value of these capital assets are included in the business-type activities' net investment in capital assets. Consequently, the City is including these amounts in an adjustment column on the Statement of Net Position in order to reflect the correct amount for the City's total net position components.

IV. OTHER INFORMATION

A. Agreements

Renaissance Park Project

Ground Lease Agreement

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

In early 2011, with City approval, Bridgeview sold the hotel to SMR Inc. SMR assumed all of the owner's obligations to the City including ground lease payments of \$200,000 annually (which are utilized to pay a portion of the annual debt service for the Tax Increment Financing bonds issued for the project expiring in 2025).

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

Southside Retail Partners Development Project

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Commitments and Contingencies

BF Spartanburg, LLC Agreement

In October 2016, the City executed a development agreement with BF Spartanburg, LLC (“Developer”) to provide certain economic incentives for the development and renovation of the historic Montgomery Building. The development will include 72 apartments on the upper seven floors, 9,000 square feet of office space on the second floor, and 9,500 square feet of retail and restaurant space on the ground floor. The City has agreed to provide an allotted number of parking spaces in the St. John Street Garage at no cost for ten years, and at a reduced rate for an additional ten years. Additionally, the City has agreed to provide streetscape and lighting improvements along the building facades and will contribute \$750,000 over a period of three years for parking lot and park improvements and for easements along the property. These funds will be disbursed in three annual payments of \$250,000 beginning April 1, 2017. The first two payments have been made. The agreement also grants the development rights on a small City-owned piece of land next to the Montgomery Building to the Developer.

Purchase Commitment

In April 2018, the City committed to purchase three low floor heavy duty buses for approximately \$1,293,000. The buses are scheduled to be delivered in fiscal year 2019.

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, 2018.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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, 2018, the City made premium payments totaling approximately \$727,000. 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, 2017, totaled approximately \$12,207,000. 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, 2018, the City made premium payments totaling approximately \$216,000. 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, 2017, totaled approximately \$55,464,000. 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 approximately \$408,000 reported in the medical insurance internal service fund at June 30, 2018 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 liability are as follows:

Medical Insurance Fund	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2015-2016	\$ 501,448	3,588,456	(3,573,204)	\$ 516,700
2016-2017	516,700	4,636,563	(4,446,298)	706,965
2017-2018	\$ 706,965	3,269,649	(3,568,887)	\$ 407,727

For the self-insurance health plan, the City has not significantly reduced insurance coverages for employees from the previous year; and settled claims in excess of insurance coverage for the last three years were immaterial. However, insurance coverage has changed for retirees. Effective January 1, 2016 the City will no longer offer retiree insurance coverage. Instead, the City will place \$200 into a Health Reimbursement Account for up to ten years, or until the retiree is available for Medicare (see Note IV.E for details on the City’s OPEB plan).

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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 South Carolina Public Employee Benefit Authority (“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 systems and the trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (“Systems”) and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (“RSIC”) as co-trustees of the Retirement Trust Funds.

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

Plan Description

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. 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 the PORS. Magistrates are required to participate in the PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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/current annual salary. A brief summary of benefit terms for each system is presented below.

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

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

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

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in the SCRS and PORS (“Plans”) 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 total 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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Plan Contributions (Continued)

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; this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act of 2017 increases employer contribution rates to 13.56 percent for the SCRS and 16.24 percent for the PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety to eighty-five.

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

	SCRS Rates			PORS Rates		
	2016	2017	2018	2016	2017	2018
Employer Contribution Rate: [^]						
Retirement	10.91%	11.41%	13.41%	13.34%	13.84%	15.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>11.06%</u>	<u>11.56%</u>	<u>13.56%</u>	<u>13.74%</u>	<u>14.24%</u>	<u>16.24%</u>
Employee Contribution Rate	<u>8.16%</u>	<u>8.66%</u>	<u>9.00%</u>	<u>8.74%</u>	<u>9.24%</u>	<u>9.75%</u>

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Plan Contributions (Continued)

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

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2018	\$ 1,114,926	100%	\$ 1,539,574	100%
2017	911,996	100%	1,323,613	100%
2016	\$ 857,983	100%	\$ 1,232,942	100%

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

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2018	\$ 8,314,140	9,480,136	\$ 17,794,276
2017	7,992,956	9,295,062	17,288,018
2016	\$ 7,864,192	8,973,376	\$ 16,837,568

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2016 valuations for the SCRS and PORS.

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

* Includes inflation at 2.25%.

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

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

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.07%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Commodities	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	<u>100.0%</u>		<u>5.31%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.56%</u>

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

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. NPL totals, as of the June 30, 2017 measurement date, for the SCRS and PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 48,244,437,494	25,732,829,268	\$ 22,511,608,226	53.3%
PORS	\$ 7,013,684,001	4,274,123,178	\$ 2,739,560,823	60.9%

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

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

At June 30, 2018, the City reported liabilities of approximately \$17,602,000 and \$18,909,000 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, 2017, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2016 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 Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2017 measurement date, the City's SCRS proportion was 0.078191 percent, which was a decrease of 0.001918 from its proportion measured as of June 30, 2016. At the June 30, 2017 measurement date, the City's PORS proportion was 0.690220 percent, which was a decrease of 0.01365 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of approximately \$1,614,000 and \$2,255,000 for the SCRS and PORS, respectively. At June 30, 2018, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 78,470	\$ 9,756
Change in Assumptions	1,030,411	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	491,367	-
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	35,249	392,683
City's Contributions Subsequent to the Measurement Date	1,114,926	-
Total SCRS	2,750,423	402,439
PORS		
Differences Between Expected and Actual Experience	168,615	-
Change in Assumptions	1,794,641	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	673,807	-
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	94,539	411,915
City's Contributions Subsequent to the Measurement Date	1,539,574	-
Total PORS	4,271,176	411,915
Total SCRS and PORS	\$ 7,021,599	\$ 814,354

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

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

Approximately \$1,115,000 and \$1,540,000 that was reported as deferred outflows of resources related to the City’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2019	\$ 310,992	694,264	\$ 1,005,256
2020	653,962	985,493	1,639,455
2021	410,789	624,286	1,035,075
2022	(142,685)	15,644	(127,041)
Total	\$ 1,233,058	2,319,687	\$ 3,552,745

Discount Rate

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

Sensitivity Analysis

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

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
City’s proportionate share of the net pension liability of the SCRS	\$ 22,686,627	17,602,052	\$ 14,516,909
City’s proportionate share of the net pension liability of the PORS	25,530,780	18,909,024	13,693,155
	\$ 48,217,407	36,511,076	\$ 28,210,064

Plans Fiduciary Net Position

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

State Retirement Plans (Continued)

Payable to Plans

The City reported a payable of approximately \$145,000 and \$190,000 to the PEBA as of June 30, 2018, representing required employer and employee contributions for the month of June 2018 for the SCRS and PORS, respectively. This amount is included in Accrued Salaries and Benefits on the financial statements and was paid in July 2018.

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 – 94; vested inactive employees not yet receiving benefits – 2; and no active employees. Consequently, there was no covered payroll for fiscal year 2018.

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

Basis of Accounting

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

City Pension Plan (Continued)

Plan Investments

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

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a loss of .43%. 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 \$950,000 during 2018 and has committed to contributing \$950,000 increasing by \$50,000 per year until the actuarial minimum required contribution is met. This is expected to take 14 year. 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 \$1,107,000. This contribution is designed to fully fund the liability over 13 years.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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, 2018, using the following key actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
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:	RP2006 Mortality Table for Employees and Health annuitants, projected generationally using Scale MP2017. Mortality for disabled lives is based on the same mortality table.
Rates of Disability:	No disability assumed
Rates of Termination - Sample Rates:	Age 20 - 20% Age 30 - 20% Age 40 - 8.8% Age 50 - 2% Age 54 - 1% Age 60 - 0%
Salary Increases:	Assumed salaries increase at 3.5% per year
Retirement Age:	Ages < 50 - 25% Ages 50 - 64 - 15% Age 65 - 100%
Survivor Benefits:	85% of all employees are married and that the wife is three years younger than the husband.
Cost-of-living Adjustments ("COLA"):	3.0% annual COLA
Changes in Actuarial Assumptions/Cost Method:	Change in mortality assumption from the RP2014 mortality table to the RP2006 mortality table.

The discount rate used to measure the total pension liability was 4.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at a rate of \$950,000 increasing by \$50,000 per year until the actuarial minimum required contribution is met. This is expected to take 14 year. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

City Pension Plan (Continued)

Plan Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was confirmed appropriate using the actuary's e-tool model assuming general inflation of 2.5%, which is a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Expected Real Rate of Return
Domestic Equity (Large Cap)	6.3%
International Equity	7.3%
Domestic Fixed Income (Short-Term)	4.2%
Domestic Fixed Income (Long-Term)	3.4%
International Fixed Income	4.9%
Cash	2.6%

Net Pension Liability

The components of the net pension liability of the City Pension Plan at June 30, 2018 were as follows:

Components of the Net Pension Liability	
Total Pension Liability	\$ 16,083,684
Plan Fiduciary Net Position	(3,989,578)
City's Net Pension Liability	\$ 12,094,106
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.81%

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	\$ 17,694,853	16,083,684	\$ 14,688,865
Plan Fiduciary Net Position	(3,989,578)	(3,989,578)	(3,989,578)
City's Net Pension Liability	\$ 13,705,275	12,094,106	\$ 10,699,287

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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, 2018 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at beginning of the year:	\$ 17,207,284	4,639,912	\$ 12,567,372
Changes for the Year:			
Interest	657,554	-	657,554
Differences between Expected and Actual Experience	(106,515)	-	(106,515)
Changes of Assumptions	(137,747)		(137,747)
Contributions - Employer	-	950,000	(950,000)
Net Investment Income	-	(18,625)	18,625
Benefit Payments, Net	(1,536,892)	(1,536,892)	-
Administrative Expenses	-	(57,390)	57,390
Other Income	-	12,573	(12,573)
Net Changes	<u>(1,123,600)</u>	<u>(650,334)</u>	<u>(473,266)</u>
Balance at end of the year:	<u>\$ 16,083,684</u>	<u>3,989,578</u>	<u>\$ 12,094,106</u>
City Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability			
Beginning of the Year		26.96%	
End of the Year		24.81%	

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

For the year ended June 30, 2018, the City recognized pension expense of approximately \$387,000. At June 30, 2018, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the City Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Investments	<u>\$ 274,469</u>	<u>\$ -</u>

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

Year Ended June 30,	City Pension Plan
2019	\$ 89,485
2020	68,524
2021	78,189
2022	38,271
Total	<u>\$ 274,469</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan

Plan Description

The City provides postemployment medical benefits for eligible retirees in the City of Spartanburg Defined Benefit Retiree Healthcare Plan (“OPEB Plan”), an agent multiple-employer plan administered by the City. The OPEB Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (“SC ORBET”), and thus is considered an agent multiple-employer plan, whose OPEB Plan assets are administered by the Municipal Association of South Carolina (“MASC”). SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the OPEB Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

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

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

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

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

Plan Membership

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The following table provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

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

The actuarial assumptions used above were based on the results of an actuarial experience study adopted by the SCRS and the PORS as of July 1, 2015.

Long-Term Expected Rate of Return

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

Long-Term Expected Rate of Return (Continued)

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

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

The City's net OPEB liability was measured as of December 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017.

	Total OPEB Liability	Plan Net Position	OPEB Liability
Balances as of December 31, 2016	\$ 2,402,921	768,069	\$ 1,634,852
Changes for the year:			
Service Cost	79,409	-	79,409
Interest	112,829	-	112,829
Difference Between Expected/Actual Experience	(57,110)	-	(57,110)
Contributions - Employer	-	55,800	(55,800)
Net Investment Income	-	21,338	(21,338)
Benefit Payments and Implicit Subsidy Credit	(55,800)	(55,800)	-
Administrative Expenses	-	(10,188)	10,188
Net Changes	<u>79,328</u>	<u>11,150</u>	<u>68,178</u>
Balances as of December 31, 2017	<u>\$ 2,482,249</u>	<u>779,219</u>	<u>\$ 1,703,030</u>

The Single Equivalent Interest Rate ("SEIR") remained at 4.75% for December 30, 2016 and December 30, 2017 (as the plan assets are projected not to be depleted, so a municipal bond rate was not used to determine the SEIR).

For the year ended June 30, 2018, the City recognized OPEB expense of approximately \$162,000. At June 30, 2018, the City reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 11,925	\$ -
Differences Between Projected and Actual Earnings on Investments	-	50,246
Employer Contributions Subsequent to the Measurement Date	28,690	-
Total	<u>\$ 40,615</u>	<u>\$ 50,246</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

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

Approximately \$29,000 that was reported as deferred inflows of resources related to the City’s contributions subsequent to the measurement date to the OPEB Plan, respectively, will be recognized as an addition of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Total
2018	\$ (3,883)
2019	(3,883)
2020	(3,883)
2021	(3,882)
2022	(6,864)
Thereafter	(15,926)
Total	<u><u>\$ (38,321)</u></u>

Discount Rate

The discount rate used to measure the total OPEB liability remained at 4.75% for December 30, 2016 and December 30, 2017. The projection of cash flows used to determine the discount rate assumed that the City’s contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the OPEB liability.

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$ 1,901,821	1,703,030	\$ 1,520,385

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

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

	1% Decrease (6.50% decreasing to 4.00%)	Current Healthcare Cost Trend Rate (7.50% decreasing to 5.00%)	1% Increase (8.50% decreasing to 6.00%)
Net OPEB Liability	\$ 1,567,372	1,703,030	\$ 1,862,756

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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.

The City hired an environmental consultant in 2009 to determine the remedial costs in accordance with the terms of the consent agreement and ROD. Engineering plans for remediation were developed in 2010 and 2011. Those plans were approved by SCDHEC and EPA in July 2011. In September 2011, the City accepted bids for the remediation work and began remediating the Site. During the fiscal year ended June 30, 2012, the City incurred approximately \$6,159,000 in expenditures and has completed the remediation.

Included in the original total landfill post-closure care liability was annual monitoring and maintenance costs following the capping of the landfill area with enhanced bioremediation of groundwater. The post closure monitoring period required by state law is 30 years after the entire landfill receives final cover. However, based on conversations with the EPA, SCDEC, and the environmental consultant, a much shorter monitoring period is expected since the landfill has been closed since the early 1970s and that natural remediation has occurred over time. The City believes that it has completed the required post closure monitoring and there is no liability remaining at June 30, 2018.

G. Conduit Debt

The Spartanburg Water System (“Water System”) has issued the following Bonds in the name of the City for which a portion is still outstanding at June 30, 2018: \$8,000,000 in June 2012; \$27,255,000 in October 2013; \$32,340,000 in June 2015; \$59,080,000 in June 2017; and \$45,930,000 in August 2017. The purpose of these bonds was to fund capital improvements. At June 30, 2018, the outstanding balances on these bonds were approximately \$163,725,000 (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.

H. Related Party Transactions

The City purchases vehicles from Vic Bailey Ford for which a Council member is the General Manager. All of the vehicles purchased were under state contract. The amount of vehicles purchased in 2018 was approximately \$469,000.

I. Tax Abatements

City’s Tax Abatements

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

Spartanburg County Tax Abatements

The City’s property tax revenues were reduced by approximately \$194,000 under agreements entered into by Spartanburg County (“County”).

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

J. Subsequent Events

In August 2018, the City entered into a construction contract with an asphalt paving and grading contractor for approximately \$809,000 for their annual street resurfacing project.

In October 2018, the City issued the Special Obligation Bond, Taxable Series 2018 (with a hospitality tax pledge) in the amount of \$12,500,000. The purpose of this issuance is to primarily fund the new Dr. TK Gregg Community Center. The entire principal amount will be repaid in one payment due October 1, 2019 plus interest at 3.26%.

In December 2018, the City entered into a construction contract with a local construction company for approximately \$11,908,000 for the T.K. Gregg Community Center Construction Project.

In December 2018, the City entered into an equipment lease purchase agreement in the amount of \$2,650,000 for five years for the purpose of financing the acquisition of various vehicles and equipment. The lease purchase requires semi-annual payments of approximately \$284,000 which includes interest at 2.83%.



City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	GENERAL FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Taxes	\$ 15,256,996	15,256,996	14,798,582	\$ (458,414)
Fees, Licenses, and Permits	15,704,996	15,704,996	16,564,114	859,118
Fines and Forfeitures	383,000	383,000	345,112	(37,888)
Intergovernmental Revenues	3,022,137	3,022,137	3,349,936	327,799
Charges for Services	1,851,535	1,851,535	1,856,760	5,225
Investment Earnings	20,000	20,000	89,774	69,774
Other Revenues	129,525	129,525	204,976	75,451
TOTAL REVENUES	36,368,189	36,368,189	37,209,254	841,065
EXPENDITURES				
Policy Formulation and Administration	5,569,954	5,569,954	6,088,177	(518,223)
Public Safety	16,732,369	16,732,369	16,953,997	(221,628)
Parks, Recreation, and Special Events	1,774,888	1,774,888	1,631,681	143,207
Development Services	3,554,753	3,554,753	3,064,973	489,780
Public Services	6,842,734	6,842,734	6,657,400	185,334
Finance and Administrative Services	2,162,347	2,162,347	2,008,592	153,755
TOTAL EXPENDITURES	36,637,045	36,637,045	36,404,820	232,225
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(268,856)	(268,856)	804,434	1,073,290
OTHER FINANCING SOURCES (USES)				
Transfers In	2,694,517	2,694,517	2,716,682	22,165
Transfers Out	(2,460,661)	(2,460,661)	(3,245,316)	(784,655)
Proceeds from Sale of Capital Assets	35,000	35,000	54,364	19,364
TOTAL OTHER FINANCING SOURCES (USES)	268,856	268,856	(474,270)	(743,126)
NET CHANGES IN FUND BALANCES	-	-	330,164	330,164
FUND BALANCES, Beginning of Year	7,732,427	7,732,427	7,732,427	-
FUND BALANCES, End of Year	\$ 7,732,427	7,732,427	8,062,591	\$ 330,164

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, 2018

	HOSPITALITY TAX FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Hospitality Taxes	\$ 4,907,782	4,907,782	5,041,501	\$ 133,719
Investment Earnings	9,000	9,000	16,473	7,473
Other Revenues	1,700	1,700	951	(749)
TOTAL REVENUES	4,918,482	4,918,482	5,058,925	140,443
EXPENDITURES				
Operating	545,000	545,000	548,330	(3,330)
TOTAL EXPENDITURES	545,000	545,000	548,330	(3,330)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,373,482	4,373,482	4,510,595	137,113
OTHER FINANCING SOURCES (USES)				
Transfers Out	(4,373,482)	(4,373,482)	(4,472,841)	(99,359)
TOTAL OTHER FINANCING SOURCES (USES)	(4,373,482)	(4,373,482)	(4,472,841)	(99,359)
NET CHANGES IN FUND BALANCES	-	-	37,754	37,754
FUND BALANCES, Beginning of Year	2,341,918	2,341,918	2,341,918	-
FUND BALANCES, End of Year	\$ 2,341,918	2,341,918	2,379,672	\$ 37,754

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

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

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

LAST FISCAL YEAR

	Year Ended June 30, 2018
Total OPEB Liability:	
Service Cost	\$ 79,409
Interest	112,829
Differences Between Expected and Actual Experience	(57,110)
Benefit Payments, Including Refunds of Member Contributions	(55,800)
Net Change in Total OPEB Liability	<u>79,328</u>
Total OPEB Liability - Beginning of Year	2,402,921
Total OPEB Liability - End of Year (a)	<u><u>\$ 2,482,249</u></u>
OPEB Plan Fiduciary Net Position:	
Employer Contribution	\$ 55,800
Net Investment Income	21,338
Benefit Payments, Including Refunds of Member Contributions	(55,800)
Administrative Expense	(10,188)
Net Change in OPEB Plan Fiduciary Net Position	<u>11,150</u>
OPEB Plan Fiduciary Net Position - Beginning of Year	768,069
OPEB Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 779,219</u></u>
Net OPEB Liability (Asset) - End of Year (a) - (b)	<u><u>\$ 1,703,030</u></u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	31.39%
Covered-Employee Payroll	\$ 16,198,642
Net OPEB Liability as a Percentage of Covered-Employee Payroll	10.51%

Notes to Schedule:

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

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF THE CITY'S CONTRIBUTIONS

LAST FISCAL YEAR

	Year Ended June 30, 2018
Actuarially Determined Contribution	\$ 140,326
Contributions in Relation to the Actuarially Determined Contribution	<u>55,800</u>
Contribution Deficiency (Excess)	<u>\$ 84,526</u>
Covered-Employee Payroll	\$ 16,198,642
Contributions as a Percentage of Covered:-Employee Payroll	0.34%

Notes to Schedule:

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

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

Methods and Assumptions Used to Determine Contribution Rates:

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

Other Information:

None

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST FIVE YEARS

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

Notes to Schedule:

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

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

LAST TEN YEARS

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

Notes to Schedule:

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

Methods and Assumptions Used to Determine Contribution Rates:

- Actuarial Cost Method: Entry Age Normal
- Amortization Method: Level Percentage of Payroll, Closed
- 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: RP-2006 Mortality Table for Employees and Healthy with generational projections for mortality improvements based on Scale MP 2017.

Other Information:

None

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST TEN YEARS

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

Note: Above rates are based on a calendar year.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST FIVE FISCAL YEARS

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

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available. The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST FIVE FISCAL YEARS

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,114,926	911,996	857,983	814,863	\$ 788,291
Contributions in Relation to the Contractually Required Contribution:	1,114,926	911,996	857,983	814,863	788,291
Contribution Deficiency (Excess)	\$ -	-	-	-	\$ -
City's Covered Payroll	\$ 8,314,140	7,992,956	7,864,192	7,580,122	\$ 7,543,452
Contributions as a Percentage of Covered Payroll	13.41%	11.41%	10.91%	10.75%	10.45%

Notes to Schedule:

The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available. The contractually required contribution rate was increased from 11.41% to 13.41% of eligible payroll for the year ended June 30, 2018.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST FIVE FISCAL YEARS

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

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available. The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM**

LAST FIVE FISCAL YEARS

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,539,574	1,323,613	1,232,942	1,192,042	\$ 1,091,067
Contributions in Relation to the Contractually Required Contribution:	1,539,574	1,323,613	1,232,942	1,192,042	1,091,067
Contribution Deficiency (Excess)	\$ -	-	-	-	\$ -
City's Covered Payroll	\$ 9,480,136	9,295,062	8,973,376	8,889,205	\$ 8,497,405
Contributions as a Percentage of Covered Payroll:	16.24%	14.24%	13.74%	13.41%	12.84%

Notes to Schedule:

The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available. The contractually required contribution rate was increased from 14.24% to 16.24% of eligible payroll for the year ended June 30, 2018.

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

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



City of
SPARTANBURG
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes:			
Current	\$ 14,706,996	14,264,062	\$ (442,934)
Prior Years, Including Penalties and Execution Fees	550,000	534,520	(15,480)
Total Taxes	<u>15,256,996</u>	<u>14,798,582</u>	<u>(458,414)</u>
Fees, Licenses, and Permits:			
Business Licenses and Penalties	11,490,000	12,431,290	941,290
Utility Franchise Fees	3,548,796	3,535,159	(13,637)
Building Permits	400,000	349,410	(50,590)
Electrical Permits	40,000	59,608	19,608
Plumbing Permits	33,000	35,358	2,358
Heating & Air Conditioning Permits	45,000	38,682	(6,318)
Miscellaneous Inspections/License Fees	148,200	114,607	(33,593)
Total Fees, Licenses, and Permits	<u>15,704,996</u>	<u>16,564,114</u>	<u>859,118</u>
Fines and Forfeitures:			
Criminal Fines	105,000	56,826	(48,174)
Traffic Fines	258,000	254,081	(3,919)
Parking Tickets	20,000	34,205	14,205
Total Fines and Forfeitures	<u>383,000</u>	<u>345,112</u>	<u>(37,888)</u>
Intergovernmental Revenues:			
Local Government Funds	798,466	836,020	37,554
General Government Funds	236,600	436,689	200,089
Accommodations Tax	38,875	40,730	1,855
Inventory Tax	694,796	694,796	-
Manufacturing Tax Reimbursement	6,400	6,829	429
Sunday Alcohol Sales	72,000	89,050	17,050
Water System Payments	1,000,000	1,000,000	-
Worker's Compensation Recoveries	175,000	245,822	70,822
Total Intergovernmental Revenues	<u>3,022,137</u>	<u>3,349,936</u>	<u>327,799</u>
Charges for Services:			
District 6 & 7 School Guards	235,079	253,960	18,881
Dorman High School Security	98,708	76,579	(22,129)
Parks and Recreation	83,000	70,541	(12,459)
Fleet Charges	60,000	53,695	(6,305)
Sanitation Service Charge	1,374,748	1,401,985	27,237
Total Charges for Services	<u>\$ 1,851,535</u>	<u>1,856,760</u>	<u>\$ 5,225</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
Other Revenues:			
Fair Association	\$ 27,500	13,750	\$ (13,750)
Interest	20,000	89,774	69,774
Miscellaneous	100,025	189,226	89,201
Rents	2,000	2,000	-
Total Other Revenues	149,525	294,750	145,225
 TOTAL REVENUES	 36,368,189	 37,209,254	 841,065
 EXPENDITURES			
Policy Formulation and Administration			
Mayor and Council:			
Personnel Services	152,533	105,116	47,417
Operating Expenditures	81,783	67,497	14,286
	<u>234,316</u>	<u>172,613</u>	<u>61,703</u>
 Boards and Commissions:			
Operating Expenditures	2,909	1,850	1,059
	<u>2,909</u>	<u>1,850</u>	<u>1,059</u>
 City Attorney:			
Personnel Services	227,596	166,498	61,098
Operating Expenditures	158,027	260,487	(102,460)
	<u>385,623</u>	<u>426,985</u>	<u>(41,362)</u>
 City Manager:			
Personnel Services	425,171	425,552	(381)
Operating Expenditures	42,350	39,562	2,788
	<u>467,521</u>	<u>465,114</u>	<u>2,407</u>
 Communication and Marketing:			
Personnel Services	211,544	124,385	87,159
Operating Expenditures	89,358	58,617	30,741
	<u>300,902</u>	<u>183,002</u>	<u>117,900</u>
 Community Relations:			
Personnel Services	270,556	270,637	(81)
Operating Expenditures	65,510	67,705	(2,195)
Capital Outlay	3,984	3,984	-
	<u>\$ 340,050</u>	<u>342,326</u>	<u>\$ (2,276)</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
Municipal Court:			
Personnel Services	\$ 399,421	396,868	\$ 2,553
Operating Expenditures	106,650	75,747	30,903
	<u>506,071</u>	<u>472,615</u>	<u>33,456</u>
Non-Departmental Services:			
Operating Expenditures	235,250	1,003,096	(767,846)
	<u>235,250</u>	<u>1,003,096</u>	<u>(767,846)</u>
Worker's Compensation:			
Personnel Services	80,435	83,198	(2,763)
Operating Expenditures	563,862	747,038	(183,176)
	<u>644,297</u>	<u>830,236</u>	<u>(185,939)</u>
Human Resources:			
Personnel Services	315,491	240,129	75,362
Operating Expenditures	87,064	105,877	(18,813)
Capital Outlay	1,219	1,219	-
	<u>403,774</u>	<u>347,225</u>	<u>56,549</u>
Information Technology:			
Personnel Services	463,566	465,775	(2,209)
Operating Expenditures	1,122,599	1,111,716	10,883
Capital Outlay	295,517	107,560	187,957
	<u>1,881,682</u>	<u>1,685,051</u>	<u>196,631</u>
Employee Development:			
Personnel Services	86,000	88,639	(2,639)
Operating Expenditures	81,559	69,425	12,134
	<u>167,559</u>	<u>158,064</u>	<u>9,495</u>
Total Policy Formulation and Administration	<u>5,569,954</u>	<u>6,088,177</u>	<u>(518,223)</u>
Public Safety			
Administration			
Director's Office:			
Personnel Services	676,056	742,212	(66,156)
Operating Expenditures	184,060	165,581	18,479
Capital Outlay	13,921	13,921	-
	<u>\$ 874,037</u>	<u>921,714</u>	<u>\$ (47,677)</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Technical and Support Administration:			
Personnel Services	\$ 377,887	360,274	\$ 17,613
Operating Expenditures	378,500	370,969	7,531
	<u>756,387</u>	<u>731,243</u>	<u>25,144</u>
Total Administration	<u>1,630,424</u>	<u>1,652,957</u>	<u>(22,533)</u>
Law Enforcement			
Detention Transport:			
Operating Expenditures	48,500	38,692	9,808
Capital Outlay	2,701	2,701	-
	<u>51,201</u>	<u>41,393</u>	<u>9,808</u>
Patrol:			
Personnel Services	4,878,200	4,869,970	8,230
Operating Expenditures	352,050	351,557	493
Capital Outlay	280,261	280,261	-
	<u>5,510,511</u>	<u>5,501,788</u>	<u>8,723</u>
Crime Prevention:			
Personnel Services	546,414	543,094	3,320
Operating Expenditures	17,350	14,640	2,710
	<u>563,764</u>	<u>557,734</u>	<u>6,030</u>
Investigations:			
Personnel Services	1,736,537	1,904,715	(168,178)
Operating Expenditures	269,125	248,567	20,558
Capital Outlay	71,956	71,956	-
	<u>2,077,618</u>	<u>2,225,238</u>	<u>(147,620)</u>
Records:			
Personnel Services	431,663	412,816	18,847
Operating Expenditures	28,580	26,936	1,644
	<u>460,243</u>	<u>439,752</u>	<u>20,491</u>
Animal Control:			
Personnel Services	114,059	115,746	(1,687)
Operating Expenditures	88,910	80,068	8,842
Capital Outlay	14,607	14,607	-
	<u>217,576</u>	<u>210,421</u>	<u>7,155</u>
Law Enforcement Administration:			
Personnel Services	365,559	300,623	64,936
Operating Expenditures	32,040	23,955	8,085
	<u>\$ 397,599</u>	<u>324,578</u>	<u>\$ 73,021</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
School Crossing Guard:			
Personnel Services	\$ 134,774	67,725	\$ 67,049
Operating Expenditures	4,893	3,294	1,599
	<u>139,667</u>	<u>71,019</u>	<u>68,648</u>
Total Law Enforcement	<u>9,418,179</u>	<u>9,371,923</u>	<u>46,256</u>
Fire			
Fire Administration:			
Personnel Services	620,526	644,358	(23,832)
Operating Expenditures	151,702	113,973	37,729
Capital Outlay	12,253	12,253	-
	<u>784,481</u>	<u>770,584</u>	<u>13,897</u>
Fire Suppression:			
Personnel Services	4,089,305	4,311,908	(222,603)
Operating Expenditures	529,810	566,455	(36,645)
Capital Outlay	280,170	280,170	-
	<u>4,899,285</u>	<u>5,158,533</u>	<u>(259,248)</u>
Total Fire	<u>5,683,766</u>	<u>5,929,117</u>	<u>(245,351)</u>
Total Public Safety	<u>16,732,369</u>	<u>16,953,997</u>	<u>(221,628)</u>
Parks, Recreation, and Special Events			
Parks, Recreation, and Special Events Administration:			
Personnel Services	202,446	174,271	28,175
Operating Expenditures	192,147	178,979	13,168
	<u>394,593</u>	<u>353,250</u>	<u>41,343</u>
Special Events:			
Personnel Services	160,673	161,352	(679)
Operating Expenditures	11,348	10,305	1,043
	<u>172,021</u>	<u>171,657</u>	<u>364</u>
Parks:			
Personnel Services	337,638	272,701	64,937
Operating Expenditures	62,788	57,558	5,230
Capital Outlay	4,097	4,097	-
	<u>404,523</u>	<u>334,356</u>	<u>70,167</u>
Recreation Centers:			
Personnel Services	388,251	355,069	33,182
Operating Expenditures	104,980	105,586	(606)
	<u>\$ 493,231</u>	<u>\$ 460,655</u>	<u>\$ 32,576</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
Aquatics:			
Personnel Services	\$ 107,775	116,092	\$ (8,317)
Operating Expenditures	16,780	11,365	5,415
	<u>124,555</u>	<u>127,457</u>	<u>(2,902)</u>
Athletics			
Personnel Services	122,865	119,933	2,932
Operating Expenditures	63,100	64,373	(1,273)
	<u>185,965</u>	<u>184,306</u>	<u>1,659</u>
Total Parks, Recreation, and Special Events	<u>1,774,888</u>	<u>1,631,681</u>	<u>143,207</u>
Development Services			
Economic Development:			
Personnel Services	209,530	111,359	98,171
Operating Expenditures	152,615	65,722	86,893
Capital Outlay	-	-	-
	<u>362,145</u>	<u>177,081</u>	<u>185,064</u>
Neighborhood Services:			
Personnel Services	195,606	197,948	(2,342)
Operating Expenditures	12,950	7,777	5,173
Capital Outlay	20,000	20,042	(42)
	<u>228,556</u>	<u>225,767</u>	<u>2,789</u>
Property Maintenance Inspection:			
Personnel Services	206,638	174,624	32,014
Operating Expenditures	81,303	76,187	5,116
Capital Outlay	3,057	3,057	-
	<u>290,998</u>	<u>253,868</u>	<u>37,130</u>
City Engineering:			
Personnel Services	167,196	93,907	73,289
Operating Expenditures	37,200	25,557	11,643
	<u>204,396</u>	<u>119,464</u>	<u>84,932</u>
Planning Department:			
Personnel Services	283,804	174,642	109,162
Operating Expenditures	25,493	60,881	(35,388)
	<u>\$ 309,297</u>	<u>235,523</u>	<u>\$ 73,774</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
Inspections:			
Personnel Services	\$ 574,565	620,134	\$ (45,569)
Operating Expenditures	60,400	72,961	(12,561)
Capital Outlay	34,360	6,360	28,000
	<u>669,325</u>	<u>699,455</u>	<u>(30,130)</u>
Parking Enforcement:			
Personnel Services	138,631	97,707	40,924
Operating Expenditures	9,250	5,632	3,618
	<u>147,881</u>	<u>103,339</u>	<u>44,542</u>
Construction Management:			
Personnel Services	159,841	159,655	186
Operating Expenditures	11,550	10,894	656
Capital Outlay	2,273	2,273	-
	<u>173,664</u>	<u>172,822</u>	<u>842</u>
Building Maintenance:			
Personnel Services	342,167	427,761	(85,594)
Operating Expenditures	814,800	641,369	173,431
Capital Outlay	11,524	8,524	3,000
	<u>1,168,491</u>	<u>1,077,654</u>	<u>90,837</u>
Total Development Services	<u>3,554,753</u>	<u>3,064,973</u>	<u>489,780</u>
Public Services			
Public Services Administration:			
Personnel Services	152,975	50,862	102,113
Operating Expenditures	14,300	11,370	2,930
	<u>167,275</u>	<u>62,232</u>	<u>105,043</u>
Ground Maintenance:			
Personnel Services	946,730	884,223	62,507
Operating Expenditures	393,983	407,726	(13,743)
Capital Outlay	96,561	89,382	7,179
	<u>1,437,274</u>	<u>1,381,331</u>	<u>55,943</u>
Street Maintenance:			
Personnel Services	272,401	297,461	(25,060)
Operating Expenditures	135,047	113,191	21,856
Capital Outlay	64,650	64,650	-
	<u>\$ 472,098</u>	<u>\$ 475,302</u>	<u>\$ (3,204)</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
Traffic Services:			
Personnel Services	\$ 421,674	407,563	\$ 14,111
Operating Expenditures	844,977	807,594	37,383
Capital Outlay	5,942	5,942	-
	<u>1,272,593</u>	<u>1,221,099</u>	<u>51,494</u>
Fleet Maintenance:			
Personnel Services	696,910	687,662	9,248
Operating Expenditures	1,083,951	1,087,419	(3,468)
Capital Outlay	3,831	3,831	-
	<u>1,784,692</u>	<u>1,778,912</u>	<u>5,780</u>
Solid Waste:			
Personnel Services	1,071,566	1,117,798	(46,232)
Operating Expenditures	285,782	271,417	14,365
Capital Outlay	351,454	349,309	2,145
	<u>1,708,802</u>	<u>1,738,524</u>	<u>(29,722)</u>
Total Public Services	<u>6,842,734</u>	<u>6,657,400</u>	<u>185,334</u>
Finance and Administrative Services			
Administrative/Risk:			
Operating Expenditures	749,889	728,334	21,555
	<u>749,889</u>	<u>728,334</u>	<u>21,555</u>
Finance Administration:			
Personnel Services	665,625	648,000	17,625
Operating Expenditures	176,313	128,590	47,723
Capital Outlay	1,171	1,171	-
	<u>843,109</u>	<u>777,761</u>	<u>65,348</u>
Business License Code Enforcement:			
Personnel Services	193,671	194,259	(588)
Operating Expenditures	158,670	92,354	66,316
Capital Outlay	3,269	3,269	-
	<u>355,610</u>	<u>289,882</u>	<u>65,728</u>
Procurement and Property:			
Personnel Services	160,127	159,050	1,077
Operating Expenditures	49,305	49,258	47
Capital Outlay	4,307	4,307	-
	<u>213,739</u>	<u>212,615</u>	<u>1,124</u>
Total Finance and Administrative Services	<u>2,162,347</u>	<u>2,008,592</u>	<u>153,755</u>
TOTAL EXPENDITURES	<u>\$ 36,637,045</u>	<u>36,404,820</u>	<u>\$ 232,225</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (268,856)	804,434	\$ 1,073,290
OTHER FINANCING SOURCES (USES)			
Transfers In	2,694,517	2,716,682	22,165
Transfers Out	(2,460,661)	(3,245,316)	(784,655)
Proceeds from Sale of Capital Assets	35,000	54,364	19,364
TOTAL OTHER FINANCING SOURCES (USES)	268,856	(474,270)	(743,126)
NET CHANGES IN FUND BALANCES	-	330,164	330,164
FUND BALANCES, Beginning of Year	7,732,427	7,732,427	-
FUND BALANCES, End of Year	\$ 7,732,427	8,062,591	\$ 330,164



City of
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SPECIAL REVENUE FUNDS

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

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
OTHER GOVERNMENTAL FUNDS

JUNE 30, 2018

	NON-MAJOR SPECIAL REVENUE FUNDS	NON-MAJOR DEBT SERVICE FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 15,650	-	\$ 15,650
Pooled Cash and Cash Equivalents	1,389,266	827,302	2,216,568
Restricted Investments	-	491	491
Property Taxes Receivable, Net	-	73,567	73,567
Accounts Receivable	1,150	-	1,150
Commercial Loan Receivables	52,293	-	52,293
Intergovernmental Receivables	382,491	-	382,491
Mortgages Receivable:			
Home Loans	70,803	-	70,803
TOTAL ASSETS	\$ 1,911,653	901,360	\$ 2,813,013
LIABILITIES			
Accounts Payable	\$ 201,305	49,852	\$ 251,157
Accrued Salaries and Benefits	21,551	-	21,551
Due To Other Funds	153,317	-	153,317
Unearned Revenue	363,160	-	363,160
TOTAL LIABILITIES	739,333	49,852	789,185
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	-	73,377	73,377
Unavailable Note Receivables	112,910	-	112,910
TOTAL DEFERRED INFLOWS OF RESOURCES	112,910	73,377	186,287
FUND BALANCES			
Restricted For:			
Debt Service	-	778,131	778,131
Tourism Related Costs	244,496	-	244,496
Special Revenue Programs	803,216	-	803,216
Committed For:			
Special Revenue Programs	11,698	-	11,698
TOTAL FUND BALANCES	1,059,410	778,131	1,837,541
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,911,653	901,360	\$ 2,813,013

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

	NON-MAJOR SPECIAL REVENUE FUNDS	NON-MAJOR DEBT SERVICE FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES:			
Federal Government Contributions	\$ 821,575	-	\$ 821,575
State Government Contributions	521,602	-	521,602
Taxes	2,043,405	2,488,645	4,532,050
Ground Lease	-	200,000	200,000
Investment Earnings	8,260	491	8,751
Miscellaneous	1,392,130	-	1,392,130
Confiscated Drug Funds	7,645	-	7,645
Donations	-	60,000	60,000
TOTAL REVENUES	4,794,617	2,749,136	7,543,753
EXPENDITURES:			
Current:			
Finance and Administrative Services	654,177	-	654,177
Operating	3,238,474	-	3,238,474
Capital Outlay	911,009	-	911,009
Debt Service			
Principal Retirement	-	2,942,865	2,942,865
Interest	-	729,429	729,429
Other	-	1,357,473	1,357,473
TOTAL EXPENDITURES	4,803,660	5,029,767	9,833,427
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,043)	(2,280,631)	(2,289,674)
OTHER FINANCING SOURCES (USES):			
Transfers In	504,904	3,142,588	3,647,492
Transfers Out	(176,765)	(1,786,974)	(1,963,739)
Bond Proceeds	-	4,650,000	4,650,000
Payment to Refunding Bond Escrow Agent	-	(4,533,614)	(4,533,614)
Proceeds from Sale of Capital Assets	145,719	-	145,719
Total Other Financing Sources (Uses)	473,858	1,472,000	1,945,858
NET CHANGES IN FUND BALANCES	464,815	(808,631)	(343,816)
FUND BALANCES, Beginning of Year	594,595	1,586,762	2,181,357
FUND BALANCES, End of Year	\$ 1,059,410	778,131	\$ 1,837,541



City of
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NON-MAJOR SPECIAL REVENUE FUNDS

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

Spartanburg Residential Development Corporation Fund 314 – to account for funds received from the Spartanburg Residential Development Corporation.

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

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

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

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

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

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

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

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2018

	Fund 210	Fund 314
	Federal Home Program Fund	Spartanburg Residential Development Corporation Fund
ASSETS		
Cash and Cash Equivalents	\$ -	-
Pooled Cash and Cash Equivalents	416,906	1,512
Accounts Receivable	-	-
Intergovernmental Receivables	22,194	-
Commercial Loan Receivables	-	-
Mortgages Receivable-Home Loans	60,617	10,186
TOTAL ASSETS	\$ 499,717	11,698
LIABILITIES		
Accounts Payable	\$ 38,352	-
Accrued Salaries and Benefits	-	-
Due To Other Funds	-	-
Deferred Revenue	341,270	-
TOTAL LIABILITIES	379,622	-
DEFERRED INFLOWS OF RESOURCES		
Unavailable Notes Receivable	60,617	-
FUND BALANCES		
Restricted	59,478	-
Committed	-	11,698
TOTAL FUND BALANCES	59,478	11,698
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 499,717	11,698

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
-	-	15,650	-	\$ -
-	41,586	11,750	27,437	655,160
-	-	-	-	-
221,305	-	-	-	-
-	-	-	-	-
-	-	-	-	-
221,305	41,586	27,400	27,437	\$ 655,160
31,734	1,181	26,010	-	\$ 5,500
14,364	1,845	1,390	-	-
153,317	-	-	-	-
21,890	-	-	-	-
221,305	3,026	27,400	-	5,500
-	-	-	-	-
-	38,560	-	27,437	649,660
-	-	-	-	-
-	38,560	-	27,437	649,660
221,305	41,586	27,400	27,437	\$ 655,160

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2018

	Fund 480	Fund 708
	Accommodations Tax Fund	Community Development Fund
ASSETS		
Cash and Cash Equivalents	\$ -	-
Pooled Cash and Cash Equivalents	168,496	53,481
Accounts Receivable	-	1,150
Intergovernmental Receivables	111,076	27,916
Commercial Loan Receivables	-	52,293
Mortgages Receivable-Home Loans	-	-
TOTAL ASSETS	\$ 279,572	134,840
LIABILITIES		
Accounts Payable	\$ 35,076	63,452
Accrued Salaries and Benefits	-	3,952
Due To Other Funds	-	-
Deferred Revenue	-	-
TOTAL LIABILITIES	35,076	67,404
DEFERRED INFLOWS OF RESOURCES		
Unavailable Notes Receivable	-	52,293
FUND BALANCES		
Restricted	244,496	15,143
Committed	-	-
TOTAL FUND BALANCES	244,496	15,143
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 279,572	134,840

Fund 803	Fund 804		
Forfeited Drug-Federal Fund	Forfeited Drug-State Fund		Combined Funds
-	-	\$	15,650
2,702	10,236		1,389,266
-	-		1,150
-	-		382,491
-	-		52,293
-	-		70,803
2,702	10,236	\$	1,911,653
-	-	\$	201,305
-	-		21,551
-	-		153,317
-	-		363,160
-	-		739,333
-	-		112,910
2,702	10,236		1,047,712
-	-		11,698
2,702	10,236		1,059,410
2,702	10,236	\$	1,911,653

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

	Fund 210	Fund 314
	Federal Home Program Fund	Spartanburg Residential Development Corporation Fund
REVENUES		
Federal Government Contributions	\$ 37,725	-
State Government Contributions	-	-
Property Taxes	-	-
Accommodations Taxes	-	-
Storm Water Fees and Permit	-	-
Investment Earnings	3	96
Miscellaneous	289	-
Confiscated Drug Funds	-	-
Total Revenues	<u>38,017</u>	<u>96</u>
EXPENDITURES		
Finance and Administrative Services	-	-
Operating	53,883	255
Capital Outlay	-	-
Total Expenditures	<u>53,883</u>	<u>255</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,866)</u>	<u>(159)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
Proceeds from Sale of Capital Assets	22,200	-
Total Other Financing Sources (Uses)	<u>22,200</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	6,334	(159)
FUND BALANCES, Beginning of Year	<u>53,144</u>	<u>11,857</u>
FUND BALANCES, End of Year	<u>\$ 59,478</u>	<u>11,698</u>

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
376,800	-	-	-	\$ -
171,602	-	-	350,000	-
-	-	-	633,359	1,111,174
-	-	-	-	-
-	-	-	-	-
-	-	-	-	5,614
941,647	44,487	402,881	-	-
-	-	-	-	-
1,490,049	44,487	402,881	983,359	1,116,788
393,313	52,056	99,095	-	-
394,554	12,072	584,441	983,059	529,865
907,696	-	-	-	-
1,695,563	64,128	683,536	983,059	529,865
(205,514)	(19,641)	(280,655)	300	586,923
224,249	-	280,655	-	-
(22,165)	(3,349)	-	-	(105,776)
-	-	-	-	-
202,084	(3,349)	280,655	-	(105,776)
(3,430)	(22,990)	-	300	481,147
3,430	61,550	-	27,137	168,513
-	38,560	-	27,437	\$ 649,660

(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, 2018

	Fund 480	Fund 708
	Accommodations Tax Fund	Community Development Fund
REVENUES		
Federal Government Contributions	\$ -	407,050
State Government Contributions	-	-
Property Taxes	-	-
Accommodations Taxes	298,872	-
Investment Earnings	2,198	156
Miscellaneous	-	2,826
Confiscated Drug Funds	-	-
Total Revenues	301,070	410,032
EXPENDITURES		
Finance and Administrative Services	-	109,713
Operating	255,481	423,337
Capital Outlay	-	-
Total Expenditures	255,481	533,050
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,589	(123,018)
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	(45,475)	-
Proceeds from Sale of Capital Assets	-	123,018
Total Other Financing Sources (Uses)	(45,475)	123,018
NET CHANGES IN FUND BALANCES	114	-
FUND BALANCES, Beginning of Year	244,382	15,143
FUND BALANCES, End of Year	\$ 244,496	15,143

Fund 803	Fund 804		
Forfeited Drug-Federal Fund	Forfeited Drug-State Fund	Combined Funds	
-	-		\$ 821,575
-	-		521,602
-	-		1,744,533
-	-		298,872
36	157		8,260
-	-		1,392,130
-	7,645		7,645
<u>36</u>	<u>7,802</u>		<u>4,794,617</u>
-	-		654,177
-	1,527		3,238,474
-	3,313		911,009
<u>-</u>	<u>4,840</u>		<u>4,803,660</u>
36	2,962		(9,043)
-	-		504,904
-	-		(176,765)
-	501		145,719
<u>-</u>	<u>501</u>		<u>473,858</u>
36	3,463		464,815
2,666	6,773		594,595
<u>2,702</u>	<u>10,236</u>	\$	<u>1,059,410</u>

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, 2018

	FEDERAL HOME PROGRAM FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Federal Government Contributions	\$ 673,878	673,878	37,725	\$ (636,153)
Investment Earnings	-	-	3	3
Other Revenues	-	-	289	289
TOTAL REVENUES	673,878	673,878	38,017	(635,861)
EXPENDITURES				
Operating	673,878	673,878	53,883	619,995
TOTAL EXPENDITURES	673,878	673,878	53,883	619,995
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(15,866)	(15,866)
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	22,200	22,200
TOTAL OTHER FINANCING SOURCES (USES)	-	-	22,200	22,200
NET CHANGES IN FUND BALANCES	-	-	6,334	6,334
FUND BALANCES, Beginning of Year	53,144	53,144	53,144	-
FUND BALANCES, End of Year	\$ 53,144	53,144	59,478	\$ 6,334

CITY OF SPARTANBURG, SOUTH CAROLINA

VICTIMS ASSISTANCE FUND

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

YEAR ENDED JUNE 30, 2018

	VICTIMS ASSISTANCE FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Other Revenues	\$ 66,162	66,162	44,487	\$ (21,675)
TOTAL REVENUES	66,162	66,162	44,487	(21,675)
EXPENDITURES				
Finance and Administrative Services	66,162	66,162	52,056	14,106
Operating	-	-	12,072	(12,072)
TOTAL EXPENDITURES	66,162	66,162	64,128	2,034
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(19,641)	(19,641)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(3,349)	3,349
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(3,349)	3,349
NET CHANGES IN FUND BALANCES	-	-	(22,990)	(22,990)
FUND BALANCES, Beginning of Year	61,550	61,550	61,550	-
FUND BALANCES, End of Year	\$ 61,550	61,550	38,560	\$ (22,990)

CITY OF SPARTANBURG, SOUTH CAROLINA

COMMUNITY DEVELOPMENT FUND

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

YEAR ENDED JUNE 30, 2018

	COMMUNITY DEVELOPMENT FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	REVISED		
REVENUES				
Federal Government Contributions	\$ 1,053,751	1,053,751	407,050	\$ (646,701)
Investment Earnings	150	150	156	6
Other Revenues	1,200	1,200	2,826	1,626
TOTAL REVENUES	1,055,101	1,055,101	410,032	(645,069)
EXPENDITURES				
Finance and Administrative Services	226,900	226,900	109,713	117,187
Operating	841,975	841,975	423,337	418,638
TOTAL EXPENDITURES	1,068,875	1,068,875	533,050	535,825
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,774)	(13,774)	(123,018)	(109,244)
OTHER FINANCING SOURCES (USES)				
Sale of Assets	13,774	13,774	123,018	109,244
TOTAL OTHER FINANCING SOURCES (USES)	13,774	13,774	123,018	109,244
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES, Beginning of Year	15,143	15,143	15,143	-
FUND BALANCES, End of Year	\$ 15,143	15,143	15,143	\$ -

DEBT SERVICE FUNDS

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

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

St. John-Daniel Morgan TIF Fund – to account for the accumulation of resources and payment of bond principal and interest from a redevelopment area consisting of approximately 97.62 acres located in the downtown area of the City.

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



City of
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CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS

YEAR ENDED JUNE 30, 2018

	Fund 540	Fund 543	Fund 545	
	GENERAL DEBT SERVICE FUND	ST. JOHN - DANIEL MORGAN TIF	BROAD STREET TIF	TOTALS
ASSETS				
Pooled Cash and Cash Equivalents	\$ -	71,464	755,838	\$ 827,302
Restricted Investments	491	-	-	491
Property Taxes Receivable, Net	-	13,367	60,200	73,567
TOTAL ASSETS	\$ 491	84,831	816,038	\$ 901,360
LIABILITIES				
Accounts Payable	-	-	49,852	\$ 49,852
TOTAL LIABILITIES	-	-	49,852	49,852
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	-	13,177	60,200	73,377
TOTAL DEFERRED INFLOWS OF RESOURCES	-	13,177	60,200	73,377
FUND BALANCE				
Restricted for Debt Service	491	71,654	705,986	778,131
TOTAL FUND BALANCES	491	71,654	705,986	778,131
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 491	84,831	816,038	\$ 901,360

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

	Fund 540	Fund 543	Fund 545	
	GENERAL DEBT SERVICE FUND	ST. JOHN - DANIEL MORGAN TIF	BROAD STREET TIF	TOTALS
REVENUES				
Tax Increment	\$ -	425,503	2,063,142	\$ 2,488,645
Ground Lease	-	200,000	-	200,000
Investment Earnings	491	-	-	491
Local Grants and Donations	-	-	60,000	60,000
TOTAL REVENUES	491	625,503	2,123,142	2,749,136
EXPENDITURES				
Debt Service:				
Principal	2,417,865	525,000	-	2,942,865
Interest	627,338	102,091	-	729,429
Other	113,956	26,758	1,216,759	1,357,473
TOTAL EXPENDITURES	3,159,159	653,849	1,216,759	5,029,767
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,158,668)	(28,346)	906,383	(2,280,631)
OTHER FINANCING SOURCES (USES)				
Transfers In	3,042,588	100,000	-	3,142,588
Transfers Out	-	-	(1,786,974)	(1,786,974)
Bond Proceeds	4,650,000	-	-	4,650,000
Payment to Refunding Bond Escrow Agent	(4,533,614)	-	-	(4,533,614)
TOTAL OTHER FINANCING SOURCES (USES)	3,158,974	100,000	(1,786,974)	1,472,000
NET CHANGES IN FUND BALANCES	306	71,654	(880,591)	(808,631)
FUND BALANCES, Beginning of Year	185	-	1,586,577	1,586,762
FUND BALANCES, End of Year	\$ 491	71,654	705,986	\$ 778,131

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, 2018

	<u>EQUIPMENT REPLACEMENT</u>	<u>MEDICAL INSURANCE TRUST</u>	<u>TOTALS</u>
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 1,323,459	211,338	\$ 1,534,797
Restricted Cash and Cash Equivalents	1,261,174	-	1,261,174
Accounts Receivable	-	17,422	17,422
Prepays	780,974	70,800	851,774
Total Current Assets	<u>3,365,607</u>	<u>299,560</u>	<u>3,665,167</u>
Non-Current Assets:			
Capital Assets:			
Depreciable, Net	7,731,136	-	7,731,136
Total Non-Current Assets	<u>7,731,136</u>	<u>-</u>	<u>7,731,136</u>
TOTAL ASSETS	<u>\$ 11,096,743</u>	<u>299,560</u>	<u>\$ 11,396,303</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable/Deposits Payable	\$ 9,304	60,425	\$ 69,729
Claims/Premiums	-	407,727	407,727
Unclaimed Checks	-	109	109
Current Portion of Capital Lease Payable	1,531,409	-	1,531,409
Total Current Liabilities	<u>1,540,713</u>	<u>468,261</u>	<u>2,008,974</u>
Long-Term Liabilities:			
Capital Lease Payable, Less Current Portion	3,994,240	-	3,994,240
Total Long-Term Liabilities	<u>3,994,240</u>	<u>-</u>	<u>3,994,240</u>
TOTAL LIABILITIES	<u>5,534,953</u>	<u>468,261</u>	<u>6,003,214</u>
NET POSITION			
Net Investment in Capital Assets	4,247,635	-	4,247,635
Unrestricted	1,314,155	(168,701)	1,145,454
TOTAL NET POSITION	<u>5,561,790</u>	<u>(168,701)</u>	<u>5,393,089</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 11,096,743</u>	<u>299,560</u>	<u>\$ 11,396,303</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

	<u>EQUIPMENT REPLACEMENT</u>	<u>MEDICAL INSURANCE TRUST</u>	<u>TOTALS</u>
OPERATING REVENUES			
Charges for Services	\$ 1,318,085	-	\$ 1,318,085
Contributions	-	4,242,350	4,242,350
Other	-	49,301	49,301
TOTAL OPERATING REVENUES	<u>1,318,085</u>	<u>4,291,651</u>	<u>5,609,736</u>
OPERATING EXPENSES			
Services and Charges	111,663	397,383	509,046
Claims/Premiums	-	3,622,242	3,622,242
Depreciation	1,276,980	-	1,276,980
TOTAL OPERATING EXPENSES	<u>1,388,643</u>	<u>4,019,625</u>	<u>5,408,268</u>
OPERATING INCOME	<u>(70,558)</u>	<u>272,026</u>	<u>201,468</u>
NON-OPERATING REVENUES (EXPENSES)			
Gain (Loss) on Sale of Assets	(3,781)	-	(3,781)
Interest Expense	(81,066)	-	(81,066)
Investment Earnings	9,298	-	9,298
Other	(26,500)	-	(26,500)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(102,049)</u>	<u>-</u>	<u>(102,049)</u>
CHANGE IN NET POSITION	<u>(172,607)</u>	<u>272,026</u>	<u>99,419</u>
NET POSITION, Beginning of Year	<u>5,734,397</u>	<u>(440,727)</u>	<u>5,293,670</u>
TOTAL NET POSITION, End of Year	<u>\$ 5,561,790</u>	<u>(168,701)</u>	<u>\$ 5,393,089</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING SCHEDULE OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2018

	EQUIPMENT REPLACEMENT	MEDICAL INSURANCE TRUST	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Charges for Services	\$ 1,318,085	-	\$ 1,318,085
Receipts from Contributions	-	4,231,620	4,231,620
Receipts from Other Revenues	-	49,301	49,301
Payments for Services and Charges	(201,726)	(369,684)	(571,410)
Payments for Other Expenses	(26,500)	-	(26,500)
Payments for Claims/Premiums	-	(3,993,720)	(3,993,720)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,089,859	(82,483)	1,007,376
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(1,907,498)	-	(1,907,498)
Proceeds on Sale of Capital Assets	45,835	-	45,835
Capital Lease Proceeds	2,550,000	-	2,550,000
Capital Lease Payments	(1,299,462)	-	(1,299,462)
Interest Paid	(81,066)	-	(81,066)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(692,191)	-	(692,191)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Earnings	9,298	-	9,298
NET CASH PROVIDED BY INVESTING ACTIVITIES	9,298	-	9,298
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	406,966	(82,483)	324,483
RESTRICTED, POOLED, AND UNRESTRICTED			
CASH AND CASH EQUIVALENTS - Beginning of Year	2,177,667	293,821	2,471,488
RESTRICTED, POOLED, AND UNRESTRICTED			
CASH AND CASH EQUIVALENTS - End of Year	\$ 2,584,633	211,338	\$ 2,795,971
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Net Operating Income (Loss)	\$ (70,558)	272,026	\$ 201,468
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities			
Depreciation Expense	1,276,980	-	1,276,980
Other Revenues (Expenses)	(26,500)	-	(26,500)
Change in:			
Accounts Receivable	-	(10,730)	(10,730)
Prepays	(68,074)	(70,800)	(138,874)
Accounts Payable	(21,989)	27,699	5,710
Claims/Premiums	-	(299,238)	(299,238)
Unclaimed Checks	-	(1,440)	(1,440)
Net Cash Provided by Operating Activities	\$ 1,089,859	(82,483)	\$ 1,007,376



City of
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FIDUCIARY FUNDS

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



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CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2018</u>
ASSETS				
Other Receivables	\$ 85,145	66,047	74,161	\$ 77,031
TOTAL ASSETS	<u>\$ 85,145</u>	<u>66,047</u>	<u>74,161</u>	<u>\$ 77,031</u>
LIABILITIES				
Accounts Payable	\$ 619	1,836	-	\$ 2,455
Amounts Held for Custody for Others	84,526	-	9,950	74,576
TOTAL LIABILITIES	<u>\$ 85,145</u>	<u>1,836</u>	<u>9,950</u>	<u>\$ 77,031</u>

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			\$ 788,802	\$ 788,802
Court fines and assessments remitted to State Treasurer			(477,895)	(477,895)
Total Court Fines and Assessments retained			310,907	310,907
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			35,221	35,221
Assessments retained			9,266	9,266
Total Surcharges and Assessments retained for victim services			\$ 44,487	\$ 44,487

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ 61,550		\$ 61,550
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	35,221		35,221
Victim Service Surcharges Retained by City/County Treasurer	9,266		9,266
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 106,037		\$ 106,037
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	\$ 52,057		\$ 52,057
Operating Expenditures	12,071		12,071
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund	3,349		3,349
Total Expenditures from Victim Service Fund/Program (B)	67,477		67,477
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	38,560		38,560
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ 38,560		\$ 38,560

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2018

DMT Contract #: PT-88099-73					
Performance Period: July 1, 2017 - June 30, 2018					
	Budget	Section 5307	SMTF	Local	Variance
OPERATIONS					
Management Services	\$ 115,000	49,642	12,180	39,848	\$ 13,330
Professional and Technical	831,270	275,379	64,268	288,039	203,584
Contract Maintenance Services	3,000	-	-	1,040	1,960
Uniforms	22,200	5,759	1,736	7,692	7,013
Fuel and Lubricants	260,000	72,413	13,352	90,091	84,144
Tools and Minor Equipment	35,400	9,692	2,950	12,266	10,492
Utilities	77,700	24,590	6,703	26,923	19,484
Casualty and Liability	275,000	67,517	21,632	95,289	90,562
Advertising	7,500	2,151	674	2,599	2,076
Travel	3,500	388	129	1,213	1,770
TOTAL OPERATIONS	1,630,570	507,531	123,624	565,000	434,415
CAPITAL					
Preventive Maintenance	353,000	216,806	-	-	136,194
30 Ft Bus	357,000	-	-	-	357,000
35 Ft Bus	350,000	-	-	-	350,000
Metropolitan Planning	70,000	-	-	-	70,000
TOTAL CAPITAL	1,130,000	216,806	-	-	913,194
TOTAL PROGRAM	\$ 2,760,570	724,337	123,624	565,000	\$ 1,347,609
Approved Budget	\$ 2,760,570				
Total Federal Costs	(724,337)				
Total State Costs	(123,624)				
Total Local Costs	(565,000)				
Budget Balance	<u>\$ 1,347,609</u>				



City of
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STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	139
Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	146
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	150
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within the City’s financial activities take place.</i>	158
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report related to the services the City provides and the activities it performs.</i>	161

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



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CITY OF SPARTANBURG, SOUTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013*	2014	2015	2016**	2017**	2018**
Governmental Activities										
Net Investment in Capital Assets	\$ 53,384,024	55,779,502	54,003,930	49,678,593	46,374,702	43,048,637	44,324,590	50,867,232	52,133,237	\$ 54,829,393
Restricted	2,130,497	834,855	3,962,772	4,898,660	4,816,041	7,148,564	6,286,921	4,410,117	4,443,720	4,187,094
Unrestricted	1,018,340	6,026,925	3,413,824	(68,032)	1,020,587	3,245,357	(33,929,319)	(42,779,500)	(44,163,933)	(46,436,344)
Total Governmental Activities Net Position	56,532,861	62,641,282	61,380,526	54,509,221	52,211,330	53,442,558	16,682,192	12,497,849	12,413,024	12,580,143
Business-Type Activities										
Net Investment in Capital Assets	20,908,586	19,354,866	19,671,901	22,706,093	23,034,331	22,224,018	23,014,313	37,054,399	47,441,179	52,577,808
Restricted	1,100,000	-	-	-	-	-	-	-	-	-
Unrestricted	562,885	1,312,976	1,080,566	1,875,323	2,291,267	3,403,403	2,736,386	3,700,260	3,722,107	4,754,408
Total Business-Type Activities Net Position	22,571,471	20,667,842	20,752,467	24,581,416	25,325,598	25,627,421	25,750,699	40,754,659	51,163,286	57,332,216
Primary Government										
Net Investment in Capital Assets	74,292,610	75,134,368	73,675,831	72,384,686	69,409,033	65,272,655	67,338,903	78,891,631	91,324,922	99,923,212
Restricted	3,230,497	834,855	3,962,772	4,898,660	4,816,041	7,148,564	6,286,921	4,410,117	4,443,720	4,187,094
Unrestricted	1,581,225	7,339,901	4,494,390	1,807,291	3,311,854	6,648,760	(31,192,933)	(30,049,240)	(32,192,332)	(34,197,947)
Total Primary Government Net Position	\$ 79,104,332	83,309,124	82,132,993	79,090,637	77,536,928	79,069,979	42,432,891	53,252,508	63,576,310	\$ 69,912,359

Note: Governmental and Business-Type Activities Net Position was restated for FY 2006 - 2008.

* Certain amounts have been reclassified to agree to the current year presentation.

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

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Policy Formulation and Administration	\$ 5,931,181	6,653,577	5,427,127	4,858,280	5,513,826	6,004,329	7,217,844	7,550,338	6,071,710	\$ 6,003,757
Public Safety	13,645,106	13,499,377	13,814,584	14,047,102	15,355,555	14,781,345	15,009,975	16,193,535	17,864,273	17,754,307
Parks, Recreation, and Special Events	2,137,461	2,550,485	2,665,563	2,628,409	2,338,124	2,075,383	1,336,488	2,247,585	2,592,220	2,456,742
Development Services	2,362,617	2,044,391	1,582,139	4,311,104	1,504,594	2,635,403	4,254,332	3,000,367	3,790,091	3,839,251
Public Services	12,355,374	8,402,885	10,764,474	9,271,201	9,901,909	9,059,910	8,238,416	8,335,035	8,563,016	8,250,848
Finance and Administrative Services	2,491,167	2,773,086	2,698,109	2,389,918	2,291,448	3,029,842	2,463,035	2,771,890	3,534,213	2,637,266
Operating	5,066,442	4,323,162	4,706,519	6,375,577	4,786,784	5,403,591	4,938,750	5,010,013	5,800,758	6,557,239
Interest and Other Charges	1,563,341	1,522,450	2,156,316	1,983,406	1,228,999	1,216,595	1,234,964	1,030,383	1,653,346	2,396,183
Total Governmental Activities Expenses	45,552,689	41,769,413	43,814,831	45,864,997	42,921,239	44,206,398	44,693,804	46,139,146	49,869,627	49,895,593
Business-Type Activities:										
Transit	1,927,191	1,936,117	2,112,672	2,124,224	1,995,486	2,006,752	1,916,397	1,852,015	1,933,748	1,999,130
Parking	1,049,102	884,137	871,809	971,528	1,021,561	874,213	812,939	801,105	1,195,457	1,319,091
Sanitary Sewer	954	1,100,785	77,419	-	-	-	-	-	-	-
Airport	1,613,828	1,651,488	1,468,607	1,549,591	1,543,868	1,412,982	1,465,961	1,442,379	1,518,271	1,722,404
Storm Water	-	-	649,945	697,833	1,162,763	1,166,062	1,381,968	1,182,618	910,138	854,172
CC Woodson	295,900	538,612	677,770	444,010	443,947	410,073	410,084	397,663	-	-
Spartanburg Parking Facilities Corporation	313,769	522,162	806,896	858,495	961,788	980,169	1,009,657	1,873,815	-	-
Spartanburg Airport Facilities Corporation	-	102,509	212,804	376,667	291,632	396,478	382,543	419,359	-	-
Total Business-Type Activities Expenses	5,200,744	6,735,810	6,877,922	7,022,348	7,421,045	7,246,729	7,379,549	7,968,954	5,557,614	5,894,797
Total Primary Government Expenses	\$ 50,753,433	48,505,223	50,692,753	52,887,345	50,342,284	51,453,127	52,073,353	54,108,100	55,427,241	\$ 55,790,390
Program Revenues										
Governmental Activities:										
Charges for Services:										
Public Safety	\$ 1,285,197	1,049,519	1,128,967	959,335	1,047,142	884,408	908,902	1,036,591	713,104	\$ 717,286
Parks, Recreation, and Special Events	229,714	255,177	268,951	251,713	231,659	154,449	115,815	111,305	97,453	106,746
Development Services	474,247	415,996	471,430	408,985	298,312	341,919	329,411	821,947	715,327	598,563
Public Services	3,521,417	3,264,799	3,098,216	3,033,347	2,998,689	2,716,693	2,718,472	2,603,285	2,641,489	2,809,875
Finance and Administrative Services	12,255,309	12,262,638	12,511,056	12,606,571	12,930,317	13,577,368	13,819,673	14,279,201	15,904,464	16,282,198
Operating Grants and Contributions										
Public Safety	957,197	1,291,281	1,575,721	1,851,029	928,999	607,124	453,976	762,640	586,892	548,401
Development Services	1,006,376	1,729,005	1,578,931	1,575,554	1,107,254	-	1,216,341	1,680,967	1,627,345	3,185,939
Public Services	667,390	846,449	710,750	1,147,838	814,341	511,452	383,470	670,435	1,201,044	983,359

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Capital Grants and Contributions										
Public Safety	\$ -	28,705	-	-	-	-	-	-	-	\$ -
Parks, Recreation, and Special Events	3,642,158	-	-	-	-	-	-	-	-	-
Public Services	959,063	3,750,755	-	-	-	-	-	20,721	-	-
Total Governmental Activities Program Revenues	24,998,068	24,894,324	21,344,022	21,834,372	20,356,713	18,793,413	19,946,060	21,987,092	23,487,118	25,232,367
Business-Type Activities:										
Charges for Services:										
Transit										
Parking	275,932	291,211	317,707	266,724	286,317	296,982	273,393	255,887	276,371	213,381
Sanitary Sewer	304,189	347,997	341,999	342,268	349,048	419,370	353,899	408,525	455,636	460,119
Airport	35,016	-	-	-	-	-	-	-	-	-
Storm Water	1,195,722	1,200,337	1,154,466	1,085,466	1,070,888	969,613	1,099,310	1,037,349	1,380,335	1,478,264
CC Woodson	17,938	48,000	917,038	1,503,209	1,114,310	1,631,758	1,852,620	1,649,011	1,609,132	1,673,411
Spartanburg Parking Facilities Corporation	-	-	48,000	48,000	48,000	48,000	48,000	30,062	-	-
Spartanburg Airport Facilities Corporation	-	-	18,750	37,500	37,500	18,750	56,250	37,500	-	-
Operating Grants and Contributions	-	27,322	80,961	137,194	151,412	141,654	157,258	168,134	-	-
Transit	1,236,057	975,280	904,296	2,193,599	1,413,559	855,002	-	777,885	-	-
Airport	338,229	368,397	794,303	2,279,445	1,517,382	892,782	-	910,377	-	-
Capital Grants and Contributions										
Transit	-	-	-	-	-	-	-	-	1,945,385	847,962
Airport	-	-	-	-	-	-	-	-	9,318,852	6,334,150
CC Woodson	2,150,000	-	-	-	-	-	-	-	-	-
Spartanburg Parking Facilities Corporation	-	536,000	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	5,553,083	3,794,544	4,577,520	8,393,405	5,988,416	5,273,911	3,840,730	5,274,730	14,985,711	11,007,287
Total Primary Government Program Revenues	\$ 30,551,151	28,688,868	25,921,542	30,227,777	26,345,129	24,067,324	23,786,790	27,261,822	38,472,829	\$ 36,239,654
Net (Expense)/Revenue										
Governmental Activities	\$ (20,554,621)	(16,875,089)	(22,470,809)	(24,030,625)	(22,564,526)	(25,412,985)	(24,747,744)	(24,152,054)	(26,382,509)	\$ (24,663,226)
Business-Type Activities	352,339	(2,941,266)	(2,300,402)	1,371,057	(1,432,629)	(1,972,818)	(782,851)	(2,694,224)	9,428,097	5,112,490
Total Primary Government Net (Expense)/Revenue	\$ (20,202,282)	(19,816,355)	(24,771,211)	(22,659,568)	(23,997,155)	(27,385,803)	(25,530,595)	(26,846,278)	(16,954,412)	\$ (19,550,736)

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Taxes by Source:										
Property Taxes Levied for General Purposes	\$ 13,483,193	14,344,269	13,459,316	13,458,825	13,505,430	13,911,802	14,538,966	14,426,686	14,673,143	\$ 14,663,465
Tax Increment	2,048,264	2,202,158	2,435,944	2,347,008	2,234,718	2,506,919	2,532,266	2,445,214	2,315,524	2,484,205
Motor Vehicle Taxes	977,093	768,532	902,292	944,522	954,596	1,192,612	1,336,580	1,356,512	1,420,869	1,293,322
Hospitality Taxes	3,423,105	3,364,211	3,474,814	3,762,816	3,954,089	4,128,299	4,357,875	4,747,239	5,028,735	5,340,373
Other Taxes	807,585	828,885	843,104	823,052	814,120	809,435	868,264	811,053	823,922	831,406
Intergovernmental Revenue - Unrestricted	1,273,314	1,091,766	881,044	688,658	799,823	798,466	798,466	812,175	844,738	836,020
Unrestricted Investment Earnings	109,092	46,866	54,933	77,763	16,426	11,797	23,370	42,227	68,753	124,296
Miscellaneous	449,662	727,412	912,648	680,963	796,676	919,488	954,259	823,483	930,285	958,640
Grants/Contributions Not Restricted to Specific Programs	617,505	595,453	590,549	857,561	810,300	4,040,241	966,696	4,991,545	1,078,916	1,195,634
Gains (Loss) on Disposal/Sale of Capital Assets	11,148	(77,404)	-	120,202	-	547,108	-	206,051	-	174,103
Special Item - Impairment of Asset **	(1,425,841)	-	-	(1,445,731)	(1,244,765)	-	-	-	-	-
Transfers	(3,414,362)	(908,638)	(2,344,591)	(2,404,751)	(2,374,778)	(2,221,954)	(2,048,651)	(10,694,474)	(927,039)	(1,035,929)
Total Governmental Activities	18,359,758	22,983,510	21,210,053	19,910,888	20,266,635	26,644,213	24,328,091	19,967,711	26,297,684	26,865,535
Business-Type Activities:										
Investment Income	74,649	125,010	40,436	53,141	54,229	52,687	56,639	43,710	33,202	60,904
Miscellaneous	-	594	-	-	-	-	-	-	-	-
Gains (Loss) on Disposal/Sale of Capital Assets	-	3,395	-	-	-	-	-	-	20,289	4,352
Gain on Extinguishment of Debt	-	-	-	-	-	-	-	6,960,000	-	-
Transfers	3,414,362	908,638	2,344,591	2,404,751	2,374,778	2,221,954	2,048,651	10,694,474	927,039	1,035,929
Total Business-Type Activities	3,489,011	1,037,637	2,385,027	2,457,892	2,429,007	2,274,641	2,105,290	17,698,184	980,530	1,101,185
Total Primary Government	\$ 21,848,769	24,021,147	23,595,080	22,368,780	22,695,642	28,918,854	26,433,381	37,665,895	27,278,214	\$ 27,966,720
Change in Net Position:										
Governmental Activities	\$ (2,194,863)	6,108,421	(1,260,756)	(4,119,737)	(2,297,891)	1,231,228	(419,653)	(4,184,343)	(84,825)	\$ 2,202,309
Business-Type Activities	3,841,350	(1,903,629)	84,625	3,828,949	996,378	301,823	1,322,439	15,003,960	10,408,627	6,213,675
Total Primary Government	\$ 1,646,487	4,204,792	(1,176,131)	(290,788)	(1,301,513)	1,533,051	902,786	10,819,617	10,323,802	\$ 8,415,984

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

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
<u>Pre-GASB 54*</u>										
Reserved	\$ 84,409	103,654	-	-	-	-	-	-	-	\$ -
Unreserved	4,044,591	4,963,758	-	-	-	-	-	-	-	-
<u>Post-GASB 54*</u>										
Nonspendable	-	-	116,402	106,008	102,098	101,836	106,683	113,135	98,095	93,743
Assigned	-	-	667,200	900,107	1,144,933	1,378,933	1,485,024	1,519,081	1,547,572	250,000
Unassigned	-	-	5,020,942	4,936,665	5,354,546	5,888,594	5,506,926	6,366,545	6,086,760	7,718,848
Total General Fund	\$ 4,129,000	5,067,412	5,804,544	5,942,780	6,601,577	7,369,363	7,098,633	7,998,761	7,732,427	\$ 8,062,591
All Other Governmental Funds										
<u>Pre-GASB 54*</u>										
Reserved, Reported In:	\$ 318,062	270,062	-	-	-	-	-	-	-	\$ -
Special Revenue Funds	165,086	-	-	-	-	-	-	-	-	-
Capital Projects Funds	358,412	1,062,968	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	1,111,729	1,298,303	-	-	-	-	-	-	-	-
Capital Projects Funds	2,415,584	2,857,583	-	-	-	-	-	-	-	-
Debt Service Funds	830,502	743,797	-	-	-	-	-	-	-	-
<u>Post-GASB 54*</u>										
Nonspendable	-	-	222,062	174,062	126,062	78,062	30,062	1,494	-	-
Restricted	-	-	11,366,916	6,320,226	5,430,648	7,108,271	6,297,316	4,436,119	4,511,418	4,205,515
Committed	-	-	28,996	203,019	191,818	160,196	16,723	14,464	11,857	11,698
Assigned	-	-	1,301,097	-	-	-	-	1,599,947	-	43,331
Unassigned	-	-	-	-	-	-	-	-	(811,478)	-
Total All Other Governmental Funds	\$ 5,199,375	6,232,713	12,919,071	6,697,307	5,748,528	7,346,529	6,344,101	6,052,024	3,711,797	\$ 4,260,544

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

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

LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 20,258,175	20,291,332	20,952,315	21,405,253	20,808,394	22,147,732	23,501,227	23,474,056	24,116,278	\$ 24,372,133
Fees, Licenses and Permits	12,571,179	12,469,852	12,783,762	12,855,275	13,038,564	13,412,343	13,728,730	14,752,846	16,381,419	16,564,114
Fines and Forfeitures	548,396	542,713	665,917	656,368	529,992	469,079	484,261	623,483	338,617	345,112
State Government Contributions	552,757	978,951	224,118	445,143	588,436	760,701	309,534	875,843	1,564,114	3,232,009
Federal Government Contributions	1,833,615	2,874,063	3,223,159	3,439,345	2,223,423	2,292,837	869,299	1,541,957	937,146	821,575
Intergovernmental Revenue	4,608,818	3,830,517	3,503,780	3,179,792	3,323,655	3,402,420	3,323,739	3,134,270	3,099,715	3,349,936
Charges for Services	2,037,283	2,039,231	2,041,770	1,866,123	1,816,294	1,733,977	1,913,727	1,870,789	1,849,930	1,856,760
Investment Earnings	63,889	16,502	37,008	67,398	10,717	6,522	7,362	13,551	17,580	114,998
Confiscated Drug Funds	20,236	120,746	25,044	14,073	234,017	46,970	62,039	3,181	6,831	7,645
Donations	507,500	542,921	538,754	687,708	747,504	3,931,638	826,255	4,651,000	9,000	255,000
Ground Lease Rent	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Other	1,235,719	884,692	885,940	1,098,916	869,964	1,069,156	967,455	1,310,481	2,004,819	1,769,539
Total Revenues	\$ 44,437,567	44,791,520	45,081,567	45,915,394	44,390,960	49,473,375	46,193,628	52,451,457	50,525,449	\$ 52,888,821

Expenditures

Current:										
Policy Formulation and Administration	\$ 5,807,254	4,278,734	4,755,876	4,470,733	5,081,462	5,661,977	6,542,355	6,484,193	6,232,700	\$ 5,975,414
Public Safety	12,921,842	12,553,639	12,775,459	13,196,470	13,627,497	14,013,012	14,365,186	14,691,899	16,139,926	16,278,128
Parks, Recreation, and Special Events	1,989,003	2,109,339	2,049,555	2,126,283	1,752,671	1,595,250	1,536,359	1,529,640	1,581,047	1,627,584
Development Services	2,108,556	2,086,943	1,784,428	1,781,632	1,487,142	2,285,664	2,516,168	2,576,337	2,768,470	3,047,816
Public Services	8,055,305	7,648,214	7,146,465	7,098,549	6,417,008	5,881,653	5,773,917	5,752,163	6,088,177	6,144,286
Finance and Administrative Services	2,466,170	2,776,225	2,668,849	2,397,943	2,286,954	2,246,173	2,456,687	2,745,905	3,463,159	2,654,022
Operating	5,066,442	4,323,162	4,706,519	6,375,577	4,782,012	5,403,591	4,629,834	4,995,812	5,752,788	6,514,967
Capital Outlay	3,376,908	2,569,316	3,700,295	7,488,084	3,104,384	2,525,081	3,779,066	4,016,937	5,722,608	4,018,466
Debt Service:										
Principal Retirement	2,060,000	1,895,000	17,190,000	2,579,000	2,712,000	13,686,000	2,877,192	3,054,434	7,339,390	2,942,865
Interest	1,510,319	1,428,562	1,493,317	1,986,043	1,096,090	1,089,906	715,114	586,019	916,945	729,429
Other	51,662	113,013	614,370	143,533	88,653	187,576	260,869	352,550	565,327	1,357,473
Total Expenditures	45,413,461	41,782,147	58,885,133	49,643,847	42,435,873	54,575,883	45,452,747	46,785,889	56,570,537	51,290,450
Excess of Revenues Over (Under) Expenditures	\$ (975,894)	3,009,373	(13,803,566)	(3,728,453)	1,955,087	(5,102,508)	740,881	5,665,568	(6,045,088)	\$ 1,598,371

(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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Transfers In	\$ 5,413,774	4,934,707	3,520,517	2,914,132	3,670,598	3,811,100	6,344,645	5,645,481	7,446,611	\$ 8,645,967
Transfers Out	(7,007,964)	(6,112,792)	(5,865,108)	(5,287,956)	(6,045,376)	(6,033,054)	(8,393,296)	(22,280,745)	(8,673,650)	(9,681,896)
Proceeds from Bonds	-	4,795,000	23,320,000	-	-	9,250,000	-	10,135,000	-	-
Defeasement of Debt	-	(4,725,000)	182,660	-	-	-	-	-	-	-
Refunding Bonds Issuance	-	-	-	-	-	-	-	-	4,545,000	4,650,000
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	-	-	-	(4,533,614)
Capital Lease Proceeds	-	-	-	-	-	-	-	1,394,045	-	-
Proceeds from Sale of Capital Assets	53,668	70,462	68,987	18,749	129,709	440,249	34,612	48,702	120,566	200,083
Total Other Financing Sources (Uses)	(1,540,522)	(1,037,623)	21,227,056	(2,355,075)	(2,245,069)	7,468,295	(2,014,039)	(5,057,517)	3,438,527	(719,460)
Net Change in Fund Balances	\$ (2,516,416)	1,971,750	7,423,490	(6,083,528)	(289,982)	2,365,787	(1,273,158)	608,051	(2,606,561)	\$ 878,911
Capital Asset Expenditures	\$ 1,040,378	904,094	1,420,695	2,663,832	1,703,880	233,768	3,779,066	1,256,121	3,114,656	\$ 2,215,006
Debt Service as a Percentage of Noncapital Expenditures	8.0%	8.1%	32.5%	9.7%	9.3%	27.2%	8.6%	8.0%	15.4%	7.5%

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

CITY OF SPARTANBURG, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value*	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
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%
2016	113,476,606	7,324,060	12,496,157	10,351,108	123,000	143,524,931	105.0	2,160,480,729	6.6%
2017	111,225,265	8,000,230	12,579,360	9,102,398	117,500	140,789,753	105.0	2,247,052,360	6.3%
2018	\$ 116,057,323	7,807,410	13,051,170	9,363,943	123,230	\$ 146,156,616	105.0	\$ 2,165,300,607	6.7%

Source: Spartanburg County Assessor & Auditor's Office

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

CITY OF SPARTANBURG, SOUTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Direct Rates:										
Basic Rate	101.00	101.00	101.00	101.00	101.00	103.00	105.00	105.00	105.00	105.00
Total Direct Rate	101.00	101.00	101.00	101.00	101.00	103.00	105.00	105.00	105.00	105.00
County Rates:										
Spartanburg County	68.40	69.50	69.80	70.80	71.50	73.20	74.40	74.40	74.40	74.40
School District Rates:										
School District #7	227.20	273.90	279.20	274.30	280.40	280.50	286.80	286.80	296.80	296.80
Sewer District Rates:										
Spartanburg Sewer District	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	8.90	8.90

Source: Spartanburg County Tax Auditor's Office

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

CITY OF SPARTANBURG, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

UNAUDITED

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corp	\$ 4,310,884	1	2.9%	\$ 24,641,910	1	17.7%
Yeomans Charles L III et al	2,953,240	2	2.0%	3,403,290	5	2.4%
Suso 4 Dorman, LP	2,046,990	3	1.4%			
ERP Hillcrest, LLC	1,612,050	4	1.1%			
J.M. Smith Corp	1,447,350	5	1.0%			
SSK Land, LLC	1,230,600	6	0.8%			
East Main Redevelopment, LLC	1,115,750	7	0.8%			
HD Development of Maryland, Inc.	1,055,990	8	0.7%			
Denny's Corp	937,300	9	0.6%			
Bellsouth Telecommunications	895,350	10	0.6%	9,082,050	2	6.5%
Mary Black Health System				4,174,600	3	3.0%
Sew Eurodrive Inc				3,661,819	4	2.6%
Tietex International LTD				2,812,880	6	2.0%
Transcontinental Gas Pipeline				2,716,170	7	2.0%
Norfolk Southern Corp				2,647,650	8	1.9%
Piedmont Natural Gas Co Inc				2,625,680	9	1.9%
Inland Western Spartanburg				2,610,630	10	1.9%
Totals	<u>\$ 17,605,504</u>		<u>12.0%</u>	<u>\$ 58,376,679</u>		<u>41.9%</u>

Source: Spartanburg County Tax Auditor's Office

CITY OF SPARTANBURG, SOUTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for		Adjustments to Original Tax Levy for		Adjusted Tax Levy for		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Amount	Percentage of Levy	Years	Amount	Percentage of Levy	
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%	
2016	15,132,219		62,101		15,070,118		14,131,766	93.8%	579,001	14,710,767	97.6%	
2017	14,638,993		(143,931)		14,782,924		14,276,230	96.6%	552,064	14,828,294	100.3%	
2018	\$ 14,619,678		(726,767)		15,346,445		\$ 14,264,062	92.9%	534,520	\$ 14,798,582	96.4%	

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			
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
2016	5,590,000	22,573,619	5,149,281	-	470,000	-	33,782,900	4.3%	900
2017	5,280,000	20,428,814	5,474,154	-	-	-	31,182,968	3.8%	823
2018	\$ 5,275,000	18,137,675	6,452,966	-	-	-	\$ 29,865,641	3.5%	796

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
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
2016	5,590,000	N/A	5,590,000	0.3%	148
2017	5,280,000	N/A	5,280,000	0.2%	139
2018	\$ 5,275,000	N/A	\$ 5,275,000	0.2%	\$ 139

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, 2018

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
General County Purpose	\$ 13,337,789	20%	\$ 2,659,555
School District:			
School District 7	178,318,245	58%	103,692,059
School District 6	12,370,000	16%	1,987,859
Sewer District:			
Spartanburg Sanitary Sewer District (Area-City is 45% of Sewer District Area)	\$ 42,027,000	23%	9,809,102
Subtotal, Overlapping Debt			<u>118,148,575</u>
City of Spartanburg Direct Debt			<u>29,865,641</u>
Total Direct and Overlapping Debt			<u><u>\$ 148,014,216</u></u>

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

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 11,502,078	11,577,932	11,262,914	11,174,957	11,154,283	11,522,923	11,668,270	11,852,614	11,623,959	\$ 12,053,308
Total Net Debt Applicable to Debt Limit	630,000	430,000	7,215,000	6,730,000	6,460,000	6,180,000	5,890,000	5,590,000	5,280,000	5,275,000
Legal Debt Margin	\$ 10,872,078	11,147,932	4,047,914	4,444,957	4,694,283	5,342,923	5,778,270	6,262,614	6,343,959	\$ 6,778,308
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	5.5%	3.7%	64.1%	60.2%	57.9%	53.6%	50.5%	47.2%	45.4%	43.8%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value*	\$ 146,156,616
Plus: Merchant's Inventory	4,509,740
Total Assessed Value	150,666,356
Debt Limit (8% of Total Assessed Value)	12,053,308
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	5,275,000
Total Amount of Debt Applicable to Debt Limit	5,275,000
Legal Debt Margin	\$ 6,778,308

Source: * Spartanburg County Auditor's Office

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

CITY OF SPARTANBURG, SOUTH CAROLINA

PLEGDED REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	**COP/Special Obligation Bonds					Tax Increment Bonds					Revenue Bonds					
	Hospitality Tax	Debt Service 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
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
2016	4,552,714	1,775,000	217,517	2.28	2,437,627	N/A	2,437,627	465,000	174,798	3.81	442,495	289,366	153,129	450,000	36,064	0.32
2017*	4,780,338	1,560,000	410,187	2.43	2,308,353	N/A	2,308,353	385,000	159,732	4.24	445,772	269,036	176,736	470,000	18,424	0.36
2018	\$ 5,041,501	1,560,000	\$ 410,112	2.56	\$ 2,488,645	N/A	\$ 2,488,645	525,000	\$ 102,091	3.97	\$ -	-	-	-	\$ -	-

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

Operating expenses do not include interest or depreciation.

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

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

CITY OF SPARTANBURG, SOUTH CAROLINA

SECURITY FOR THE SERIES 2000 BONDS

FRANCHISE FEES AND COMMISSION OF PUBLIC WORKS PAYMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year		Franchise Fees	CPW Payments		Totals
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
2016		3,466,527	1,000,000		4,466,527
2017		3,448,870	1,000,000		4,448,870
2018	\$	3,535,159	1,000,000	\$	4,535,159

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
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	1,176,998	5,126,345	3,949,347	474	2,085,308	4,653,294	6,738,602
2016	1,176,998	5,025,906	3,848,908	474	2,081,523	4,466,527	6,548,050
2017	1,176,988	5,303,644	4,126,656	485	1,970,075	4,448,870	6,418,945
2018	\$ 1,176,988	4,805,229	\$ 3,628,241	485	\$ 2,063,142	4,535,159	\$ 6,598,301

(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
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
2016	657,060	1,503,144	846,084	474	356,104	4,466,527	4,822,631
2017	657,060	1,542,543	885,483	485	338,278	4,448,870	4,787,148
2018	\$ 657,060	1,729,090	\$ 1,072,030	485	\$ 397,031	4,535,159	\$ 4,932,190

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

* 2008 includes two years of tax collections.

CITY OF SPARTANBURG, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	(1) Population	(2) Personal Income	(2) Per Capita Personal Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate
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%
2016	37,867	789,829,886	20,858	35.7	8,223	5.7%
2017	37,876	827,666,352	21,852	35.3	7,969	4.2%
2018	37,498	\$ 822,331,140	\$ 21,930	35.4	8,234	3.5%

Data Sources:

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

CITY OF SPARTANBURG, SOUTH CAROLINA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2018*			2009		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Spartanburg Regional	7,811	1	20.11%	5,544	1	14.49%
Spartanburg County	1,570	2	4.04%	1,400	2	3.66%
Spartanburg School District #7	1,286	3	3.43%	1,259	3	3.29%
Walmart	749	4	2.00%	754	4	1.97%
American Credit Acceptance	592	5	1.58%			
QSI Headquarters	552	6	1.47%	300	9	0.78%
Advance America, Inc.	518	7	1.38%	396	8	1.04%
Wofford College	500	8	1.33%	325	7	0.85%
City of Spartanburg*	410	9	1.09%	506	5	1.32%
Denny's Corporate Office	309	10	0.82%	400	6	1.05%
Converse College				205	10	0.54%
Totals	14,297		37.26%	11,089		29%

Source: City of Spartanburg Economic Development Division.

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

CITY OF SPARTANBURG, SOUTH CAROLINA

PROPERTY VALUE AND CONSTRUCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Number of Units	Commercial Building Permit Value (A)	Number of Units	Residential Building Permit Value (A)	Commercial	Residential
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
2016	18	132,213,281	24	4,568,776	953,322,989	969,678,243
2017	18	25,422,584	62	9,638,567	1,011,254,028	1,075,833,644
2018	16	\$ 28,351,094	120	\$ 12,742,091	943,321,763	\$ 1,007,252,889

Sources: City Inspections Department
Spartanburg County Assessor's Office

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

CITY OF SPARTANBURG, SOUTH CAROLINA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Finance and Administrative Services	12	14	14	14	13	13	13	13	14	15
Community Development	41	22	25	30	29	29	31	28	32	31
Parks, Recreation, and Special Events	23	17	17	14	15	15	13	15	16	17
Policy Formulation and Administration	40	40	35	35	33	32	32	34	32	31
Public Safety	215	221	220	218	212	212	218	226	211	245
Public Works	107	100	102	81	70	73	73	69	69	78
Business-Type Activities										
Parking Enterprise	2	2	3	3	2	2	1	1	1	1
Airport	9	8	10	10	8	9	9	7	7	6
Total	449	424	426	405	382	385	390	393	382	424

Source: City Payroll

Notes: The City's transit function is provided with the use of outside contract personnel.

Schedule does not include part-time and seasonal workers which are primarily employed by the Parks, Recreation, and Special Events Department.
 Effective January 1, 2008, sewer employees were transferred to Public Works due to the City's transferral of the sewer to Spartanburg Sewer District.

CITY OF SPARTANBURG, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

UNAUDITED

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Finance and Administrative Services										
Business Licenses Issued	5,330	5,567	5,763	5,381	5,101	4,950	4,975	5,595	5,940	5,674
Courtesy Summons Issued	824	610	589	638	542	478	485	358	506	446
Development Services										
Building Permits Issued	2,929	3,026	3,334	3,111	2,862	2,691	2,863	3,526	3,860	4,727
Building Inspections Conducted	5,846	5,042	4,501	4,735	4,266	4,073	3,641	3,723	5,457	6,868
Policy Formulation and Management										
Judicial Cases	13,822	15,319	16,462	14,207	12,176	10,776	13,031	10,636	7,603	8,212
Police Department										
Calls for Service	62,470	75,313	75,480	76,490	77,903	74,867	81,499	80,011	77,269	64,461
Physical Arrests	3,757	4,073	5,420	6,365	5,894	5,361	3,874	4,185	3,616	3,571
Traffic Violations	11,597	11,793	13,226	11,061	10,613	8,276	11,264	8,920	6,509	6,830
Fire Department										
Emergency Responses	2,228	2,127	2,254	2,057	2,113	2,220	2,261	2,508	2,569	3,214
Fires Extinguished	347	277	315	294	273	156	152	193	184	198
Inspections	3,085	3,466	1,482	2,927	934	1,510	1,520	1,900	2,021	1,873
Public Works										
Roads Maintained (miles)	173	174	177	181	187	187	187	187	187	187
Refuse Collection (tons)	10,581	9,291	9,339	8,596	9,319	9,319	9,610	10,309	10,640	11,053
Yard Waste Collection (tons)	-	6,791	7,152	9,166	6,684	7,911	6,585	7,034	4,725	5,328
Recycling Collection (tons)	-	835	925	802	1,048	1,222	1,215	1,205	3,447	3,196
Transit										
Passengers per Year	534,599	519,084	513,886	524,187	520,143	487,579	457,758	432,168	397,546	390,364
Parking										
Garages	3	4	4	4	4	4	4	4	4	4
Parking Lots	5	5	5	5	5	5	5	5	5	7
Total Public Spaces	2,261	3,011	3,011	3,011	3,011	3,011	3,011	3,011	3,011	3,044
Airport										
Fuel Gallons Sold	162,360	193,796	154,407	168,931	260,335	148,561	211,589	251,862	293,034	297,990
Hours of Aircraft Maintenance	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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Community Development										
Traffic Signals	123	123	123	156	130	132	133	133	133	132
Public Safety - Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	80	80	80	80	80	74	122	66	54	108
Public Safety - Fire										
Fire Station	5	5	5	5	5	5	5	5	5	5
Fire Trucks	12	13	13	11	10	10	10	10	10	11
Public Works										
Streets (in Miles)	173	174	177	181	187	187	187	187	187	187
Collection/Refuse Trucks	34	30	30	23	28	28	24	14	11	25
Parks and Recreation										
Parks Acreage	278	278	301	301	301	301	301	301	301	316
Parks	21	21	24	24	24	24	24	24	24	26
Ball fields	10	10	9	9	9	9	9	9	9	9
Swimming Pools	2	2	2	2	2	1	1	1	1	1
Community Centers	4	4	4	2	2	2	2	3	3	3
Solid Waste										
Collection/Refuse Trucks	34	30	30	23	28	28	24	14	11	11
Transit										
Passenger Buses	11	11	10	11	11	12	12	12	11	11
Parking										
Garages	3	4	4	4	4	4	4	4	4	4
Airport										
Community Hangars	4	4	4	4	4	4	4	3	3	3
Maintenance Hangars	1	1	1	1	1	1	1	1	1	1
T-Hangars	30	30	46	46	35	46	46	46	46	46

Sources: Various City departments.

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

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF STATE APPROPRIATIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Local Government Fund	Merchants Inventory	Accommodations Tax	Manufacturing Tax	Total
2010	\$ 1,091,766	694,796	29,406	5,946	\$ 1,821,914
2011	881,044	694,796	30,011	6,046	1,611,897
2012	688,658	694,796	30,207	6,268	1,419,929
2013	690,974	694,796	29,946	5,763	1,421,479
2014	815,000	694,796	31,643	5,763	1,547,202
2015	911,127	694,796	34,235	5,763	1,645,921
2016	911,127	694,796	34,289	5,763	1,645,975
2017	838,339	694,796	35,325	6,380	1,574,840
2018	836,016	694,796	38,289	6,337	1,575,438
2019	\$ 836,020	694,796	40,730	6,829	\$ 1,578,375

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

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Program	CFDA Number	Grant / Contract Number	Expenditures	Expenditures to Subrecipients
DEPARTMENT OF HOUSING / URBAN DEVELOPMENT				
Direct:				
CDBG Entitlement Grant, 40th	14.218	B-14-MC-45-0001	\$ 5,396	\$ 5,396
CDBG Entitlement Grant, 41st	14.218	B-15-MC-45-0001	29,134	28,189
CDBG Entitlement Grant, 42nd	14.218	B-16-MC-45-0001	148,289	10,440
CDBG Entitlement Grant, 43rd	14.218	B-17-MC-45-0001	224,230	29,809
	Subtotal 14.218		<u>407,049</u>	<u>73,834</u>
Home Program Year 2012	14.239	M-12-45-0207	22,194	1,845
Home Program Year 2017	14.239	M-17-45-0207	15,531	-
	Subtotal 14.239		<u>37,725</u>	<u>1,845</u>
TOTAL DEPARTMENT OF HOUSING / URBAN DEVELOPMENT			<u>444,774</u>	<u>75,679</u>
DEPARTMENT OF HOMELAND SECURITY				
Pass Through City of Anderson				
Upstate Regional Type III Incident Management	97.067	9SHP13	578	-
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>578</u>	<u>-</u>
DEPARTMENT OF JUSTICE				
Direct:				
Cops 2014 Cops Hiring Program	16.710	2014-UM-WX-0139	75,427	-
Cops 2016 Cops Hiring Program	16.710	2016-UM-WX-0087	66,668	-
Cops 2017 Cops Hiring Program	16.710	2017-UM-WX-0016	273	-
	Subtotal 16.710		<u>142,368</u>	<u>-</u>
Justice Assistance Grant - Body Worn Cameras Project	16.738	2015-DE-BS-K012	37,775	-
	Subtotal 16.738		<u>37,775</u>	<u>-</u>
Victim Assistance Brochures	16.575	1V14152	878	-
Victims of Crime	16.575	2017 1V17044	52,163	-
	Subtotal 16.575		<u>53,041</u>	<u>-</u>
Grants to Encourage Arrest Policies	16.590	2014-WE-AX-0037	40,958	33,027
Reduce Sexual Assault	16.590	2017-WE-AX-0022	58,066	44,561
	Subtotal 16.590		<u>99,024</u>	<u>77,588</u>
Bulletproof Vest Partnership	16.607	N/A	30,880	-
Law Enforcement Victim Advocate	16.922	IV6043	13,389	-
Pass Through SC Department of Public Safety:				
Paul Coverdell Forensic Science	16.742	INF10007	2,162	-
Reduced Crime for Status Offenders	16.540	IJ12006	9,400	-
Reduced Crime for Status Offenders	16.540	IJ12007	6,921	-
	Subtotal 16.540		<u>16,321</u>	<u>-</u>
Youth Empowerment	16.523	IJS12007	68	-
TOTAL DEPARTMENT OF JUSTICE			<u>\$ 395,028</u>	<u>\$ 77,588</u>

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Program	CFDA Number	Grant / Contract Number	Expenditures	Expenditures to Subrecipients
DEPARTMENT OF TRANSPORTATION				
Direct:				
Federal Aviation Administration:				
Airport Improvement Program (AIP)	20.106	3-45-0051-19	\$ 1,162,348	\$ -
Airport Improvement Program (AIP)	20.106	3-45-0051-20	4,077,755	-
Airport Improvement Program (AIP)	20.106	3-45-0051-22	484,988	-
Airport Improvement Program (AIP)	20.106	3-45-0051-23	281,010	-
	Subtotal 20.106		<u>6,006,101</u>	<u>-</u>
Federal Transit Administration:				
Operating Assistance	20.507	SC-90-X283-00	9,493	-
Operating Assistance	20.507	SC-90-X325-00	577,313	-
Operating Assistance	20.507	SC 2018-045-00	137,532	-
	Subtotal 20.507		<u>724,338</u>	<u>-</u>
Pass Through SC Department of Public Safety:				
Office of Highway Safety and Justice Programs	20.600	PT-2016-HS-18-17	1,098	-
Office of Highway Safety and Justice Programs	20.600	M4HVE-2018-HS-45-18	82,946	-
	Subtotal 20.600		<u>84,044</u>	<u>-</u>
TOTAL DEPARTMENT OF TRANSPORTATION			<u>6,814,483</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass Through Mary Black Foundation				
Addressing Teen Pregnancy in South Carolina	93.297	TPIAH000119-01-00	128,138	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>128,138</u>	<u>-</u>
GRAND TOTALS			<u>\$ 7,783,001</u>	<u>\$ 153,267</u>

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

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, 2018. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B. – BASIS OF ACCOUNTING

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

C. – RELATIONSHIP TO THE FINANCIAL STATEMENTS

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

E. INDIRECT COST RATE

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



City of
SPARTANBURG
south carolina



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and 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, 2018, 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 21, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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OPEN BY APPOINTMENT ONLY

Purpose of this Report

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

Greene Finney, LLP

Greene Finney, LLP
Mauldin, South Carolina
December 21, 2018



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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the City of Spartanburg's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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



Greene Finney, LLP
Mauldin, South Carolina
December 21, 2018

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2018

There were no findings in the prior year.

CITY OF SPARTANBURG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (Uniform Guidance)? Yes X No

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

20.106 Airport Improvement Program

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

Auditee qualified as low-risk auditee? X Yes No

Section II- Findings- Current Year Financial Statements Audit

NONE

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

NONE



City of
SPARTANBURG
south carolina

