



## **CITY OF SPARTANBURG**

SOUTH CAROLINA

# **CITY COUNCIL AGENDA**

City Council Meeting  
**City Council Chambers**  
**145 W. Broad Street**  
Monday, January 22, 2024  
5:30 PM

- I. **Moment of Silence**
- II. **Pledge of Allegiance**
- III. **Approval of the Minutes of the December 11, 2023 and January 8, 2024 Meeting**
- IV. **Approval of the Agenda of the January 22, 2024 Meeting**
- V. **Public Comment**  
\*\*Citizen Appearance forms are available at the door and should be submitted to the City Clerk prior to the start of the meeting\*\*
- VI. **Presentation of the History of Spartanburg City Hall**  
**Presenter: Dr. Phillip Stone, Archivist, Wofford College**
- VII. **FY 2023 Audit and Annual Comprehensive Financial Report**  
**Presenter: Dennis Locke, Finance Director**  
**David Phillips, Partner-Greene, Finney, Cauley, LLP**
- VIII. **Resolution**
  - A. **A Resolution Declaring Juneteenth a City Holiday**  
**Presenter: Robert P. Coler, City Attorney**
  - B. **A Resolution to Update the Annual Salary of the City Manager and City Attorney Pursuant to Recent Performance Reviews and the City's Recently Completed Compensation Analysis.**  
**Presenter: Robert P. Coler, City Attorney**
- IX. **Ordinance**
  - A. **An Ordinance Authorizing the City Manager to Execute Documents Authorizing the Sell of Property Located on Spartanburg Water Works Road bearing Tax Map Number 2-23-00-011.00**  
**Presenter: Robert P. Coler, City Attorney**
- X. **Staff Updates**
- XI. **City Council Updates**

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

**XII. Executive Session**

- A. Pursuant to Section 30-4-70(a)(5) of the South Carolina Code of Laws to Discuss Matters Relating to "Project Knychtrider" an Economic Development Project.**
- B. Pursuant to Section 30-4-70(a)(2) of the South Carolina Code of Laws for Legal Advice Regarding a Development Agreement**

**XIII. Adjournment.**

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



City Council Meeting  
City Council Chambers  
145 W. Broad Street  
Monday, December 11, 2023  
5:30 p.m.

(These minutes to be approved at the January 8, 2023 Council Meeting)

City Council met this date with the following Councilmembers present: Mayor Jerome Rice, Jr, Mayor Pro Tem Rob Rain, Councilmembers Erica Brown, Jamie Fulmer, Ruth Littlejohn, Meghan Smith and Janie Salley. City Manager Chris Story, Deputy City Manager Mitch Kennedy, Assistant City Manager Kevin Limehouse and City Attorney Robert P. Coler were in attendance. Notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act. All City Council meetings are live streamed/recorded. To view the video for a complete transcript, please visit <https://www.cityofspartanburg.org/city-council>

- I. Moment of Silence – observed
- II. Pledge of Allegiance - recited
- III. Approval of the Minutes of the November 27, 2023 City Council Meeting –  
*Councilmember Fulmer made a motion to approve the minutes as received.  
Councilmember Smith seconded the motion, which carried unanimously 7 to 0.*
- IV. Approval of the Agenda for the December 11, 2023 City Council Meeting -  
*Councilmember Salley made a motion to approve the agenda as received.  
Councilmember Littlejohn seconded the motion, which carried unanimously 7 to 0.*
- V. Public Comment –  
\*Citizen Appearance forms are available at the door and should be submitted to the City Clerk
  1. Sevi Alvarez
  2. Guy Boyle
- VI. Proclamation Recognizing Cleveland Academy of Leadership  
Presenter: Jerome Rice, Jr., Mayor  
*Mayor Rice presented Dr. Maurice Clark, Principal of Cleveland Academy of Leadership with the Proclamation. Dr. Clark provided an update to Council on the achievements of Cleveland Academy of Leadership within the last two years.  
Council received presentation as information only.*
- VII. Update on Use of American Rescue Plan Act (ARPA) Funding for Affordable Housing Strategies  
Presenter: Martin Livingston, Community Development Director

## VII. Resolution

### A. Resolution to Authorize the City Manager to Enter Into an Employment Contract For the Municipal Judge

**Presenter: Robert P. Coler, City Attorney**

*Councilmember Salley made a motion to approve the resolution as presented.*

*Councilmember Littlejohn seconded the motion, which carried unanimously 7 to 0.*

## IX. Update on Morgan Square Project

**Presenter: Chris Story, City Manager**

*Chris Story provided Council with an update on the Morgan Square project and they received it as information only.*

## X. Staff Updates-City Manager Chris Story provided Council with updates including the recent hire of a Grants Manager who will start the end of January, 2024. Assistant City Manager Kevin Limehouse provided an update on the parking garage systems and a covered waiting area for the bus at Walmart. Jay Squires, Public Works Director, updated Council regarding the 221 Corridor leading into the City of Spartanburg.

## XI. City Council Updates- Each Councilmember gave updates on their activities since the previous council meeting.

## XII. Executive Session-

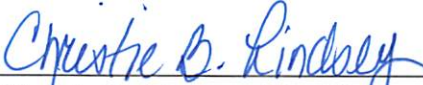
### A. An Executive Session to Discuss Proposed Contractual Arrangements related to the potential lease of City Property Pursuant to Section 30-4-70(a)(2) of the South Carolina Code of Laws.

### B. An Executive Session for the Routine Annual Review of the City Manager And City Attorney pursuant to Section 30-4-70(a)(1) of the South Carolina Code of Laws.

*Councilmember Fulmer made a motion to enter into Executive Sessions at 7:06 p.m.*

*Councilmember Smith seconded the motion, which carried unanimously 7 to 0.*

## XVI. Adjournment – Councilmember Smith made a motion to adjourn the meeting. Councilmember Littlejohn seconded the motion, which carried unanimously 7 to 0. The meeting adjourned at 8:20 p.m.

  
Christie B. Lindsey, City Clerk



**City Council Meeting  
County Council Chambers  
366 N. Church Street  
Monday, January 8, 2024  
5:30 p.m.**

**(These minutes to be approved at the January 22, 2024 Council Meeting)**

**City Council met this date with the following Councilmembers present: Mayor Jerome Rice, Jr, Mayor Pro Tem Rob Rain, Councilmembers Erica Brown, Jamie Fulmer, Ruth Littlejohn, Meghan Smith and Janie Salley. City Manager Chris Story, Deputy City Manager Mitch Kennedy, Assistant City Manager Kevin Limehouse and City Attorney Robert P. Coler were in attendance. Notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act. All City Council meetings are live streamed/recorded. To view the video for a complete transcript, please visit <https://www.cityofspartanburg.org/city-council>**

- I. Moment of Silence – observed**
- II. Pledge of Allegiance - recited**
- III. Swearing-In of City Councilmembers**

**A. The Honorable Meghan B. Smith-City Council District 1**

Master Moses Tucker Smith & Master Solomon Caldwell Smith administered the oath of office for Councilmember Smith. Councilmember Smith was joined by Master Jonah Oliver Smith, Master Abraham Oliver Smith and Reverend David Blanton. Councilmember Smith provided a short statement to the audience after her oath of office.

**B. The Honorable Robert E. Rain-City Council District 2**

Miss Elizabeth (Beth) Lafitte Rain administered the oath of office for Councilmember Rain. Councilmember Rain was joined by Mrs. Dargan McMaster Rain, Miss Anne Wharton Rain, Master Robert Edward Rain, Jr., and Miss Nell Lightsey Rain. Councilmember Rain provided a short statement to the audience after his oath of office.

**C. The Honorable J. Ruth Littlejohn-City Council District 3**

Mr. Horace Littlejohn administered the oath of office for Councilmember Littlejohn. Councilmember Littlejohn was joined by Ms. Marchelee Garrett, Ms. Kerrington Garrett Ms. Kaisleigh Garrett. Councilmember Littlejohn provided a short statement to the audience after her oath of office.

#### **IV. Swearing-In of Municipal Court Judge**

##### **A. The Honorable Jacqueline A. Moss-City Municipal Judge**

The Honorable Usha J. Bridges, Seventh Judicial Circuit Family Court Judge Administered the oath of office for Judge Moss. Judge Moss was joined by Ms. Alicia S. Moss, Ms. Austin C. Moss and Master William Johnson, III. Judge Moss provided a short statement to the audience after her oath of office.

#### **V. Election of 2024 Mayor Pro Tempore**

*Councilmember Littlejohn made a motion to appoint Councilmember Salley as the 2024 Mayor Pro Tempore, Councilmember Brown seconded the motion, which carried Unanimously 6-0.*

#### **VI. Approval of the Agenda for January 8, 2024 City Council Meeting**

*Mayor Pro Tem Salley made a motion to approve the agenda. Councilmember Smith seconded the motion, which carried unanimously 7 to 0.*

#### **VII. Public Comment**

- 1. Chance Lebron**
- 2. Sevi Alvarez**

#### **VII. Adjournment – Councilmember Fulmer made a motion to adjourn the meeting.**

*Mayor Pro Tem Salley seconded the motion, which carried unanimously 7 to 0. The meeting adjourned at 6:07 p.m.*

  
Christie B. Lindsey, City Clerk



## **REQUEST FOR CITY COUNCIL ACTION**

**TO:** Chris Story, City Manager

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

**SUBJECT:** FY 2023 Annual Comprehensive Financial Report

**DATE:** January 17, 2024

**This City's External Auditors, Greene Finney Cauley, LLP will provide a review of the highlights for our Comprehensive Annual Financial Report**



# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

December 21, 2023

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

We have audited 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”) for the year ended June 30, 2023 (“2023”). Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 26, 2023. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Findings**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements.

The City adopted GASB Statement No. 96 “*Subscription-Based Information Technology Arrangements*” (“SBITAs”) for the year ended June 30, 2023 (“GASB #96” or “Statement”). The objective of GASB #96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government should generally recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The adoption of GASB #96 had no impact as the City did not have any significant long-term SBITAs.

Except for the above, no other significant accounting policies were adopted and the application of existing policies was not significantly changed during 2023. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant sensitive estimates affecting the City’s financial statements were:

Management’s estimate of the useful lives of capital assets and the resulting depreciation expense is based on historical data and industry standards. Management’s estimate of the property taxes and accounts receivables and the allowance for uncollectible amounts associated with these balances are based on information provided by the County and historical collection rates. Estimates and assumptions used for the City’s pension plan, the State retirement plans, and the other postemployment benefit plan are based on actuarial valuations (the actuarial valuation assumptions are based on accounting requirements, actuarial standards, historical data, and industry trends) prepared and certified by independent actuaries. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. For purposes of this communication, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City's financial reporting process (that may or may not cause future financial statements to be materially misstated). Since it is inherently judgmental to determine what adjustments would or would not have been detected except through our auditing procedures, a schedule of all adjusting and reporting journal entries is attached, including those prepared by the City as part of their closing process after we obtained the initial trial balance.

In our judgment, there were no material known unrecorded and uncorrected misstatements, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 21, 2023.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### ***Matters for City Council Consideration***

During the course of our audit, we became aware of some findings that have been reported in the compliance section of the 2023 financial statements.

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules, the other postemployment benefit plan schedules, and the pension plan schedules, which are required supplementary information ("RSI") that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information and the schedule of expenditures of federal awards, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled this information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and the statistical section which accompany the financial statements but are not RSI. Such information has 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 it.

**Restriction on Use**

This information is intended solely for the information and use of the Mayor, City Council, and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Greene Finney Cauley, LLP*

Greene Finney Cauley, LLP  
Certified Public Accountants

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12/16/2023 4:57AM

| Entry # | Status | Account/Code                                                                                                                                                                                                                                                                                                                                                                                                       | Description                                   | Workpaper | Debit        | Credit       |
|---------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------|--------------|--------------|
| AJE 1   | Posted | 940-0000-129.01-02                                                                                                                                                                                                                                                                                                                                                                                                 | LOANS RECEIVABLE / CURRENT                    | SDC-01    |              | 12,500.00    |
|         |        | 940-0000-129.01-03                                                                                                                                                                                                                                                                                                                                                                                                 | LOANS RECEIVABLE / LONG TERM                  |           | 12,500.00    |              |
|         |        | 940-0000-341.10-00                                                                                                                                                                                                                                                                                                                                                                                                 | MISCELLANEOUS REVENUE                         |           | 86,250.00    |              |
|         |        | 940-0000-361.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | INTEREST EARNED                               |           |              | 20,250.00    |
|         |        | 940-9201-464.88-03                                                                                                                                                                                                                                                                                                                                                                                                 | UNCOLL/BAD DEBT                               |           |              | 66,000.00    |
|         |        | Reclass Entry: To reclassify AR and revenue accounts to reflect audited balances for SDC                                                                                                                                                                                                                                                                                                                           |                                               |           |              |              |
| AJE 2   | Posted | 215-0000-231.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITIES / NET PENSION LIABILITY           | PB-02     |              | 41,036.00    |
|         |        | 215-0000-145.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | CURRENT ASSETS / DEFERRED OUTFLOWS            |           |              | 79,366.00    |
|         |        | 215-0000-221.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITY / DEFERRED INFLOWS                  |           | 86,225.00    |              |
|         |        | 215-4101-481.23-06                                                                                                                                                                                                                                                                                                                                                                                                 | Pension Expense                               |           | 34,177.00    |              |
|         |        | 225-0000-231.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITIES / NET PENSION LIABILITY           |           |              | 8,780.00     |
|         |        | 225-0000-145.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | CURRENT ASSETS / DEFERRED OUTFLOWS            |           |              | 18,587.00    |
|         |        | 225-0000-221.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITY / DEFERRED INFLOWS                  |           | 25,391.00    |              |
|         |        | 225-6020-435.23-06                                                                                                                                                                                                                                                                                                                                                                                                 | Pension Expense                               |           | 1,976.00     |              |
|         |        | 229-0000-231.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITIES / NET PENSION LIABILITY           |           | 15,880.00    |              |
|         |        | 229-0000-145.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | CURRENT ASSETS / DEFERRED OUTFLOWS            |           |              | 84,007.00    |
|         |        | 229-0000-221.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITY / DEFERRED INFLOWS                  |           | 109,401.00   |              |
|         |        | 229-3108-433.23-06                                                                                                                                                                                                                                                                                                                                                                                                 | Pension Expense                               |           |              | 41,274.00    |
|         |        | Non-audit entry - To record change in Pension Items for FY 2023 related to the implementation of GASB #68/71.                                                                                                                                                                                                                                                                                                      |                                               |           |              |              |
| AJE 3   | Posted | 001-0000-115.10-00                                                                                                                                                                                                                                                                                                                                                                                                 | ACCOUNTS RECEIVABLE / YEAR END A/R            | RR-05     | 462,442.22   |              |
|         |        | 001-0000-321.60-01                                                                                                                                                                                                                                                                                                                                                                                                 | INSURANCE - MASC                              |           |              | 462,442.22   |
|         |        | Client Entry: To record MASC insurance receivable received in September 2023                                                                                                                                                                                                                                                                                                                                       |                                               |           |              |              |
| AJE 4   | Posted | 500-0000-222.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITY / DEFERRED REVENUES                 | RR-05     | 395,087.29   |              |
|         |        | 500-0000-365.10-00                                                                                                                                                                                                                                                                                                                                                                                                 | CONTRIBUTIONS & DONATIONS                     |           |              | 395,087.29   |
|         |        | Audit Entry: To recognize revenue earned by the City from Spartanburg School District 7 for use of the TK Gregg Center and construction projects at TK Gregg                                                                                                                                                                                                                                                       |                                               |           |              |              |
| AJE 5   | Posted | 928-0000-129.01-03                                                                                                                                                                                                                                                                                                                                                                                                 | LOANS RECEIVABLE / LONG TERM                  | AR-LS     |              | 1,820,890.75 |
|         |        | 928-0000-129.01-02                                                                                                                                                                                                                                                                                                                                                                                                 | LOANS RECEIVABLE / CURRENT                    |           |              | 751,294.79   |
|         |        | 928-0000-244.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | FUND BALANCE / RESERVE                        |           | 72,668.30    |              |
|         |        | 928-0000-222.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITY / DEFERRED REVENUES                 |           | 2,487,706.00 |              |
|         |        | 928-0000-361.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | INTEREST EARNED                               |           | 37,153.78    |              |
|         |        | 928-0000-363.10-00                                                                                                                                                                                                                                                                                                                                                                                                 | LEASED PROPERTY                               |           |              | 25,342.54    |
|         |        | Non-audit Entry: This is a financial statement entry to remove the lease receivable and deferred revenue related to the lease agreement between the City and its component unit, Spartanburg Recreational Facilities Corp. These balances are correct for SRFC as a stand-alone entity, but when presented as a blended component unit of the City, these balances need to be eliminated. DO NOT RECORD THIS ENTRY |                                               |           |              |              |
| AJE 6   | Posted | 928-8101-490.75-00                                                                                                                                                                                                                                                                                                                                                                                                 | DEPRECIATION EXPENSE                          | CA-03     |              | 331,806.19   |
|         |        | 928-0000-162.99-00                                                                                                                                                                                                                                                                                                                                                                                                 | BUILDINGS / ACCUMULATED DEPRECIATION          |           | 331,806.19   |              |
|         |        | Audit Entry: To correct accumulated depreciation in the current year.                                                                                                                                                                                                                                                                                                                                              |                                               |           |              |              |
| AJE 7   | Posted | 215-0000-164.99-00                                                                                                                                                                                                                                                                                                                                                                                                 | MACHINERY & EQUIPMENT / ACCUMULATED DEPRECIAT | CA-03     | 639.46       |              |
|         |        | 215-0000-392.10-10                                                                                                                                                                                                                                                                                                                                                                                                 | G/L on Sale                                   |           |              | 639.46       |
|         |        | Client Entry: To correct accumulated depreciation in the Airport Fund.                                                                                                                                                                                                                                                                                                                                             |                                               |           |              |              |
| AJE 8   | Posted | 570-0000-161.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | FIXED ASSETS / LAND                           | CA-03     | 14,990.00    |              |
|         |        | 570-0000-280.10-00                                                                                                                                                                                                                                                                                                                                                                                                 | GENERAL FIXED ASSETS / INV GENERAL FIXED ASSE |           |              | 14,990.00    |
|         |        | Client Entry: To correct land addition.                                                                                                                                                                                                                                                                                                                                                                            |                                               |           |              |              |
| AJE 9   | Posted | 215-0000-203.01-00                                                                                                                                                                                                                                                                                                                                                                                                 | COMPENSATED ABSENCES / CURRENT                | LTD-01    |              | 11,178.93    |
|         |        | 215-0000-203.02-00                                                                                                                                                                                                                                                                                                                                                                                                 | COMPENSATED ABSENCES / COMPENSATED ABSENCES   |           |              | 11,178.93    |
|         |        | 215-4101-481.10-01                                                                                                                                                                                                                                                                                                                                                                                                 | REGULAR                                       |           | 22,357.86    |              |
|         |        | 229-0000-203.01-00                                                                                                                                                                                                                                                                                                                                                                                                 | COMPENSATED ABSENCES / CURRENT                |           | 9,295.54     |              |
|         |        | 229-0000-203.02-00                                                                                                                                                                                                                                                                                                                                                                                                 | COMPENSATED ABSENCES / COMPENSATED ABSENCES   |           |              | 24,610.25    |
|         |        | 229-3108-433.10-01                                                                                                                                                                                                                                                                                                                                                                                                 | REGULAR                                       |           | 15,314.71    |              |
|         |        | Non-audit Entry: To adjust compensated absences balance                                                                                                                                                                                                                                                                                                                                                            |                                               |           |              |              |
| AJE 10  | Posted | 215-0000-232.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITIES / NET OPEB LIABILITY              | OP-04     | 1,701.99     |              |
|         |        | 229-0000-232.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | LIABILITIES / NET OPEB LIABILITY              |           | 3,604.00     |              |
|         |        | 215-0000-222.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | Liability / Deferred Inflows OPEB Credits     |           |              | 1,701.99     |
|         |        | 229-0000-222.00-00                                                                                                                                                                                                                                                                                                                                                                                                 | Liability / Deferred Inflows OPEB Credits     |           |              | 3,604.00     |
|         |        | Reclass Entry: To reclass prior deferred inflow amounts from net OPEB Liability                                                                                                                                                                                                                                                                                                                                    |                                               |           |              |              |

12/16/2023 4:57AM

| Entry # | Status | Account/Code                                                                                                                                                 | Description                                   | Workpaper | Debit      | Credit       |
|---------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------|------------|--------------|
| AJE 11  | Posted | 215-0000-146.00-00                                                                                                                                           | CURRENT ASSETS / DEFERRED OUTFLOWS OPEB       | OP-04     | 1,395.00   |              |
|         |        | 215-0000-222.00-00                                                                                                                                           | Liability / Deferred Inflows OPEB Credits     |           | 1,053.00   |              |
|         |        | 215-0000-232.00-00                                                                                                                                           | LIABILITIES / NET OPEB LIABILITY              |           |            | 518.00       |
|         |        | 215-4101-481.23-07                                                                                                                                           | OPEB Expense                                  |           |            | 1,930.00     |
|         |        | 229-0000-146.00-00                                                                                                                                           | CURRENT ASSETS / DEFERRED OUTFLOWS OPEB       |           | 1,264.00   |              |
|         |        | 229-0000-222.00-00                                                                                                                                           | Liability / Deferred Inflows OPEB Credits     |           | 954.00     |              |
|         |        | 229-0000-232.00-00                                                                                                                                           | LIABILITIES / NET OPEB LIABILITY              |           |            | 470.00       |
|         |        | 229-3108-433.23-07                                                                                                                                           | OPEB Expense                                  |           |            | 1,748.00     |
|         |        | Nonaudit Entry: To record the FY 2023 OPEB liability for the enterprise funds                                                                                |                                               |           |            |              |
| AJE 12  | Posted | 480-0000-335.31-00                                                                                                                                           | ACCOMMODATIONS TAX                            |           | 3,839.03   |              |
|         |        | 480-0000-101.01-00                                                                                                                                           | CASH / CASH POOLED CASH                       |           |            | 3,839.03     |
|         |        | 001-0000-101.01-00                                                                                                                                           | CASH / CASH POOLED CASH                       |           | 3,839.03   |              |
|         |        | 001-0000-335.31-00                                                                                                                                           | ACCOMMODATIONS TAX                            |           |            | 3,839.03     |
|         |        | 995-0000-289.90-01                                                                                                                                           | POOLED CASH EQUITY                            |           |            | 3,839.03     |
|         |        | 995-0000-289.94-80                                                                                                                                           | POOLED CASH EQUITY / POOLED CASH EQUITY       |           | 3,839.03   |              |
|         |        | Client Entry: To correct reclass A Tax revenue                                                                                                               |                                               |           |            |              |
| AJE 13  | Posted | 500-8101-490.30-01                                                                                                                                           | PROFESSIONAL                                  | AP-01     |            | 43,805.49    |
|         |        | 500-0000-206.01-00                                                                                                                                           | RETAINAGE PAYABLE / RETAINAGE PAYABLE         |           | 43,805.49  |              |
|         |        | Audit Entry: To reverse retainage payable that was recorded twice.                                                                                           |                                               |           |            |              |
| AJE 14  | Posted | 500-1803-464.30-01                                                                                                                                           | PROFESSIONAL                                  | AP-01     | 13,458.50  |              |
|         |        | 500-0000-202.01-01                                                                                                                                           | ACCOUNTS PAYABLE / ACCOUNTS PAYABLE (MANUAL)  |           |            | 13,458.50    |
|         |        | Audit Entry: To accrue CIP project amount.                                                                                                                   |                                               |           |            |              |
| AJE 15  | Posted | 570-0000-165.00-00                                                                                                                                           | FIXED ASSETS / CONSTRUCTION IN PROGRESS       | CA-03     |            | 30,346.99    |
|         |        | 570-0000-280.10-00                                                                                                                                           | GENERAL FIXED ASSETS / INV GENERAL FIXED ASSE |           | 30,346.99  |              |
|         |        | Audit Entry: To correct CIP for retainage that was booked twice and project that was not properly accrued.                                                   |                                               |           |            |              |
| AJE 16  | Posted | 110-0000-223.15-00                                                                                                                                           | NOTES PAYABLE / 2018 CAPITAL LEASE            | LTD-01    |            | 113.20       |
|         |        | 110-1602-415.87-01                                                                                                                                           | INTEREST ON OTHER DEBT                        |           | 113.20     |              |
|         |        | Reclass Entry: To adjust outstanding balance to agree to LTO rollforward.                                                                                    |                                               |           |            |              |
| AJE 17  | Posted | 215-0000-253.00-00                                                                                                                                           | FUND BALANCE / UNRESERVED                     |           |            | 34.99        |
|         |        | 215-4101-481.61-07                                                                                                                                           | POSTAGE                                       |           | 34.99      |              |
|         |        | 225-0000-253.00-00                                                                                                                                           | FUND BALANCE / UNRESERVED                     |           |            | 7.92         |
|         |        | 225-6020-435.61-09                                                                                                                                           | OTHER SUPPLIES                                |           | 7.92       |              |
|         |        | 229-0000-279.10-00                                                                                                                                           | RETAINED EARNINGS / UNRESERVED                |           |            | 34.58        |
|         |        | 229-3108-433.61-01                                                                                                                                           | OFFICE SUPPLIES                               |           | 34.58      |              |
|         |        | 110-0000-253.00-00                                                                                                                                           | FUND BALANCE / UNRESERVED                     |           | 7.45       |              |
|         |        | 110-8101-490.88-02                                                                                                                                           | AUDIT ADJUSTMENTS                             |           |            | 7.45         |
|         |        | 178-0000-253.00-00                                                                                                                                           | FUND BALANCE / UNRESERVED                     |           |            | 1.00         |
|         |        | 178-1602-415.52-09                                                                                                                                           | HEALTH SAVINGS ACCOUNTS                       |           | 1.00       |              |
|         |        | 480-0000-253.00-00                                                                                                                                           | FUND BALANCE / UNRESERVED                     |           |            | 1.00         |
|         |        | 480-8101-490.88-01                                                                                                                                           | MISCELLANEOUS                                 |           | 1.00       |              |
|         |        | Client Entry: To correct Beginning Equity.                                                                                                                   |                                               |           |            |              |
| AJE 18  | Posted | 001-0000-330.01-06                                                                                                                                           | PUBLIC SAFETY OVERTIME                        |           | 7,501.71   |              |
|         |        | 001-0000-101.01-00                                                                                                                                           | CASH / CASH POOLED CASH                       |           |            | 7,501.71     |
|         |        | 803-0000-101.01-00                                                                                                                                           | CASH / CASH POOLED CASH                       |           | 7,501.71   |              |
|         |        | 803-0000-222.00-00                                                                                                                                           | LIABILITY / DEFERRED REVENUES                 |           |            | 7,501.71     |
|         |        | 995-0000-289.90-01                                                                                                                                           | POOLED CASH EQUITY                            |           | 7,501.71   |              |
|         |        | 995-0000-289.98-03                                                                                                                                           | POOLED CASH EQUITY / POOLED CASH EQUITY       |           |            | 7,501.71     |
|         |        | Client Entry: To reclass federal forfeited funds to correct fund.                                                                                            |                                               |           |            |              |
| AJE 19  | Posted | 940-0000-129.01-03                                                                                                                                           | LOANS RECEIVABLE / LONG TERM                  | SDC-01    |            | 1,200,000.00 |
|         |        | 940-0000-115.90-00                                                                                                                                           | ACCOUNTS RECEIVABLE / ALLOWANCE - BAD DEBT    |           | 600,000.00 |              |
|         |        | 940-9201-464.88-03                                                                                                                                           | UNCOLL/BAD DEBT                               |           | 300,000.00 |              |
|         |        | 940-0000-234.01-00                                                                                                                                           | LOANS PAYABLE / LOANS PAYABLE                 |           | 300,000.00 |              |
|         |        | Non-audit Entry: To write-off the notes receivable/payable related to Community Grocers.                                                                     |                                               |           |            |              |
| AJE 20  | Posted | 708-0000-331.11-28                                                                                                                                           | 2021 CDBG                                     |           | 4,258.00   |              |
|         |        | 708-0000-331.11-29                                                                                                                                           | 2022 CDBG                                     |           |            | 4,258.00     |
|         |        | 500-0000-101.02-01                                                                                                                                           | CASH / TRUIST BANK                            |           | 2,301.55   |              |
|         |        | 500-0000-101.01-00                                                                                                                                           | CASH / CASH POOLED CASH                       |           |            | 2,301.55     |
|         |        | 001-0000-101.01-00                                                                                                                                           | CASH / CASH POOLED CASH                       |           | 2,301.55   |              |
|         |        | 001-0000-101.02-01                                                                                                                                           | CASH / TRUIST BANK                            |           |            | 2,301.55     |
|         |        | 995-0000-289.90-01                                                                                                                                           | POOLED CASH EQUITY                            |           |            | 2,301.55     |
|         |        | 995-0000-289.95-01                                                                                                                                           | POOLED CASH EQUITY                            |           | 2,301.55   |              |
|         |        | Client Entry - To reclass revenue and correct a journal entry.                                                                                               |                                               |           |            |              |
| AJE 21  | Posted | 500-0000-337.00-00                                                                                                                                           | LOCAL GRANTS & DONATIONS                      | RR-07     | 125,000.00 |              |
|         |        | 320-0000-337.00-00                                                                                                                                           | LOCAL GRANTS & DONATIONS                      |           |            | 125,000.00   |
|         |        | 320-8101-491.90-00                                                                                                                                           | TRANSFERS                                     |           | 125,000.00 |              |
|         |        | 500-0000-391.90-20                                                                                                                                           | TRANSFER IN                                   |           |            | 125,000.00   |
|         |        | Audit Entry: The City initially moved revenue from Fund 320 to fund 500. However, this revenue was recognized in prior years and should have been a transfer |                                               |           |            |              |

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| Entry # | Status | Account/Code                                                                                                                                     | Description                                                         | Workpaper | Debit                        | Credit                       |
|---------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------|------------------------------|------------------------------|
| AJE 22  | Posted | 928-8101-491.90-00<br>928-8101-490.30-05                                                                                                         | TRANSFERS<br>OTHER                                                  | IF-02     | 619,682.00                   | 619,682.00                   |
|         |        | Financial Statement Reclassification Entry:<br>To reclass SRFC payments to the City from an<br>expenditure account to a transfer out<br>account. |                                                                     |           |                              |                              |
| AJE 23  | Posted | 215-0000-221.02-00<br>215-0000-361.00-00                                                                                                         | DEFERRED INFLOWS / LEASES<br>INTEREST EARNED                        | AR-07b2   | 22,538.00                    | 22,538.00                    |
|         |        | Nonaudit Entry: To record lease revenue<br>related to the activity in GASB 87                                                                    |                                                                     |           |                              |                              |
| AJE 24  | Posted | 543-0000-364.01-00<br>543-8101-491.90-00<br>500-0000-391.90-43<br>500-0000-364.01-00                                                             | SALE OF PROPERTY<br>TRANSFER OUT<br>TRANSFER IN<br>SALE OF PROPERTY | IF-02     | 1,825,000.00<br>1,825,000.00 | 1,825,000.00<br>1,825,000.00 |
|         |        | Reclassification Entry: to move property<br>sale proceeds to correct fund.                                                                       |                                                                     |           |                              |                              |
| AJE 25  | Posted | 001-0000-222.01-00<br>001-0000-311.02-00                                                                                                         | DEFERRED REVENUES / DEFERRED TAX REVENUES<br>REAL ESTATE TAXES      |           | 12,328.63                    | 12,328.63                    |
|         |        | Non-Audit Entry: To adjust deferred tax<br>amounts.                                                                                              |                                                                     |           |                              |                              |
| TOTALS  |        |                                                                                                                                                  |                                                                     |           | 10,118,777.96                | 10,118,777.96                |

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| Entry #                                            | Status | Account/Code                                                                                                                                                                                                                                                                                                        | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Workpaper | Debit                                                                                                                          | Credit                                                                         |
|----------------------------------------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| RJE 1                                              | Posted | RE 001-0000-088.80-20<br>001-0000-088.80-50                                                                                                                                                                                                                                                                         | REPORTING - CAPITAL ASSETS GROSS<br>REPORTING - INVESTED IN CAPITAL ASSETS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | GASB34-A  | 61,855,454.00                                                                                                                  | 61,855,454.00                                                                  |
| To record the beginning balance of capital assets. |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 2                                              | Posted | RE 001-0000-088.80-20<br>001-0000-088.80-74<br>001-0000-088.80-76<br>001-0000-088.80-77                                                                                                                                                                                                                             | REPORTING - CAPITAL ASSETS GROSS<br>REPORTING - FACILITIES & EVENTS - CAPITAL OUTLAY<br>REPORTING - PUBLIC SAFETY - CAPITAL OUTLAY<br>REPORTING - PUBLIC WORKS - CAPITAL OUTLAY                                                                                                                                                                                                                                                                                                                                                                                                                                                | GASB34-A  | 5,016,712.00                                                                                                                   | 3,688,772.00<br>1,312,940.00<br>15,000.00                                      |
| To record capital asset additions.                 |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 3                                              | Posted | RE 001-0000-088.80-84<br>001-0000-088.80-85<br>001-0000-088.80-86<br>001-0000-088.80-87<br>001-0000-088.80-20                                                                                                                                                                                                       | REPORTING - FACILITIES & EVENTS - DEPRECIATION<br>REPORTING - POLICY FORMATION & MGT - DEPRECIATION<br>REPORTING - PUBLIC SAFETY - DEPRECIATION<br>REPORTING - PUBLIC WORKS - DEPRECIATION<br>REPORTING - CAPITAL ASSETS GROSS                                                                                                                                                                                                                                                                                                                                                                                                 | GASB34-A  | 621,021.00<br>387,428.00<br>99,299.00<br>668,628.00                                                                            | 1,776,376.00                                                                   |
| To record depreciation expense by function.        |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 4                                              | Posted | RE 001-0000-088.81-10<br>001-0000-088.80-20                                                                                                                                                                                                                                                                         | REPORTING - G/L ON DISPOSAL OF CAPI<br>REPORTING - CAPITAL ASSETS GROSS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | GASB34-A  | 318,606.00                                                                                                                     | 318,606.00                                                                     |
| To record disposal of capital assets.              |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 5                                              | Posted | RE 540-0000-088.80-51<br>540-0000-088.80-30<br>540-0000-088.81-00<br>540-0000-088.80-30                                                                                                                                                                                                                             | REPORTING - RESTRICTED FOR DEBT SER<br>REPORTING - ACCRUED INTEREST PAYABL<br>REPORTING - INTEREST AND FISCAL CHA<br>REPORTING - ACCRUED INTEREST PAYABL                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | GASB34-A  | 223,414.00<br>7,713.00                                                                                                         | 223,414.00<br>7,713.00                                                         |
| To record accrued interest.                        |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 6                                              | Posted | RE 001-0000-088.80-50<br>001-0000-088.80-56<br>001-0000-088.80-32<br>001-0000-088.80-41                                                                                                                                                                                                                             | REPORTING - INVESTED IN CAPITAL ASSETS<br>REPORTING - UNRESTRICTED NET ASSETS<br>REPORTING - ACCRUED COMPENSATED ABS<br>REPORTING - DUE IN MORE THAN ONE YE                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | GASB34-A  | 28,824,894.00<br>3,877,421.00                                                                                                  | 3,877,421.00<br>28,824,894.00                                                  |
| To record long term debt.                          |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 7                                              | Posted | RE 001-0000-088.80-90<br>001-0000-088.80-91<br>001-0000-088.80-92<br>001-0000-088.80-94<br>001-0000-088.80-95<br>001-0000-088.80-96<br>001-0000-088.80-97<br>001-0000-088.80-32                                                                                                                                     | REPORTING - ADMINISTRATION - COMPENSATED ABSENCES<br>REPORTING - COMMUNITY DEVELOPMENT - COMPENSATED AB<br>REPORTING - DEVELOPMENT SERVICES - COMPENSATED ABS<br>REPORTING - FACILITIES & EVENTS - COMPENSATED ABSE<br>REPORTING - POLICY FORMATION & MGT - COMPENSATED A<br>REPORTING - PUBLIC SAFETY - COMP ABSENCES<br>REPORTING - PUBLIC WORKS - COMP ABSENCES<br>REPORTING - ACCRUED COMPENSATED ABS                                                                                                                                                                                                                      | GASB34-A  | 27,111.00<br>14,620.00<br>12,694.00<br>24,668.00<br>68,583.00<br>344,703.00<br>79,119.00                                       | 571,498.00                                                                     |
| To record debt activity.                           |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 8                                              | Posted | RE 001-0000-088.80-41<br>001-0000-088.81-00                                                                                                                                                                                                                                                                         | REPORTING - DUE IN MORE THAN ONE YE<br>REPORTING - INTEREST AND FISCAL CHA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | GASB34-A  | 3,090,359.00                                                                                                                   | 3,090,359.00                                                                   |
| To record principal reductions.                    |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 9                                              | Posted | RE 001-0000-088.80-41<br>001-0000-088.80-40                                                                                                                                                                                                                                                                         | REPORTING - DUE IN MORE THAN ONE YE<br>REPORTING - DUE WITHIN ONE YEAR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | GASB34-A  | 4,867,803.00                                                                                                                   | 4,867,803.00                                                                   |
| To setup the current portion of long term debt.    |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 10                                             | Posted | RE 001-0000-088.80-26<br>001-0000-088.80-56<br>001-0000-088.80-98                                                                                                                                                                                                                                                   | REPORTING - LAND HELD FOR SALE<br>REPORTING - UNRESTRICTED NET ASSETS<br>REPORTING - LAND HELD FOR SALE PURCHASES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | GASB34-A  | 1,165,566.00                                                                                                                   | 1,099,362.00<br>66,204.00                                                      |
| To record changes in deferred revenue.             |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 11                                             | Posted | RE 210-0000-088.80-31<br>001-0000-088.80-53<br>708-0000-088.80-31<br>001-0000-088.80-53                                                                                                                                                                                                                             | REPORTING - DEFERRED REVENUE<br>REPORTING - RESTRICTED FOR OPEB<br>REPORTING - DEFERRED REVENUE<br>REPORTING - RESTRICTED FOR OPEB                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | GASB34-A  | 60,617.00<br>49,682.00                                                                                                         | 60,617.00<br>49,682.00                                                         |
| To record lots purchase for resale.                |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |
| RJE 12                                             | Posted | RE 001-0000-088.80-56<br>001-0000-088.80-42<br>001-0000-088.80-28<br>001-0000-088.80-43<br>001-0000-088.81-20<br>001-0000-088.81-24<br>001-0000-088.81-23<br>001-0000-088.81-27<br>001-0000-088.81-21<br>001-0000-088.81-26<br>001-0000-088.80-42<br>001-0000-088.80-28<br>001-0000-088.80-43<br>001-0000-088.81-25 | REPORTING - UNRESTRICTED NET ASSETS<br>Net Pension Liability<br>Deferred Outflows - Deferred Pension Charges<br>Deferred Inflows - Deferred Pension Credits<br>REPORTING - PUBLIC SAFETY - PENSION EXPENSE<br>Reporting - Parks & Recr - Pension Expense<br>Reporting - Dev. Services - Pension Expense<br>Reporting - Public Works - Pension Expense<br>Reporting - Finance & Admin - Pension Expense<br>Reporting - Operating - Pension Expense<br>Net Pension Liability<br>Deferred Outflows - Deferred Pension Charges<br>Deferred Inflows - Deferred Pension Credits<br>Reporting - Policy Form. & Mgt. - Pension Expense | GASB34-A  | 43,077,003.00<br>10,881,811.00<br>446,698.00<br>48,628.00<br>91,868.00<br>154,079.00<br>43,899.00<br>20,744.00<br>7,495,539.00 | 43,419,062.00<br>10,539,752.00<br>4,038,771.00<br>3,054,961.00<br>1,207,723.00 |
| To record the net pension liability.               |        |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                                                                                                                                |                                                                                |

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| Entry # | Status | Account/Code                                                    | Description                                       | Workpaper | Debit          | Credit         |
|---------|--------|-----------------------------------------------------------------|---------------------------------------------------|-----------|----------------|----------------|
| RJE 13  | Posted | RE 001-0000-088.80-31                                           | REPORTING - DEFERRED REVENUE                      | GASB34-A  | 1,630,061.00   |                |
|         |        | 543-0000-088.80-31                                              | REPORTING - DEFERRED REVENUE                      |           | 16,642.00      |                |
|         |        | 001-0000-088.80-60                                              | REPORTING - PROPERTY TAX REVENUE                  |           | 42,869.00      |                |
|         |        | 543-0000-088.80-60                                              | REPORTING - TAX INCREMENT REVENUE                 |           |                | 7,568.00       |
|         |        | 001-0000-088.80-56                                              | REPORTING - UNRESTRICTED NET ASSETS               |           |                | 1,528,187.00   |
|         |        | 540-0000-088.80-51                                              | REPORTING - RESTRICTED FOR DEBT SER               |           |                | 9,074.00       |
|         |        | 001-0000-088.80-61                                              | REPORTING - TRASH FEE REVENUE                     |           |                | 144,743.00     |
|         |        | 001-0000-088.80-56                                              | REPORTING - UNRESTRICTED NET ASSETS               |           |                | 310,768.00     |
|         |        | 001-0000-088.80-61                                              | REPORTING - TRASH FEE REVENUE                     |           | 310,768.00     |                |
|         |        | 001-0000-088.80-31                                              | REPORTING - DEFERRED REVENUE                      |           | 87,017.00      |                |
|         |        | 001-0000-088.80-61                                              | REPORTING - TRASH FEE REVENUE                     |           |                | 87,017.00      |
|         |        | To record the change in taxes receivable.                       |                                                   |           |                |                |
| RJE 14  | Posted | RE 001-0000-088.82-23                                           | Reporting - Fin & Admin - OPEB Expense            | GASB34-A  |                | 359.00         |
|         |        | 001-0000-088.82-21                                              | Reporting - community Dev. - OPEB Expense         |           |                | 361.00         |
|         |        | 001-0000-088.82-22                                              | Reporting - Parks & Recr - OPEB Expense           |           |                | 326.00         |
|         |        | 001-0000-088.82-25                                              | Reporting - Policy and Formulation - OPEB Expense |           |                | 907.00         |
|         |        | 001-0000-088.82-20                                              | Reporting - Public Safety - OPEB Expens           |           |                | 4,561.00       |
|         |        | 001-0000-088.82-24                                              | Reporting - Public works - OPEB Expense           |           |                | 1,047.00       |
|         |        | 001-0000-088.80-29                                              | REPORTING - DEFERRED OPEB CHARGES                 |           | 112,841.00     |                |
|         |        | 001-0000-088.80-44                                              | REPORTING - DEFERRED OPEB CHARGES                 |           | 33,033.00      |                |
|         |        | 001-0000-088.80-30                                              | Reporting OPEB Asset/Liability                    |           |                | 138,313.00     |
|         |        | 001-0000-088.80-44                                              | REPORTING - DEFERRED OPEB CHARGES                 |           |                | 198,467.00     |
|         |        | 001-0000-088.80-30                                              | Reporting OPEB Asset/Liability                    |           |                | 684,837.00     |
|         |        | 001-0000-088.80-29                                              | REPORTING - DEFERRED OPEB CHARGES                 |           | 179,989.00     |                |
|         |        | 001-0000-088.80-53                                              | REPORTING - RESTRICTED FOR OPEB                   |           | 703,315.00     |                |
|         |        | To record the OPEB beginning balance and activity for the year. |                                                   |           |                |                |
| TOTALS  |        |                                                                 |                                                   |           | 177,082,919.00 | 177,082,919.00 |

# Annual Comprehensive Financial Report

## Fiscal Year Ended June 30, 2023





# **Annual Comprehensive Financial Report**

**City of Spartanburg, South Carolina**

Fiscal Year Ended June 30, 2023

Prepared by the City's Finance Division



City of  
**SPARTANBURG**  
south carolina

CITY OF SPARTANBURG, SOUTH CAROLINA

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**City of Spartanburg**  
**Finance Department**  
PO Box 1749  
145 W Broad Street  
Spartanburg, SC 29304  
Phone: 864-596-2059  
Fax: 864-596-2424  
[www.cityofspartanburg.org](http://www.cityofspartanburg.org)

December 21, 2023

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 ("City") Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. 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 Annual Comprehensive Financial Report ("ACFR") of the City.

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'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's financial statements have been audited by Greene Finney Cauley, LLP, a firm of licensed public accountants. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ending June 30, 2023 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's financial statements for the fiscal year ended June 30, 2023 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 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 ACFR.

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 ACFR.

## **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 341,000, 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, as listed in the table of contents, is presented 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***

Our local economy has grown from a frontier area to a major textile hub to a diversified manufacturing center. Spartanburg County is home to world-class international firms and the highest per-capita foreign investment in South Carolina. The City is at the Hub of this growth and development. According to One Spartanburg, our local Chamber of Commerce, Spartanburg was listed 1<sup>st</sup> for small Metro for Economic Growth, 2<sup>nd</sup> in Job Market for the U.S. and the 4<sup>th</sup> Best place to live in South Carolina. The unemployment rate has remained relatively flat at 6.3% as of June 30th.

### ***Financial Policies and Practices***

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

## Major Initiatives and Long-Term Financial Planning

- In July 2022, City Council approved the creation of a committee to make recommendations on physical enhancements to Morgan Square. The committee is tasked with spearheading a robust public engagement process and will work with design professionals to draft recommendations on enhancements to Morgan Square. It is comprised of a diverse selection of City residents and stakeholders, including downtown restaurants, retail business owners, City planning board members, experts in local development, architecture, and community activists.
- In August 2022, City Council gave final approval to an annexation of property at 225 Milliken Street, home to a new 297 unit apartment development called “The Lively”. Located near the redeveloped Drayton Mill Property and along the Lower Drayton Mills Trail portion of the Daniel Morgan Trail System, 10 percent of the development’s units will be reserved as affordable housing for households making below 80percent of Spartanburg’s area median income. The \$50 million development includes one, two, and three bedroom units and will feature a dog park, community fire pit, fitness center, pool and pet spas.
- In December 2022, City Council approved a contract with a consultant firm Management Advisory Group International Inc. to conduct a study of the City’s overall pay and compensation system for City employees. In a presentation to City Council, the City’s Human Resources Director said that the consultants would take about four months to complete the study, which would include surveying employees, a Citywide jobs analysis, and market study comparing current pay wages with those of peer government organizations and private sector equivalents.
- In June 2023, the City announced plans for New Stadium, and \$250 Million Development for Downtown Spartanburg growth. It’s a modern minor league ballpark, a home for the Texas Rangers’ Class-A affiliate, anchoring a \$250 million mixed use development tucked into the Grand District on Downtown’s emerging western gateway. A Next-Level Public-Private Partnership of which the 3500 seat baseball stadium will be just a portion. In addition to the ballpark, the 16 acre parcel that sits adjacent to the AC Hotel is expected to include dozens, perhaps hundreds of units of multi-family housing as well as tens of thousands of squares feet of office, entertainment, conference, retail and restaurant space. The Johnson Group will develop the entire project, while the City and Spartanburg County are essential partners in the project. The City will own the stadium, and the team will move to Spartanburg from its current home in Kinston, N.C.

## 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 ACFR for the 30th consecutive year for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR 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,



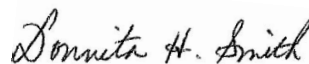
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Chris Story  
City Manager



---

Dennis R. Locke, CGFO  
Finance and Budget Director



---

Donnita H. Smith, CGFO  
Assistant Finance and Budget Director





## **PRINCIPAL OFFICIALS AS OF JUNE 30, 2023**

### **CITY COUNCIL**

**Jerome Rice, Mayor**

**Rob Rain, Mayor Pro Tem**

**Meghan Smith, Council Member**

**Ruth Littlejohn, Council Member**

**Jamie Fulmer, Council Member**

**Janie Salley, Council Member**

**Erica Brown, Council Member**

### **APPOINTED OFFICIALS**

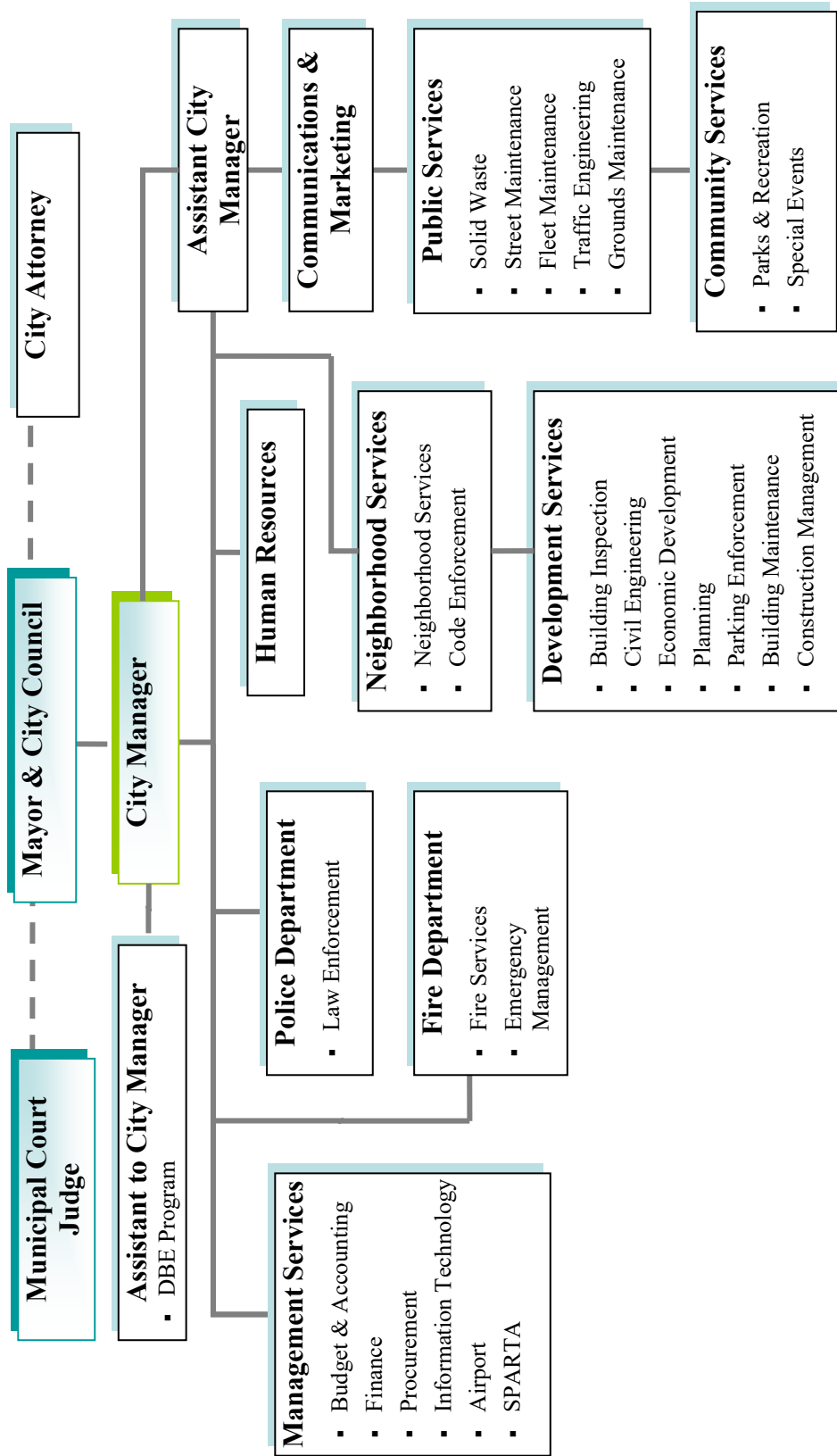
**Chris Story  
City Manager**

**Robert P. Coler  
City Attorney**

**Jacqueline Moss  
Interim Chief Municipal Judge**

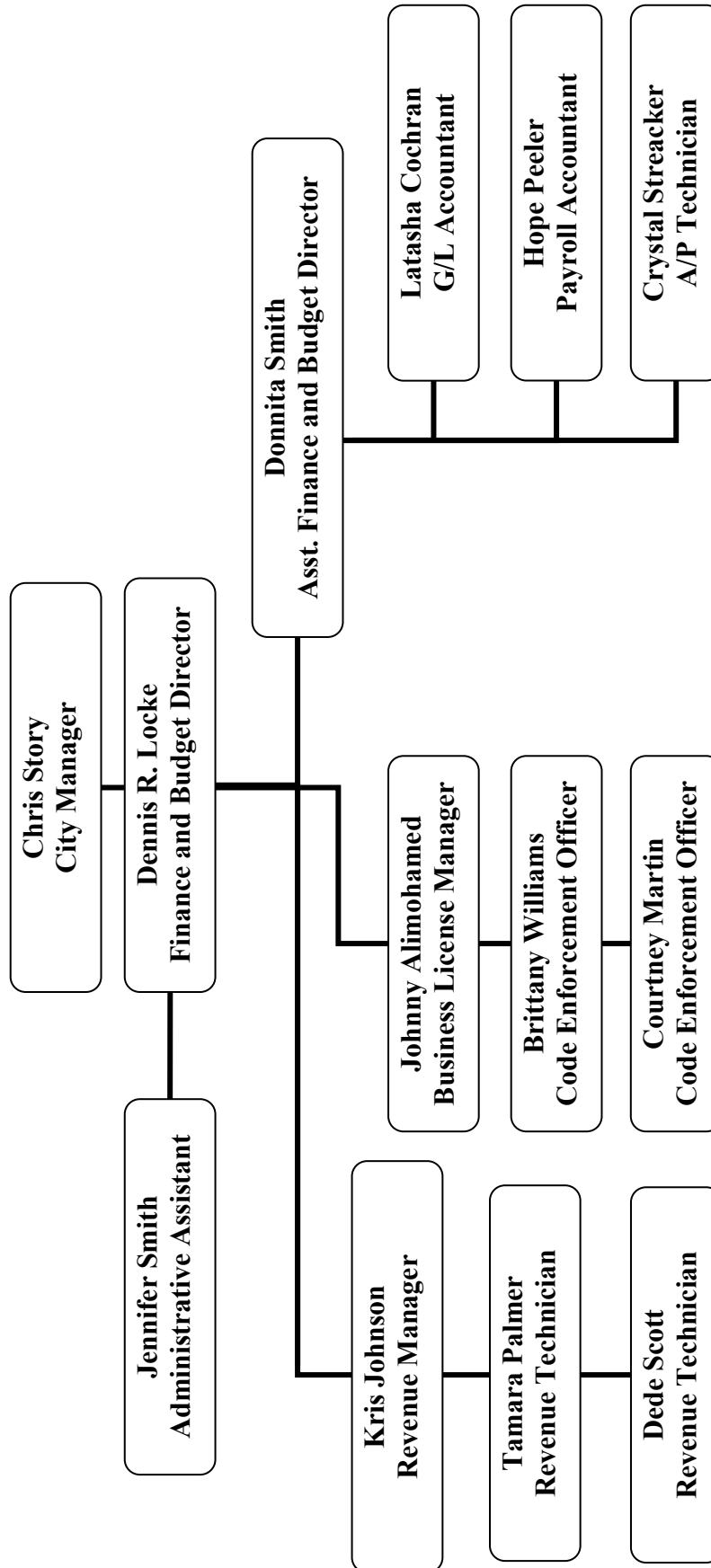


# City of Spartanburg Organizational Chart





# Finance Division







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Spartanburg  
South Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO





**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spartanburg, South Carolina (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023, 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.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to the financial audits contained in *Government Auditing Standards* ("Government Auditing Standards"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Correction of an Error***

As discussed in Note IV.K in the notes to the financial statements, in the year ended June 30, 2023 the City discovered an error relating to the reporting of its capital assets balances that impacted its governmental activities in the government-wide financial statements as of June 30, 2022. As a result, the beginning net position has been restated in the current year financial statements to correct this error. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

### ***Required Supplementary Information***

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

### ***Supplementary 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 supplementary information, as listed in the table of contents, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 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 solely 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 the effectiveness of the City's 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 Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
December 21, 2023

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## CITY OF SPARTANBURG, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED JUNE 30, 2023

---

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, 2023 ("FY 2023" or "2023") compared to year ended June 30, 2022 ("FY 2022" or "2022"). The intent of this management's discussion and analysis ("MD&A") is to look at the City's financial performance as a whole. 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 2023 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 \$84,959,000 (Net Position). Of this amount, approximately (\$36,594,000) is a negative unrestricted net position and is the result of pension and other postemployment benefit ("OPEB") accounting standards that were implemented in 2015 and 2018, respectively.
- The City's total net position increased by approximately \$6,581,000 which consisted of an increase in governmental activities of approximately \$9,462,000 and a decrease in business-type activities of approximately \$2,881,000. The increase in governmental activities was due to revenues exceeding expenses. The decrease in business-type activities was due to expenses exceeding revenues.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of approximately \$26,843,000, an increase of approximately \$3,857,000 or approximately 17% in comparison with the prior year fund balance of approximately \$22,986,000. The fund balance for the General Fund increased approximately \$1,693,000 (12%) to approximately \$15,659,000 at June 30, 2023 compared to the prior year fund balance of approximately \$13,966,000. The increase is primarily due to revenues and net other financing sources exceeding expenditures in the current year. Approximately \$118,000 of the fund balance in the General Fund at year end is nonspendable (prepaids and inventories), approximately \$250,000 is assigned for insurance costs, approximately \$6,829,000 is assigned as they were appropriated for capital projects in the fiscal year 2024 ("FY 2024") budget, and the remainder of approximately \$8,462,000 is unassigned.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund (\$8,462,000) was approximately 18% of total General Fund expenditures.
- The City's total capital assets increased by approximately \$200,000 (<1%) from the restated prior year balance. The beginning balance was restated by approximately (\$2,896,000) for a correction of an error. See note IV.K in the notes to the financial statements for more details. Total additions were approximately \$7,009,000 which were partially offset by depreciation expense of approximately \$6,491,000 and disposals of approximately \$318,000.
- The City's debt decreased by approximately \$1,438,000 or 3% during the current year. The decrease was due to regularly scheduled principal payments of approximately \$5,290,000, partially offset by the issuance of two new financed purchase agreements for \$3,852,000.
- The City adopted GASB Statement No. 96 "*Subscription-Based Information Technology Arrangements*" ("SBITAs") for the year ended June 30, 2023 ("GASB #96" or "Statement"). The objective of GASB #96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government should generally recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The adoption of GASB #96 had no impact as the City did not have any significant long-term SBITAs.

#### 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*.

## 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 financial statements include not only the City itself but also two component units - the Downtown Development Committee Nonprofit Corporation (nonmajor special revenue fund) and the Spartanburg Recreational Facilities Corporation (major enterprise fund). These are separate nonprofit corporations for which the City is financially accountable. Financial information for the two Corporations are included in the amounts reported for the City ("Primary Government") because the nonprofit entities are considered blended component units, and as such, are included in the City's governmental activities and business-type activities, respectively.

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, Storm Water, and Spartanburg Recreational Facilities Corporation. The government-wide financial statements can be found as listed in the table of contents of this report.

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

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The City maintains several different types of governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Hospitality Tax Fund, and ARPA Fund 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, Storm Water, and Spartanburg Recreational Facilities Corporation operations. The Internal Service Funds include those that provide centralized services, usually on a citywide basis. The main purpose of these funds is to identify costs associated with these services. These funds include the Equipment Replacement Fund and the Medical Insurance Trust Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the Transit, Parking, Airport, Storm Water, and Spartanburg Recreational Facilities Corporation, 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 Custodial 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.

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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.

| <b>Major Features of the City's Government-Wide and Fund Financial Statements</b> |                                                                                                                  |                                                                                                                                                                                            |                                                                                                                                                                                          |                                                                                                                                                   |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                   | <b>Fund Financial Statements</b>                                                                                 |                                                                                                                                                                                            |                                                                                                                                                                                          |                                                                                                                                                   |
|                                                                                   | <b>Government-Wide<br/>Financial Statements</b>                                                                  | <b>Governmental Funds</b>                                                                                                                                                                  | <b>Proprietary<br/>Funds</b>                                                                                                                                                             | <b>Fiduciary<br/>Funds</b>                                                                                                                        |
| <b>Scope</b>                                                                      | 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.                                                                 |
| <b>Required financial statements</b>                                              | <ul style="list-style-type: none"> <li>▪ Statement of Net Position</li> <li>▪ Statement of Activities</li> </ul> | <ul style="list-style-type: none"> <li>▪ Balance sheet</li> <li>▪ Statement of revenues, expenditures, and changes in fund balances</li> </ul>                                             | <ul style="list-style-type: none"> <li>▪ Statement of Net Position</li> <li>▪ Statement of revenues, expenses, and changes in Net Position</li> <li>▪ Statement of Cash Flows</li> </ul> | <ul style="list-style-type: none"> <li>▪ Statement of fiduciary Net Position</li> <li>▪ Statement of changes in fiduciary Net Position</li> </ul> |
| <b>Accounting basis and measurement focus</b>                                     | 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                                                                                                   |
| <b>Type of balance sheet information</b>                                          | 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.                                                                                        |
| <b>Type of inflow/outflow information</b>                                         | 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, 2023

### 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 \$84,959,000 at the close of the most recent fiscal year. The following table provides a summary of the City's Net Position at June 30, 2023 compared to June 30, 2022:

|                                       | Governmental Activities |              | Business-Type Activities |            | Total        |               |
|---------------------------------------|-------------------------|--------------|--------------------------|------------|--------------|---------------|
|                                       | 2023                    | 2022*        | 2023                     | 2022       | 2023         | 2022*         |
| <b>Assets</b>                         |                         |              |                          |            |              |               |
| Current & Other Assets                | \$ 57,905,923           | 49,726,736   | 11,516,852               | 11,391,221 | 69,422,775   | \$ 61,117,957 |
| Capital Assets, Net                   | 73,715,032              | 70,512,186   | 66,876,767               | 69,880,018 | 140,591,799  | 140,392,204   |
| Total Assets                          | 131,620,955             | 120,238,922  | 78,393,619               | 81,271,239 | 210,014,574  | 201,510,161   |
| <b>Deferred Outflows of Resources</b> | 8,119,680               | 11,061,800   | 208,617                  | 387,996    | 8,328,297    | 11,449,796    |
| <b>Liabilities</b>                    |                         |              |                          |            |              |               |
| Long-Term Liabilities                 | 37,682,630              | 38,548,817   | 15,159,275               | 15,121,602 | 52,841,905   | 53,670,419    |
| Net Pension Liability                 | 47,457,833              | 43,419,062   | 1,455,550                | 1,421,614  | 48,913,383   | 44,840,676    |
| Net OPEB Liability                    | 823,150                 | 684,837      | 25,816                   | 24,828     | 848,966      | 709,665       |
| Other Liabilities                     | 24,777,939              | 21,582,694   | 507,964                  | 487,964    | 25,285,903   | 22,070,658    |
| Total Liabilities                     | 110,741,552             | 104,235,410  | 17,148,605               | 17,056,008 | 127,890,157  | 121,291,418   |
| <b>Deferred Inflows of Resources</b>  | 3,209,647               | 10,738,219   | 2,283,944                | 2,552,044  | 5,493,591    | 13,290,263    |
| <b>Net Position</b>                   |                         |              |                          |            |              |               |
| Net Investment in                     |                         |              |                          |            |              |               |
| Capital Assets (1)                    | 63,395,780              | 59,212,760   | 52,751,767               | 55,755,018 | 111,953,099  | 110,157,984   |
| Restricted                            | 9,600,165               | 6,231,727    | -                        | -          | 9,600,165    | 6,231,727     |
| Unrestricted (1)                      | (47,206,509)            | (49,117,394) | 6,417,920                | 6,296,165  | (36,594,141) | (38,011,435)  |
| Total Net Position                    | \$ 25,789,436           | 16,327,093   | 59,169,687               | 62,051,183 | 84,959,123   | \$ 78,378,276 |

\* Certain balances have been restated from the prior year report. See Note IV.K in the notes to the financial statements 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 City's total assets and deferred outflows of resources increased approximately \$5,383,000 from the prior year restated balance to approximately \$218,343,000 at June 30, 2023. Current and other assets of approximately \$8,305,000 primarily due to an increase in cash and cash equivalents and receivables due to the strong operating performance (due to an improving/growing economy) of approximately \$7,224,000 and an increase prepaids and inventories increased approximately \$1,081,000 due to a prepayment for a fire truck. Deferred outflows of resources decreased approximately \$3,121,000 due to the changes in deferred pension and OPEB charges.

Total liabilities and deferred inflows of resources decreased approximately \$1,198,000 from the prior year. The decrease was primarily due to a decrease in deferred inflows of resources of approximately \$7,797,000 due to changes in deferred pension and OPEB charges and deferred lease revenue, decreases in long-term debt (regularly scheduled principal payments exceeding new borrowings), partially offset by an increase in the net pension liability (as pension plan investment balances were much lower at the measurement date).

The City's net position increased by approximately \$6,581,000 during the current fiscal year due to current year revenues exceeding current year expenses. Please see discussion following the next table regarding this increase.

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The following table shows the changes in Net Position for 2023 compared to 2022:

|                                              | Governmental Activities |            | Business-Type Activities |             | Total       |               |
|----------------------------------------------|-------------------------|------------|--------------------------|-------------|-------------|---------------|
|                                              | 2023                    | 2022       | 2023                     | 2022        | 2023        | 2022          |
| <b>Revenues</b>                              |                         |            |                          |             |             |               |
| <b>Program Revenues:</b>                     |                         |            |                          |             |             |               |
| Charges for Services                         | \$ 24,664,215           | 23,763,102 | 5,691,317                | 5,406,493   | 30,355,532  | \$ 29,169,595 |
| Operating Grants                             | 2,057,930               | 4,350,976  | 1,072,838                | 1,644,862   | 3,130,768   | 5,995,838     |
| Capital Grants                               | 885,080                 | -          | 149,361                  | 375,469     | 1,034,441   | 375,469       |
| <b>General Revenue:</b>                      |                         |            |                          |             |             |               |
| Property Taxes                               | 21,653,710              | 20,336,457 | -                        | -           | 21,653,710  | 20,336,457    |
| Other Taxes                                  | 8,233,506               | 7,302,979  | -                        | -           | 8,233,506   | 7,302,979     |
| Intergovernmental Revenue                    | 919,067                 | 886,954    | -                        | -           | 919,067     | 886,954       |
| Other                                        | 4,667,422               | 1,800,292  | 396,637                  | 24,541      | 5,064,059   | 1,824,833     |
| Total Revenues                               | 63,080,930              | 58,440,760 | 7,310,153                | 7,451,365   | 70,391,083  | 65,892,125    |
| <b>Program Expenses</b>                      |                         |            |                          |             |             |               |
| Policy Formulation & Administration          | 6,859,791               | 6,470,093  | -                        | -           | 6,859,791   | 6,470,093     |
| Public Safety                                | 22,226,239              | 20,613,921 | -                        | -           | 22,226,239  | 20,613,921    |
| Parks, Recreation, and Special Events        | 2,685,489               | 2,867,465  | -                        | -           | 2,685,489   | 2,867,465     |
| Development Services                         | 2,941,756               | 2,116,200  | -                        | -           | 2,941,756   | 2,116,200     |
| Public Services                              | 11,214,758              | 10,464,080 | -                        | -           | 11,214,758  | 10,464,080    |
| Finance and Administrative Services          | 2,994,018               | 2,735,826  | -                        | -           | 2,994,018   | 2,735,826     |
| Operating                                    | 4,285,354               | 7,411,702  | -                        | -           | 4,285,354   | 7,411,702     |
| Interest and Other Charges                   | 930,864                 | 950,984    | -                        | -           | 930,864     | 950,984       |
| Transit                                      | -                       | -          | 2,444,481                | 2,576,589   | 2,444,481   | 2,576,589     |
| Parking                                      | -                       | -          | 1,327,725                | 1,314,505   | 1,327,725   | 1,314,505     |
| Airport                                      | -                       | -          | 3,984,085                | 3,910,388   | 3,984,085   | 3,910,388     |
| Storm Water                                  | -                       | -          | 1,334,527                | 955,146     | 1,334,527   | 955,146       |
| Spartanburg Recreational Facilities Corp.    | -                       | -          | 581,149                  | 552,616     | 581,149     | 552,616       |
| Total Expenses                               | 54,138,269              | 53,630,271 | 9,671,967                | 9,309,244   | 63,810,236  | 62,939,515    |
| Change in Net Position Before Transfers      | 8,942,661               | 4,810,489  | (2,361,814)              | (1,857,879) | 6,580,847   | 2,952,610     |
| Transfers In (Out)                           | 519,682                 | 962,759    | (519,682)                | (962,759)   | -           | -             |
| Change in Net Position                       | 9,462,343               | 5,773,248  | (2,881,496)              | (2,820,638) | 6,580,847   | 2,952,610     |
| Net Position, Beginning of Year,             |                         |            |                          |             |             |               |
| As Previously Reported                       | 19,223,514              | 13,450,266 | 62,051,183               | 64,871,821  | 81,274,697  | 78,322,087    |
| Prior Period Adjustment*                     | (2,896,421)             | -          | -                        | -           | (2,896,421) | -             |
| Net Position, Beginning of Year, As Restated | 16,327,093              | 13,450,266 | 62,051,183               | 64,871,821  | 78,378,276  | 78,322,087    |
| Net Position - End of Year                   | \$ 25,789,436           | 19,223,514 | 59,169,687               | 62,051,183  | 84,959,123  | \$ 81,274,697 |

\* The City restated the beginning balance of its capital assets. See Note IV.K in the notes to the financial statements for more details.

## CITY OF SPARTANBURG, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

##### Governmental Activities

Net Position increased by approximately \$9,462,000 for 2023 for governmental activities. Revenues increased by approximately \$4,640,000 (8%) to approximately \$63,081,000 from the prior year. The overall increase was primarily due to an increase in charges for services (i.e. business licenses, franchise fees, etc.), increases in property taxes (due to higher assessed values) and other taxes (hospitality/accommodation taxes) and an increase in other revenues which consisted of a gain on sale of assets (sale of the Marriott hotel property) and investment income (due to higher interest rates).

Expenses increased by approximately \$508,000 (1%) to approximately \$54,138,000 from the prior year. The overall increase was primarily due to an increase in salaries (5% COLA) and benefits, partially offset by not being fully staffed.

##### Business-Type Activities

Net Position decreased by approximately \$2,881,000 for 2023 for business-type activities. In aggregate, business-type revenues decreased approximately \$141,000 (2%) to \$7,310,000 compared to approximately \$7,451,000 in the prior year. The decrease in revenue was primarily due to a decrease in operating grants related to the City's transit operations partially offset by an increase in charges for services (primarily airport). Total expenses increased approximately \$363,000 (4%) to approximately \$9,672,000 due to higher operating costs (i.e. fuel, utilities, repairs and maintenance, etc.).

#### 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, 2023, the City's governmental funds reported a combined ending fund balance of approximately \$26,843,000, an increase of approximately \$3,857,000 from the prior year fund balance. Approximately 23% of this total amount (approximately \$6,271,000) constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been set aside/constrained for (1) prepaids and inventories (\$118,000; nonspendable), (2) restricted for debt service (\$666,000), (3) restricted for tourism related expenditures (\$2,515,000), (4) restricted for special revenue programs (\$9,523,000), (5) committed for special revenue programs (\$33,000), (6) assigned for FY 2024 appropriations for capital projects (\$6,829,000), (7) assigned for American Rescue Plan costs (\$638,000) and (8) assigned for insurance costs (\$250,000).

The fund balance for the Capital Projects Fund decreased by approximately \$2,028,000 during the current fiscal year to a fund balance of approximately (\$2,122,000). The overall decrease was due to capital outlay expenditures and transfers out of approximately \$5,826,000 exceeding revenues, sale of capital assets and transfers in of approximately \$3,798,000. The City expects that the assigned FY 2024 appropriations for capital projects in the General Fund will make up this deficit.

The fund balance for the Hospitality Tax Fund increased by approximately \$644,000 during the current fiscal year to approximately \$2,198,000, as revenues of approximately \$6,981,000 exceeded expenditures and transfers out of approximately \$6,337,000.

The fund balance for the ARPA Fund was approximately \$638,000 at year end as the fund had revenues of approximately \$609,000 and no expenditures. The City received a total of approximately \$16,480,000 in stimulus funds and used approximately \$1,551,000 in FY 2022 with the remaining balance of approximately \$14,929,000 in stimulus funds being unspent (unearned) at year end and \$638,000 in investment earnings being assigned for American Rescue Plan Act costs. The City plans to spend the grant funds in future years.

## CITY OF SPARTANBURG, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2023

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#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

##### *Governmental Funds (Continued)*

###### General Fund Revenues

The General Fund is the principal fund that accounts for the daily operations of the City. Total revenue for 2023 was approximately \$45,464,000, an increase of approximately \$2,294,000 (5%) from the previous year primarily due to an increase in property tax revenues (higher assessed values) and fees, licenses, and permits due to an improving/growing 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 104.4 mills (same as the prior year) assessed value is 4% of market value for residential property, 6% for rental and other real property, and 10.5% for personal property. Property taxes accounted for 41% or approximately \$18,558,000 of total General Fund revenue for 2023. The City received approximately \$19,572,000 in revenue from fees, licenses, and permits due to an improving/growing economy. The remaining General Fund revenue sources were fines and forfeitures of approximately \$241,000, intergovernmental revenue of approximately \$3,734,000, charges for services of approximately \$2,865,000, investment earnings of approximately \$337,000, and other revenues of approximately \$156,000.

###### General Fund Expenditures

General Fund expenditures for 2023 totaled approximately \$46,480,000, which was an approximately \$2,261,000 (5%) increase over the previous fiscal year. This reflects an increase in salaries, benefits, and operating expenditures. The largest General Fund departmental budget is Public Safety, which accounted for approximately 44% of total General Fund expenditures. Public Services accounted for the second largest departmental budget, which accounted for approximately 21% of total General Fund expenditures. Actual expenditures for these departments were approximately \$20,527,000 for Public Safety and approximately \$9,684,000 for Public Services. The remaining 35% of General Fund expenditures came from the areas of Policy Formulation and Administration of approximately \$7,441,000, Parks, Recreation, and Special Events of approximately \$2,183,000, Development Services of approximately \$2,425,000, Finance and Administrative Services of approximately \$2,338,000, and Capital Outlay of approximately \$1,881,000.

###### General Fund Balance

Total fund balance in the General Fund increased by approximately \$1,693,000 to \$15,659,000 at June 30, 2023. The unassigned fund balance decreased by approximately \$5,110,000 to approximately \$8,462,000, as the City appropriated approximately \$6,829,000 for capital projects in its FY 2024 budget. Unassigned fund balance represents approximately 18% 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 \$59,170,000. 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 \$47,135,000 (including other financing sources/uses). The City's actual revenues were over budget due to an improving/growing economy. The City's actual expenditures and transfers out were over budget due to higher operating costs, overtime wages (due to not being fully staffed), moving costs, and special events costs for which the City elected not to amend the budget. More information about the City's 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, 2023

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2023, the City had approximately \$140,592,000 in capital assets, net of depreciation. The total increase in the City's capital assets was approximately \$200,000 (<1%). Total additions of approximately \$7,009,000 which were partially offset by disposals and depreciation expense of approximately \$6,809,000. The following table shows capital asset balances (net of depreciation) at June 30, 2023 compared to June 30, 2022:

|                          | Government Activities |            | Business-Type Activities |            | Total       |                |
|--------------------------|-----------------------|------------|--------------------------|------------|-------------|----------------|
|                          | 2023                  | 2022*      | 2023                     | 2022       | 2023        | 2022*          |
| Land                     | \$ 33,940,675         | 30,102,393 | 6,855,143                | 6,855,143  | 40,795,818  | \$ 36,957,536  |
| Construction in Progress | 6,666,538             | 6,133,741  | 25,000                   | -          | 6,691,538   | 6,133,741      |
| Building & Improvements  | 12,259,167            | 13,085,351 | 29,446,331               | 30,811,353 | 41,705,498  | 43,896,704     |
| Infrastructure           | 9,776,639             | 10,431,840 | 28,452,196               | 29,783,320 | 38,228,835  | 40,215,160     |
| Machinery & Equipment    | 2,476,871             | 2,437,218  | 53,239                   | 39,201     | 2,530,110   | 2,476,419      |
| Vehicles                 | 8,595,142             | 8,321,643  | 2,044,858                | 2,391,001  | 10,640,000  | 10,712,644     |
| Totals                   | \$ 73,715,032         | 70,512,186 | 66,876,767               | 69,880,018 | 140,591,799 | \$ 140,392,204 |

\*Land has been restated due to a prior period adjustment. See Note IV.K in the notes to the financial statements for more details.

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

#### Long-Term Debt

At June 30, 2023, the City had debt of approximately \$48,234,000 versus approximately \$49,671,000 in the prior year, a decrease of approximately \$1,438,000 or 3%. The decrease was due to regularly scheduled debt payments, partially offset by the issuance of two financed purchase agreements. The following table shows debt balances at June 30, 2023 compared to June 30, 2022:

| Long-Term Obligations     | Governmental Activities |            | Business-Type Activities |            | Total      |               |
|---------------------------|-------------------------|------------|--------------------------|------------|------------|---------------|
|                           | 2023                    | 2022       | 2023                     | 2022       | 2023       | 2022          |
| Debt:                     |                         |            |                          |            |            |               |
| General Obligation Bonds  | \$ 3,290,000            | 3,710,000  | -                        | -          | 3,290,000  | \$ 3,710,000  |
| Tax Increment Bonds       | 1,210,000               | 1,795,000  | -                        | -          | 1,210,000  | 1,795,000     |
| Hospitality Tax/SOB Bonds | 18,234,535              | 20,319,894 | -                        | -          | 18,234,535 | 20,319,894    |
| HUD 108 Loan              | 3,000,000               | 3,000,000  | -                        | -          | 3,000,000  | 3,000,000     |
| Promissory Note           | -                       | -          | 15,000,000               | 15,000,000 | 15,000,000 | 15,000,000    |
| Financed Purchases        | 7,499,176               | 5,846,502  | -                        | -          | 7,499,176  | 5,846,502     |
| Total Debt                | \$ 33,233,711           | 34,671,396 | 15,000,000               | 15,000,000 | 48,233,711 | \$ 49,671,396 |

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 \$14,757,000. The current amount of outstanding general obligation debt at June 30, 2023 is \$3,290,000 which leaves an unused legal debt margin of approximately \$11,467,000.

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

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.

## **CITY OF SPARTANBURG, SOUTH CAROLINA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2023**

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The budget for FY 2024 was focused on the compensation of the City's workforce and allocation of capital resources. During the current year, the Human Resources department selected a firm to conduct a comprehensive compensation study for City employees. The study included surveying employees, a Citywide job analysis, and market study comparing current City practices with other peer government organizations and private sector equivalents. The FY 2024 budget included \$2.0 million to implement salary adjustments and a new classification system for City employees.

General Fund revenues were budgeted at approximately \$51,031,000 for FY 2024, an increase of approximately 8% over FY 2023 budgeted revenue. The City increased the fee charged for Solid Waste fees from \$108 to \$153 annually. Property tax collections are expected to increase approximately 7% due to growth and reappraisal. The City budgeted a 4% increase in Fee, Licenses and Permits revenues. The budgeted revenue from State sources are expected to remain relatively flat compared to the prior year. Most of the General Fund expenditures increased due to the compensation increases for employees along with other adjustments due to increased operating costs.

The City budgeted approximately \$25,809,000 for capital projects for FY 2024. This includes the use of \$7,700,000 from American Recovery Program Act ("ARPA") grant funds – which is approximately half of the \$16,480,000 appropriated to the City. Using other reserved funds, the City allocated \$13,550,000 to renovate a building to operate as the primary Fire Station and Information Technology Department.

The Hospitality Tax Fund budget was increased 16% over the previous fiscal year budget due to the strong growth in collections due to the improving/growing economy. The City increased the budgeted transfer to its other funds at the same percentages as approved by City Council each year.

Key items that factored into the budget preparations for FY 2024 are listed below:

- 5% minimum pay increase for all City employees
- No change in millage rate of 104.4 at the time the budget was adopted but was later reduced to 103.2 due the reassessment information provided by the Auditor's Office.
- There was a slight increase in the employer's contribution to the Medical Insurance Fund
- Only slight increases in department operating budgets for FY 2024

#### **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.

## Basic Financial Statements

## CITY OF SPARTANBURG, SOUTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2023

|                                                        | PRIMARY GOVERNMENT         |                             |             |                      |
|--------------------------------------------------------|----------------------------|-----------------------------|-------------|----------------------|
|                                                        | Governmental<br>Activities | Business-Type<br>Activities | Adjustment  | Totals               |
| <b>ASSETS</b>                                          |                            |                             |             |                      |
| Cash and Cash Equivalents                              | \$ 25,290,178              | 7,881,520                   | -           | \$ 33,171,698        |
| Restricted Cash and Cash Equivalents                   | 15,656,251                 | 623,528                     | -           | 16,279,779           |
| Restricted Investments                                 | 941                        | -                           | -           | 941                  |
| Cash held by County Treasurer                          | 1,908,462                  | -                           | -           | 1,908,462            |
| Property Taxes Receivable, Net                         | 1,496,939                  | -                           | -           | 1,496,939            |
| Other Receivables, Net:                                |                            |                             |             |                      |
| Mortgage                                               | 70,034                     | -                           | -           | 70,034               |
| Commercial Loan                                        | 49,682                     | -                           | -           | 49,682               |
| Other                                                  | 6,555,693                  | 1,337,988                   | -           | 7,893,681            |
| Deposits                                               | 7,000                      | -                           | -           | 7,000                |
| Internal Balances                                      | 687,395                    | (687,395)                   | -           | -                    |
| Current Portion of Lease Receivable                    | -                          | 25,991                      | -           | 25,991               |
| Note Receivable                                        | 3,000,000                  | -                           | -           | 3,000,000            |
| Other Assets                                           | 1,165,566                  | 14,971                      | -           | 1,180,537            |
| Prepays and Inventories                                | 2,017,782                  | 190,408                     | -           | 2,208,190            |
| Lease Receivable, Less Current Portion                 | -                          | 2,129,841                   | -           | 2,129,841            |
| Capital Assets:                                        |                            |                             |             |                      |
| Non-Depreciable                                        | 40,607,213                 | 6,880,143                   | -           | 47,487,356           |
| Depreciable, Net                                       | 33,107,819                 | 59,996,624                  | -           | 93,104,443           |
| <b>TOTAL ASSETS</b>                                    | <b>131,620,955</b>         | <b>78,393,619</b>           | <b>-</b>    | <b>210,014,574</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |                            |                             |             |                      |
| Deferred Pension Charges                               | 7,826,850                  | 199,433                     | -           | 8,026,283            |
| Deferred Other Postemployment Benefit Charges ("OPEB") | 292,830                    | 9,184                       | -           | 302,014              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>            | <b>8,119,680</b>           | <b>208,617</b>              | <b>-</b>    | <b>8,328,297</b>     |
| <b>LIABILITIES</b>                                     |                            |                             |             |                      |
| Accounts Payable                                       | 1,888,068                  | 426,456                     | -           | 2,314,524            |
| Accrued Interest Payable                               | 231,127                    | -                           | -           | 231,127              |
| Accrued Salaries and Benefits                          | 1,597,108                  | 30,430                      | -           | 1,627,538            |
| Retainage Payable                                      | 43,805                     | -                           | -           | 43,805               |
| Intergovernmental Payable                              | 210,035                    | -                           | -           | 210,035              |
| Customer Deposits                                      | 61,187                     | 27,281                      | -           | 88,468               |
| Unclaimed Checks                                       | 5,862                      | -                           | -           | 5,862                |
| Unearned Revenues                                      | 20,740,747                 | 23,797                      | -           | 20,764,544           |
| Non-Current Liabilities:                               |                            |                             |             |                      |
| Long-Term Obligations - Due Within One Year            | 6,883,772                  | 79,638                      | -           | 6,963,410            |
| Long-Term Obligations - Due in More Than One Year      | 30,798,858                 | 15,079,637                  | -           | 45,878,495           |
| Net Pension Liability - Due in More Than One Year      | 47,457,833                 | 1,455,550                   | -           | 48,913,383           |
| Net OPEB Liability - Due in More Than One Year         | 823,150                    | 25,816                      | -           | 848,966              |
| <b>TOTAL LIABILITIES</b>                               | <b>110,741,552</b>         | <b>17,148,605</b>           | <b>-</b>    | <b>127,890,157</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                   |                            |                             |             |                      |
| Deferred Pension Credits                               | 3,044,213                  | 122,923                     | -           | 3,167,136            |
| Deferred OPEB Credits                                  | 165,434                    | 5,188                       | -           | 170,622              |
| Deferred Lease Revenue                                 | -                          | 2,155,833                   | -           | 2,155,833            |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>             | <b>3,209,647</b>           | <b>2,283,944</b>            | <b>-</b>    | <b>5,493,591</b>     |
| <b>NET POSITION</b>                                    |                            |                             |             |                      |
| Net Investment in Capital Assets                       | 63,395,780                 | 52,751,767                  | (4,194,448) | 111,953,099          |
| Restricted For:                                        |                            |                             |             |                      |
| Debt Service                                           | 451,478                    | -                           | -           | 451,478              |
| Tourism Related Costs                                  | 2,515,455                  | -                           | -           | 2,515,455            |
| Special Revenue Programs                               | 6,633,232                  | -                           | -           | 6,633,232            |
| Unrestricted                                           | (47,206,509)               | 6,417,920                   | 4,194,448   | (36,594,141)         |
| <b>TOTAL NET POSITION</b>                              | <b>\$ 25,789,436</b>       | <b>59,169,687</b>           | <b>-</b>    | <b>\$ 84,959,123</b> |

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, 2023

| FUNCTIONS/PROGRAMS                                       | PROGRAM REVENUES     |                         |                                       |                          | NET (EXPENSE) REVENUE AND<br>CHANGE IN NET POSITION |                             |                      |
|----------------------------------------------------------|----------------------|-------------------------|---------------------------------------|--------------------------|-----------------------------------------------------|-----------------------------|----------------------|
|                                                          | Expenses             | Charges for<br>Services | Operating<br>Grants and Contributions | Capital<br>Contributions | Primary Government                                  |                             |                      |
|                                                          |                      |                         |                                       |                          | Governmental<br>Activities                          | Business-Type<br>Activities | Total                |
| <b>PRIMARY GOVERNMENT:</b>                               |                      |                         |                                       |                          |                                                     |                             |                      |
| <b>Governmental Activities:</b>                          |                      |                         |                                       |                          |                                                     |                             |                      |
| Policy Formulation and Administration                    | \$ 6,859,791         | -                       | -                                     | -                        | (6,859,791)                                         | -                           | \$ (6,859,791)       |
| Public Safety                                            | 22,226,239           | 1,483,525               | 982,647                               | -                        | (19,760,067)                                        | -                           | (19,760,067)         |
| Parks, Recreation, and Special Events                    | 2,685,489            | 283,992                 | -                                     | -                        | (2,401,497)                                         | -                           | (2,401,497)          |
| Development Services                                     | 2,941,756            | 837,923                 | 1,006,512                             | 885,080                  | (212,241)                                           | -                           | (212,241)            |
| Public Services                                          | 11,214,758           | 2,979,425               | 68,771                                | -                        | (8,166,562)                                         | -                           | (8,166,562)          |
| Finance and Administrative Services                      | 2,994,018            | 19,079,350              | -                                     | -                        | 16,085,332                                          | -                           | 16,085,332           |
| Operating                                                | 4,285,354            | -                       | -                                     | -                        | (4,285,354)                                         | -                           | (4,285,354)          |
| Interest and Other Charges                               | 930,864              | -                       | -                                     | -                        | (930,864)                                           | -                           | (930,864)            |
| <b>Total Governmental Activities</b>                     | <b>54,138,269</b>    | <b>24,664,215</b>       | <b>2,057,930</b>                      | <b>885,080</b>           | <b>(26,531,044)</b>                                 | <b>-</b>                    | <b>(26,531,044)</b>  |
| <b>Business-Type Activities:</b>                         |                      |                         |                                       |                          |                                                     |                             |                      |
| Transit                                                  | 2,444,481            | 223,847                 | 1,072,838                             | -                        | -                                                   | (1,147,796)                 | (1,147,796)          |
| Parking                                                  | 1,327,725            | 504,045                 | -                                     | -                        | -                                                   | (823,680)                   | (823,680)            |
| Airport                                                  | 3,984,085            | 2,476,195               | -                                     | 149,361                  | -                                                   | (1,358,529)                 | (1,358,529)          |
| Storm Water                                              | 1,334,527            | 1,715,575               | -                                     | -                        | -                                                   | 381,048                     | 381,048              |
| Spartanburg Recreational Facilities Corporation          | 581,149              | 771,655                 | -                                     | -                        | -                                                   | 190,506                     | 190,506              |
| <b>Total Business-Type Activities</b>                    | <b>9,671,967</b>     | <b>5,691,317</b>        | <b>1,072,838</b>                      | <b>149,361</b>           | <b>-</b>                                            | <b>(2,758,451)</b>          | <b>(2,758,451)</b>   |
| <b>TOTAL - PRIMARY GOVERNMENT</b>                        | <b>\$ 63,810,236</b> | <b>30,355,532</b>       | <b>3,130,768</b>                      | <b>1,034,441</b>         | <b>(26,531,044)</b>                                 | <b>(2,758,451)</b>          | <b>(29,289,495)</b>  |
| General Revenues and Transfers:                          |                      |                         |                                       |                          |                                                     |                             |                      |
| General Revenues:                                        |                      |                         |                                       |                          |                                                     |                             |                      |
| Taxes:                                                   |                      |                         |                                       |                          |                                                     |                             |                      |
| Property Taxes Levied for General Purposes               |                      |                         |                                       |                          | 19,644,955                                          | -                           | 19,644,955           |
| Tax Increment                                            |                      |                         |                                       |                          | 419,668                                             | -                           | 419,668              |
| Motor Vehicle Taxes                                      |                      |                         |                                       |                          | 1,589,087                                           | -                           | 1,589,087            |
| Hospitality/Accommodation Taxes                          |                      |                         |                                       |                          | 7,308,084                                           | -                           | 7,308,084            |
| Other Taxes                                              |                      |                         |                                       |                          | 925,422                                             | -                           | 925,422              |
| Intergovernmental Revenue - Unrestricted                 |                      |                         |                                       |                          | 919,067                                             | -                           | 919,067              |
| Investment Income                                        |                      |                         |                                       |                          | 1,107,821                                           | 396,637                     | 1,504,458            |
| Miscellaneous                                            |                      |                         |                                       |                          | 492,526                                             | -                           | 492,526              |
| Grants/Contributions Not Restricted to Specific Programs |                      |                         |                                       |                          | 1,469,793                                           | -                           | 1,469,793            |
| Gain on Sale of Assets                                   |                      |                         |                                       |                          | 1,597,282                                           | -                           | 1,597,282            |
| Transfers In (Out)                                       |                      |                         |                                       |                          | 519,682                                             | (519,682)                   | -                    |
| <b>Total General Revenues and Transfers</b>              |                      |                         |                                       |                          | <b>35,993,387</b>                                   | <b>(123,045)</b>            | <b>35,870,342</b>    |
| <b>CHANGE IN NET POSITION</b>                            |                      |                         |                                       |                          | <b>9,462,343</b>                                    | <b>(2,881,496)</b>          | <b>6,580,847</b>     |
| NET POSITION, Beginning of Year, As Previously Reported  |                      |                         |                                       |                          | 19,223,514                                          | 62,051,183                  | 81,274,697           |
| Prior Period Adjustment                                  |                      |                         |                                       |                          | (2,896,421)                                         | -                           | (2,896,421)          |
| NET POSITION, Beginning of Year, As Restated             |                      |                         |                                       |                          | 16,327,093                                          | 62,051,183                  | 78,378,276           |
| <b>NET POSITION, End of Year</b>                         |                      |                         |                                       |                          | <b>25,789,436</b>                                   | <b>59,169,687</b>           | <b>\$ 84,959,123</b> |

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, 2023

|                                                                               | GENERAL<br>FUND      | CAPITAL<br>PROJECTS<br>FUND | HOSPITALITY<br>TAX<br>FUND | ARPA<br>FUND      | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|-------------------------------------------------------------------------------|----------------------|-----------------------------|----------------------------|-------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                                                 |                      |                             |                            |                   |                                |                                |
| Cash and Cash Equivalents                                                     | \$ 41,159            | -                           | -                          | -                 | 28,967                         | \$ 70,126                      |
| Pooled Cash and Cash Equivalents                                              | 13,562,355           | 1,944,826                   | 1,600,063                  | -                 | 6,500,697                      | 23,607,941                     |
| Restricted Cash and Cash Equivalents                                          | -                    | -                           | -                          | 15,566,501        | 89,750                         | 15,656,251                     |
| Restricted Investments                                                        | -                    | -                           | -                          | -                 | 941                            | 941                            |
| Due from County Treasurer                                                     | -                    | -                           | -                          | -                 | 1,908,462                      | 1,908,462                      |
| Property Taxes Receivable, Net                                                | 1,485,318            | -                           | -                          | -                 | 11,621                         | 1,496,939                      |
| Accounts Receivable, Net                                                      | 4,082,498            | 395,087                     | 608,093                    | -                 | 158,503                        | 5,244,181                      |
| Commercial Loan Receivables                                                   | -                    | -                           | -                          | -                 | 49,682                         | 49,682                         |
| Deposits and Other Assets                                                     | -                    | -                           | -                          | -                 | 7,000                          | 7,000                          |
| Intergovernmental Receivables                                                 | -                    | 812,939                     | -                          | -                 | 498,573                        | 1,311,512                      |
| Due From Other Funds                                                          | 824,255              | -                           | -                          | -                 | -                              | 824,255                        |
| Prepays and Inventories                                                       | 117,782              | -                           | -                          | -                 | -                              | 117,782                        |
| Mortgages Receivable                                                          | -                    | -                           | -                          | -                 | 70,034                         | 70,034                         |
| Note Receivable                                                               | -                    | -                           | -                          | -                 | 3,000,000                      | 3,000,000                      |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 20,113,367</b> | <b>3,152,852</b>            | <b>2,208,156</b>           | <b>15,566,501</b> | <b>12,324,230</b>              | <b>\$ 53,365,106</b>           |
| <b>LIABILITIES</b>                                                            |                      |                             |                            |                   |                                |                                |
| Accounts Payable                                                              | \$ 851,131           | 753,208                     | 10,000                     | -                 | 268,335                        | \$ 1,882,674                   |
| Accrued Salaries and Benefits                                                 | 1,588,887            | -                           | -                          | -                 | 8,221                          | 1,597,108                      |
| Customer Deposits                                                             | 61,187               | -                           | -                          | -                 | -                              | 61,187                         |
| Unclaimed Checks                                                              | 5,753                | -                           | -                          | -                 | -                              | 5,753                          |
| Retainage Payable                                                             | -                    | 43,805                      | -                          | -                 | -                              | 43,805                         |
| Intergovernmental Payable                                                     | 210,035              | -                           | -                          | -                 | -                              | 210,035                        |
| Due To Other Funds                                                            | -                    | -                           | -                          | -                 | 136,860                        | 136,860                        |
| Unearned Revenues                                                             | 20,370               | 4,477,860                   | -                          | 14,928,600        | 1,313,917                      | 20,740,747                     |
| <b>TOTAL LIABILITIES</b>                                                      | <b>2,737,363</b>     | <b>5,274,873</b>            | <b>10,000</b>              | <b>14,928,600</b> | <b>1,727,333</b>               | <b>24,678,169</b>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                      |                             |                            |                   |                                |                                |
| Unavailable Property Taxes and Sanitation Fees                                | 1,630,061            | -                           | -                          | -                 | 16,642                         | 1,646,703                      |
| Unavailable Business Licenses and Other                                       | 87,017               | -                           | -                          | -                 | -                              | 87,017                         |
| Unavailable Note Receivables                                                  | -                    | -                           | -                          | -                 | 110,299                        | 110,299                        |
| <b>TOTAL DEFERRED INFLOWS<br/>OF RESOURCES</b>                                | <b>1,717,078</b>     | <b>-</b>                    | <b>-</b>                   | <b>-</b>          | <b>126,941</b>                 | <b>1,844,019</b>               |
| <b>TOTAL LIABILITIES AND DEFERRED<br/>INFLOWS OF RESOURCES</b>                | <b>4,454,441</b>     | <b>5,274,873</b>            | <b>10,000</b>              | <b>14,928,600</b> | <b>1,854,274</b>               | <b>26,522,188</b>              |
| <b>FUND BALANCES</b>                                                          |                      |                             |                            |                   |                                |                                |
| Nonspendable:                                                                 |                      |                             |                            |                   |                                |                                |
| Prepays and Inventories                                                       | 117,782              | -                           | -                          | -                 | -                              | 117,782                        |
| Restricted for:                                                               |                      |                             |                            |                   |                                |                                |
| Debt Service                                                                  | -                    | -                           | -                          | -                 | 665,963                        | 665,963                        |
| Tourism Related Costs                                                         | -                    | -                           | 2,198,156                  | -                 | 317,299                        | 2,515,455                      |
| Special Revenue Programs                                                      | -                    | -                           | -                          | -                 | 9,522,933                      | 9,522,933                      |
| Committed for:                                                                |                      |                             |                            |                   |                                |                                |
| Special Revenue Programs                                                      | -                    | -                           | -                          | -                 | 33,220                         | 33,220                         |
| Assigned for:                                                                 |                      |                             |                            |                   |                                |                                |
| Appropriated for Capital Projects in FY 2024 Budget                           | 6,828,901            | -                           | -                          | -                 | -                              | 6,828,901                      |
| American Rescue Plan Act Costs                                                | -                    | -                           | -                          | 637,901           | -                              | 637,901                        |
| Insurance Costs                                                               | 250,000              | -                           | -                          | -                 | -                              | 250,000                        |
| Unassigned                                                                    | 8,462,243            | (2,122,021)                 | -                          | -                 | (69,459)                       | 6,270,763                      |
| <b>TOTAL FUND BALANCES</b>                                                    | <b>15,658,926</b>    | <b>(2,122,021)</b>          | <b>2,198,156</b>           | <b>637,901</b>    | <b>10,469,956</b>              | <b>26,842,918</b>              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 20,113,367</b> | <b>3,152,852</b>            | <b>2,208,156</b>           | <b>15,566,501</b> | <b>12,324,230</b>              | <b>\$ 53,365,106</b>           |

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, 2023

|                                                                                                                                                                                                                                                                                                                                                                                                                                |              |                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|
| <b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>                                                                                                                                                                                                                                                                                                                                                                                | <b>\$</b>    | <b>26,842,918</b> |
| 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 \$128,895,506 and the accumulated depreciation was \$64,118,322.                                                                                                                                                      |              | 64,777,184        |
| Property taxes, sanitation fees, and business licenses receivables 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.                                                                                                                                                                   |              | 1,733,720         |
| 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.                                                                                                                                             |              | 110,299           |
| 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                                                                                                                                                                                                                      |              | 1,165,566         |
| Accrued interest on the debt in governmental accounting are not due or payable in the current period, therefore, they have not been reported as a liability in the funds.                                                                                                                                                                                                                                                      |              | (231,127)         |
| 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. |              | (42,675,196)      |
| 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.                                                                                                                                                                                                           |              | (695,754)         |
| 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.                                                                                                                                                   |              | 4,945,280         |
| Long-term liabilities, excluding internal service funds, are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consisted of the following:                                                                                                                                                                                   |              |                   |
| Long-Term Debt                                                                                                                                                                                                                                                                                                                                                                                                                 | (25,734,535) |                   |
| Compensated Absences (Sick Pay and Vacations)                                                                                                                                                                                                                                                                                                                                                                                  | (4,448,919)  | (30,183,454)      |
| <b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                                                                                                                                                                                                                            | <b>\$</b>    | <b>25,789,436</b> |

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, 2023

|                                                                      | GENERAL<br>FUND      | CAPITAL<br>PROJECTS<br>FUND | HOSPITALITY<br>TAX<br>FUND | ARPA<br>FUND   | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|----------------------------------------------------------------------|----------------------|-----------------------------|----------------------------|----------------|--------------------------------|--------------------------------|
| <b>REVENUES:</b>                                                     |                      |                             |                            |                |                                |                                |
| Taxes                                                                | \$ 18,558,280        | -                           | 6,934,452                  | -              | 3,504,363                      | \$ 28,997,095                  |
| Fees, Licenses, and Permits                                          | 19,571,842           | -                           | -                          | -              | -                              | 19,571,842                     |
| Fines and Forfeitures                                                | 241,330              | -                           | -                          | -              | -                              | 241,330                        |
| State Government Contributions                                       | -                    | 14,125                      | -                          | -              | 600,753                        | 614,878                        |
| Federal Government Contributions                                     | -                    | 862,939                     | -                          | -              | 1,352,251                      | 2,215,190                      |
| Intergovernmental Revenues                                           | 3,664,071            | 22,140                      | -                          | -              | 85,800                         | 3,772,011                      |
| Charges for Services                                                 | 2,865,342            | -                           | -                          | -              | -                              | 2,865,342                      |
| Investment Earnings                                                  | 336,985              | -                           | 46,152                     | 608,652        | 116,032                        | 1,107,821                      |
| Confiscated Drug Funds                                               | -                    | -                           | -                          | -              | 133,047                        | 133,047                        |
| Donations                                                            | -                    | 698,514                     | -                          | -              | -                              | 698,514                        |
| Other                                                                | 226,412              | -                           | -                          | -              | 1,199,472                      | 1,425,884                      |
| <b>TOTAL REVENUES</b>                                                | <b>45,464,262</b>    | <b>1,597,718</b>            | <b>6,980,604</b>           | <b>608,652</b> | <b>6,991,718</b>               | <b>61,642,954</b>              |
| <b>EXPENDITURES:</b>                                                 |                      |                             |                            |                |                                |                                |
| Current:                                                             |                      |                             |                            |                |                                |                                |
| Policy Formulation and Administration                                | 7,440,825            | -                           | -                          | -              | -                              | 7,440,825                      |
| Public Safety                                                        | 20,527,447           | -                           | -                          | -              | -                              | 20,527,447                     |
| Parks, Recreation, and Special Events                                | 2,183,381            | -                           | -                          | -              | -                              | 2,183,381                      |
| Development Services                                                 | 2,425,448            | -                           | -                          | -              | -                              | 2,425,448                      |
| Public Services                                                      | 9,684,426            | -                           | -                          | -              | -                              | 9,684,426                      |
| Finance and Administrative Services                                  | 2,338,081            | -                           | -                          | -              | 573,041                        | 2,911,122                      |
| Operating                                                            | -                    | -                           | 448,600                    | -              | 3,816,010                      | 4,264,610                      |
| Capital Outlay                                                       | 1,880,500            | 4,915,923                   | -                          | -              | 100,109                        | 6,896,532                      |
| Debt Service:                                                        |                      |                             |                            |                |                                |                                |
| Principal Retirement                                                 | -                    | -                           | -                          | -              | 3,090,359                      | 3,090,359                      |
| Interest                                                             | -                    | -                           | -                          | -              | 745,666                        | 745,666                        |
| Other                                                                | -                    | -                           | -                          | -              | 42,710                         | 42,710                         |
| <b>TOTAL EXPENDITURES</b>                                            | <b>46,480,108</b>    | <b>4,915,923</b>            | <b>448,600</b>             | <b>-</b>       | <b>8,367,895</b>               | <b>60,212,526</b>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <b>(1,015,846)</b>   | <b>(3,318,205)</b>          | <b>6,532,004</b>           | <b>608,652</b> | <b>(1,376,177)</b>             | <b>1,430,428</b>               |
| <b>OTHER FINANCING SOURCES (USES):</b>                               |                      |                             |                            |                |                                |                                |
| Transfers In                                                         | 4,119,683            | 375,000                     | -                          | -              | 4,620,611                      | 9,115,294                      |
| Transfers Out                                                        | (1,489,334)          | (910,000)                   | (5,887,543)                | -              | (317,537)                      | (8,604,414)                    |
| Sale of Capital Assets                                               | 78,899               | 1,825,000                   | -                          | -              | 11,989                         | 1,915,888                      |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>2,709,248</b>     | <b>1,290,000</b>            | <b>(5,887,543)</b>         | <b>-</b>       | <b>4,315,063</b>               | <b>2,426,768</b>               |
| <b>NET CHANGES IN FUND BALANCES</b>                                  | <b>1,693,402</b>     | <b>(2,028,205)</b>          | <b>644,461</b>             | <b>608,652</b> | <b>2,938,886</b>               | <b>3,857,196</b>               |
| FUND BALANCES, Beginning of Year                                     | 13,965,524           | (93,816)                    | 1,553,695                  | 29,249         | 7,531,070                      | 22,985,722                     |
| <b>FUND BALANCES, End of Year</b>                                    | <b>\$ 15,658,926</b> | <b>(2,122,021)</b>          | <b>2,198,156</b>           | <b>637,901</b> | <b>10,469,956</b>              | <b>\$ 26,842,918</b>           |

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, 2023

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>\$ 3,857,196</b> |
| Amounts reported for the governmental activities in the Statement of Activities are different because of the following:                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                     |
| Property taxes, sanitation taxes, and business licenses 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.                                                                                                                                                                                                                                                                                                                 | (114,309)           |
| Repayment of debt principal (excluding internal service funds) is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position.                                                                                                                                                                                                                                                                                                                                                                       | 3,090,359           |
| 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.                                                                                                                                                                             | (7,713)             |
| 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                                                                                                                                                                                                                                                                                                             | 7,561               |
| 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.                                                                                                                                                          | 401,807             |
| 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.                                                                                                                                                                                                                                                                                            | (188,994)           |
| 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.                                                                                                                                                                                                                                                                                                                                                                                   | (571,498)           |
| In the Statement of Activities the gain or loss on the disposal of capital assets and the transfer of capital assets from governmental activities to enterprise funds are reported, whereas in the governmental funds the proceeds from the sale of assets increase financial resources and the transfers are not reported since capital assets are not considered a current financial resource. Thus, the change in Net Position differs from the change in fund balance by the net book value of the capital disposed/transferred (excluding internal service funds). | (318,606)           |
| 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.                                                                                                                                                                                                                                                                                       | 66,204              |
| 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 (\$5,016,712) exceeded depreciation expense (\$1,776,376) in the current period (excluding internal service funds).                                                                                                                                                | 3,240,336           |
| <b>TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>\$ 9,462,343</b> |

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, 2023

|                                               | TRANSIT<br>FUND     | PARKING<br>FUND   |
|-----------------------------------------------|---------------------|-------------------|
| <b>ASSETS</b>                                 |                     |                   |
| Current Assets:                               |                     |                   |
| Cash and Cash Equivalents                     | \$ 4,925            | -                 |
| Pooled Cash and Cash Equivalents              | -                   | 2,525,961         |
| Restricted Cash and Cash Equivalents          | -                   | -                 |
| Accounts Receivable, Net                      | 831,260             | 22,496            |
| Current Portion of Lease Receivable           | -                   | -                 |
| Other Assets                                  | -                   | -                 |
| Prepays and Inventories                       | 75,667              | -                 |
| Total Current Assets                          | 911,852             | 2,548,457         |
| Non-Current Assets:                           |                     |                   |
| Lease Receivable, Less Current Portion        | -                   | -                 |
| Capital Assets:                               |                     |                   |
| Non-Depreciable                               | 179,840             | -                 |
| Depreciable, Net                              | 3,350,071           | 13,418,994        |
| Total Non-Current Assets                      | 3,529,911           | 13,418,994        |
| <b>TOTAL ASSETS</b>                           | <b>4,441,763</b>    | <b>15,967,451</b> |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>          |                     |                   |
| Deferred Pension Charges                      | -                   | 21,859            |
| Deferred Other Postemployment Benefit Charges | -                   | -                 |
| <b>TOTAL DEFERED OUTFLOWS OF RESOURCES</b>    | <b>-</b>            | <b>21,859</b>     |
| <b>LIABILITIES</b>                            |                     |                   |
| Current Liabilities:                          |                     |                   |
| Accounts Payable                              | 45,734              | 8,012             |
| Accrued Salaries and Benefits                 | 11,122              | 1,870             |
| Customer Deposits                             | -                   | 27,281            |
| Due To Other Funds                            | 476,008             | -                 |
| Unearned Revenue                              | 1,301               | 22,496            |
| Unclaimed Checks                              | -                   | -                 |
| Current Portion of Compensated Absences       | -                   | -                 |
| Current Portion of Debt                       | -                   | -                 |
| Total Current Liabilities                     | 534,165             | 59,659            |
| Long-Term Liabilities:                        |                     |                   |
| Promissory Note Payable                       | -                   | -                 |
| Compensated Absences, Less Current Portion    | -                   | -                 |
| Debt, Less Current Portion                    | -                   | -                 |
| Net Pension Liability                         | -                   | 159,538           |
| Net Other Postemployment Benefit Liability    | -                   | -                 |
| Total Long-Term Liabilities                   | -                   | 159,538           |
| <b>TOTAL LIABILITIES</b>                      | <b>534,165</b>      | <b>219,197</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>          |                     |                   |
| Deferred Pension Credits                      | -                   | 13,473            |
| Deferred Other Postemployment Benefit Credits | -                   | -                 |
| Deferred Lease Revenue                        | -                   | -                 |
| <b>TOTAL DEFERED INFLOWS OF RESOURCES</b>     | <b>-</b>            | <b>13,473</b>     |
| <b>NET POSITION</b>                           |                     |                   |
| Net Investment in Capital Assets              | 3,529,911           | 13,418,994        |
| Unrestricted                                  | 377,687             | 2,337,646         |
| <b>TOTAL NET POSITION</b>                     | <b>\$ 3,907,598</b> | <b>15,756,640</b> |

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

| AIRPORT<br>FUND   | STORM<br>WATER<br>FUND | SPARTANBURG<br>RECREATIONAL<br>FACILITIES<br>CORPORATION FUND | TOTALS            | TOTAL<br>INTERNAL<br>SERVICE<br>FUNDS |
|-------------------|------------------------|---------------------------------------------------------------|-------------------|---------------------------------------|
| -                 | -                      | -                                                             | 4,925             | \$ -                                  |
| 900,510           | 4,450,124              | -                                                             | 7,876,595         | 1,612,111                             |
| -                 | -                      | 623,528                                                       | 623,528           | -                                     |
| 291,124           | 193,108                | -                                                             | 1,337,988         | -                                     |
| 25,991            | -                      | -                                                             | 25,991            | -                                     |
| 14,971            | -                      | -                                                             | 14,971            | -                                     |
| 87,094            | -                      | 27,647                                                        | 190,408           | 1,900,000                             |
| 1,319,690         | 4,643,232              | 651,175                                                       | 10,074,406        | 3,512,111                             |
| 2,129,841         | -                      | -                                                             | 2,129,841         | -                                     |
| 4,117,358         | -                      | 2,582,945                                                     | 6,880,143         | -                                     |
| 30,763,364        | 182,714                | 12,281,481                                                    | 59,996,624        | 8,937,848                             |
| 37,010,563        | 182,714                | 14,864,426                                                    | 69,006,608        | 8,937,848                             |
| <b>38,330,253</b> | <b>4,825,946</b>       | <b>15,515,601</b>                                             | <b>79,081,014</b> | <b>12,449,959</b>                     |
| 94,334            | 83,240                 | -                                                             | 199,433           | -                                     |
| 2,865             | 6,319                  | -                                                             | 9,184             | -                                     |
| <b>97,199</b>     | <b>89,559</b>          | <b>-</b>                                                      | <b>208,617</b>    | <b>-</b>                              |
| 220,544           | 150,166                | 2,000                                                         | 426,456           | 5,394                                 |
| 10,345            | 7,093                  | -                                                             | 30,430            | -                                     |
| -                 | -                      | -                                                             | 27,281            | -                                     |
| -                 | -                      | 211,387                                                       | 687,395           | -                                     |
| -                 | -                      | -                                                             | 23,797            | -                                     |
| -                 | -                      | -                                                             | -                 | 109                                   |
| 43,087            | 36,551                 | -                                                             | 79,638            | -                                     |
| -                 | -                      | -                                                             | -                 | 2,015,969                             |
| 273,976           | 193,810                | 213,387                                                       | 1,274,997         | 2,021,472                             |
| -                 | -                      | 15,000,000                                                    | 15,000,000        | -                                     |
| 43,086            | 36,551                 | -                                                             | 79,637            | -                                     |
| -                 | -                      | -                                                             | -                 | 5,483,207                             |
| 688,490           | 607,522                | -                                                             | 1,455,550         | -                                     |
| 4,512             | 21,304                 | -                                                             | 25,816            | -                                     |
| 736,088           | 665,377                | 15,000,000                                                    | 16,561,003        | 5,483,207                             |
| <b>1,010,064</b>  | <b>859,187</b>         | <b>15,213,387</b>                                             | <b>17,836,000</b> | <b>7,504,679</b>                      |
| 58,144            | 51,306                 | -                                                             | 122,923           | -                                     |
| 1,022             | 4,166                  | -                                                             | 5,188             | -                                     |
| 2,155,833         | -                      | -                                                             | 2,155,833         | -                                     |
| <b>2,214,999</b>  | <b>55,472</b>          | <b>-</b>                                                      | <b>2,283,944</b>  | <b>-</b>                              |
| 34,880,722        | 182,714                | 739,426                                                       | 52,751,767        | 3,338,672                             |
| 321,667           | 3,818,132              | (437,212)                                                     | 6,417,920         | 1,606,608                             |
| <b>35,202,389</b> | <b>4,000,846</b>       | <b>302,214</b>                                                | <b>59,169,687</b> | <b>\$ 4,945,280</b>                   |

## CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

|                                                         | TRANSIT<br>FUND     | PARKING<br>FUND   |
|---------------------------------------------------------|---------------------|-------------------|
| <b>OPERATING REVENUES</b>                               |                     |                   |
| Charges for Services                                    | \$ 147,695          | 500,750           |
| Contributions                                           | -                   | -                 |
| Other Revenues                                          | 76,152              | 3,295             |
| Sale of Inventory                                       | -                   | -                 |
| <b>TOTAL OPERATING REVENUES</b>                         | <b>223,847</b>      | <b>504,045</b>    |
| <b>OPERATING EXPENSES</b>                               |                     |                   |
| Personal Services                                       | -                   | 115,085           |
| Depreciation                                            | 485,358             | 812,614           |
| Other Services and Charges                              | 1,959,123           | 161,626           |
| Claims/Premiums                                         | -                   | -                 |
| Cost of Goods Sold                                      | -                   | -                 |
| Maintenance                                             | -                   | 238,148           |
| <b>TOTAL OPERATING EXPENSES</b>                         | <b>2,444,481</b>    | <b>1,327,473</b>  |
| <b>OPERATING INCOME (LOSS)</b>                          | <b>(2,220,634)</b>  | <b>(823,428)</b>  |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                |                     |                   |
| Federal and State Grants                                | 1,072,838           | -                 |
| Interest Expense                                        | -                   | -                 |
| Investment Earnings                                     | -                   | 106,745           |
| Other Revenues (Expenses)                               | -                   | (252)             |
| Bond Issuance/Closing Costs                             | -                   | -                 |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>          | <b>1,072,838</b>    | <b>106,493</b>    |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b> | <b>(1,147,796)</b>  | <b>(716,935)</b>  |
| Transfers In                                            | 500,000             | -                 |
| Transfers Out                                           | -                   | (200,000)         |
| <b>CHANGE IN NET POSITION</b>                           | <b>(647,796)</b>    | <b>(916,935)</b>  |
| NET POSITION, Beginning of Year                         | 4,555,394           | 16,673,575        |
| <b>NET POSITION, End of Year</b>                        | <b>\$ 3,907,598</b> | <b>15,756,640</b> |

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

| <b>AIRPORT<br/>FUND</b> | <b>STORM<br/>WATER<br/>FUND</b> | <b>SPARTANBURG<br/>RECREATIONAL<br/>FACILITIES<br/>CORPORATION FUND</b> | <b>TOTALS</b>      | <b>TOTAL<br/>INTERNAL<br/>SERVICE<br/>FUNDS</b> |
|-------------------------|---------------------------------|-------------------------------------------------------------------------|--------------------|-------------------------------------------------|
| 475,774                 | 1,715,575                       | 771,655                                                                 | 3,611,449          | \$ 1,574,113                                    |
| -                       | -                               | -                                                                       | -                  | 4,659,925                                       |
| 625                     | -                               | -                                                                       | 80,072             | 115                                             |
| 1,999,796               | -                               | -                                                                       | 1,999,796          | -                                               |
| <b>2,476,195</b>        | <b>1,715,575</b>                | <b>771,655</b>                                                          | <b>5,691,317</b>   | <b>6,234,153</b>                                |
| 576,912                 | 314,384                         | -                                                                       | 1,006,381          | -                                               |
| 1,381,043               | 41,751                          | 331,806                                                                 | 3,052,572          | 1,662,290                                       |
| 492,536                 | 941,141                         | 40,532                                                                  | 3,594,958          | 220,000                                         |
| -                       | -                               | -                                                                       | -                  | 4,369,887                                       |
| 1,453,440               | -                               | -                                                                       | 1,453,440          | -                                               |
| 80,154                  | 30,909                          | -                                                                       | 349,211            | -                                               |
| 3,984,085               | 1,328,185                       | 372,338                                                                 | 9,456,562          | 6,252,177                                       |
| <b>(1,507,890)</b>      | <b>387,390</b>                  | <b>399,317</b>                                                          | <b>(3,765,245)</b> | <b>(18,024)</b>                                 |
| 149,361                 | -                               | -                                                                       | 1,222,199          | -                                               |
| -                       | -                               | (183,811)                                                               | (183,811)          | (134,775)                                       |
| 111,828                 | 178,064                         | -                                                                       | 396,637            | -                                               |
| -                       | (6,342)                         | -                                                                       | (6,594)            | (44,997)                                        |
| -                       | -                               | (25,000)                                                                | (25,000)           | -                                               |
| 261,189                 | 171,722                         | (208,811)                                                               | 1,403,431          | (179,772)                                       |
| <b>(1,246,701)</b>      | <b>559,112</b>                  | <b>190,506</b>                                                          | <b>(2,361,814)</b> | <b>(197,796)</b>                                |
| -                       | -                               | -                                                                       | 500,000            | 8,802                                           |
| -                       | (200,000)                       | (619,682)                                                               | (1,019,682)        | -                                               |
| <b>(1,246,701)</b>      | <b>359,112</b>                  | <b>(429,176)</b>                                                        | <b>(2,881,496)</b> | <b>(188,994)</b>                                |
| 36,449,090              | 3,641,734                       | 731,390                                                                 | 62,051,183         | 5,134,274                                       |
| <b>35,202,389</b>       | <b>4,000,846</b>                | <b>302,214</b>                                                          | <b>59,169,687</b>  | <b>\$ 4,945,280</b>                             |

## CITY OF SPARTANBURG, SOUTH CAROLINA

STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2023

|                                                                                         | TRANSIT<br>FUND  | PARKING<br>FUND  |
|-----------------------------------------------------------------------------------------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                             |                  |                  |
| Receipts from Charges for Services                                                      | \$ 147,695       | 476,869          |
| Receipts from Contributions                                                             | -                | -                |
| Receipts from Sale of Inventory                                                         | -                | -                |
| Receipts from Other Revenues                                                            | 76,152           | 3,295            |
| Payments for Personal Services                                                          | (33,703)         | (113,513)        |
| Payments for Services and Charges                                                       | (2,029,493)      | (413,145)        |
| Payments for Cost of Goods Sold                                                         | -                | -                |
| Payments for Other Expenses                                                             | -                | -                |
| Payments for Claims/Premiums                                                            | -                | -                |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES                                     | (1,839,349)      | (46,494)         |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                                 |                  |                  |
| Transfers from Other Funds                                                              | 976,008          | -                |
| Transfers to Other Funds                                                                | -                | (200,000)        |
| Non-Operating State and Federal Grants                                                  | 436,189          | -                |
| NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES                         | 1,412,197        | (200,000)        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                         |                  |                  |
| Acquisition of Capital Assets                                                           | -                | -                |
| Capital Grants and Contributions                                                        | -                | -                |
| Bond, Note, and Debt Proceeds                                                           | -                | -                |
| Bond, Note, and Debt Principal Payments                                                 | -                | -                |
| Bond, Note, and Debt Interest Payments                                                  | -                | -                |
| Bond Issuance/Closing Costs                                                             | -                | -                |
| NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES                 | -                | -                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                             |                  |                  |
| Investment Earnings                                                                     | -                | 106,745          |
| NET CASH PROVIDED BY INVESTING ACTIVITIES                                               | -                | 106,745          |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                             | <b>(427,152)</b> | <b>(139,749)</b> |
| CASH AND CASH EQUIVALENTS, Including Restricted and Pooled, Beginning of Year           | 432,077          | 2,665,710        |
| <b>CASH AND CASH EQUIVALENTS, Including Restricted and Pooled, End of Year</b>          | <b>\$ 4,925</b>  | <b>2,525,961</b> |
| Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:        |                  |                  |
| Operating Income (Loss)                                                                 | \$ (2,220,634)   | (823,428)        |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities: |                  |                  |
| Depreciation Expense                                                                    | 485,358          | 812,614          |
| Other Revenues (Expenses)                                                               | -                | (252)            |
| Change in Accounts Representing Operating Activities:                                   |                  |                  |
| Accounts Receivable                                                                     | -                | 19,878           |
| Lease Receivable                                                                        | -                | -                |
| Other Assets                                                                            | -                | -                |
| Prepays and Inventories                                                                 | 9,196            | -                |
| Deferred Pension Charges                                                                | -                | 18,595           |
| Deferred OPEB Charges                                                                   | -                | -                |
| Accounts Payable/Deposits Payable                                                       | (79,566)         | (13,119)         |
| Accrued Salaries and Benefits                                                           | (33,703)         | (412)            |
| Customer Deposits                                                                       | -                | (23,881)         |
| Compensated Absences                                                                    | -                | -                |
| Unearned Revenue                                                                        | -                | (19,878)         |
| Net Pension Liability                                                                   | -                | 8,780            |
| Net OPEB Liability                                                                      | -                | -                |
| Deferred Pension Credits                                                                | -                | (25,391)         |
| Deferred OPEB Credits                                                                   | -                | -                |
| Deferred Lease Revenue                                                                  | -                | -                |
| Net Cash Provided by (Used in) Operating Activities                                     | \$ (1,839,349)   | (46,494)         |

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

| AIRPORT<br>FUND | STORM WATER<br>FUND | SPARTANBURG<br>RECREATIONAL<br>FACILITIES<br>CORPORATION | TOTALS      | TOTAL<br>INTERNAL SERVICE<br>FUNDS |
|-----------------|---------------------|----------------------------------------------------------|-------------|------------------------------------|
| 475,775         | 1,701,077           | 771,655                                                  | 3,573,071   | \$ 1,574,113                       |
| -               | -                   | -                                                        | -           | 4,659,925                          |
| 1,999,796       | -                   | -                                                        | 1,999,796   | -                                  |
| 625             | -                   | -                                                        | 80,072      | 115                                |
| (543,061)       | (340,201)           | -                                                        | (1,030,478) | -                                  |
| (391,102)       | (903,474)           | (40,532)                                                 | (3,777,746) | (1,298,840)                        |
| (1,464,862)     | -                   | (27,647)                                                 | (1,492,509) | -                                  |
| -               | (6,342)             | -                                                        | (6,342)     | (44,997)                           |
| -               | -                   | -                                                        | -           | (4,369,887)                        |
| 77,171          | 451,060             | 703,476                                                  | (654,136)   | 520,429                            |
| (80,000)        | -                   | -                                                        | 896,008     | -                                  |
| -               | (200,000)           | (551,503)                                                | (951,503)   | 8,802                              |
| 149,361         | -                   | -                                                        | 585,550     | -                                  |
| 69,361          | (200,000)           | (551,503)                                                | 530,055     | 8,802                              |
| (25,000)        | (24,321)            | -                                                        | (49,321)    | (1,943,406)                        |
| (107,085)       | -                   | -                                                        | (107,085)   | -                                  |
| -               | -                   | -                                                        | -           | 3,852,000                          |
| -               | -                   | -                                                        | -           | (2,199,326)                        |
| -               | -                   | (183,811)                                                | (183,811)   | (134,775)                          |
| -               | -                   | (25,000)                                                 | (25,000)    | -                                  |
| (132,085)       | (24,321)            | (208,811)                                                | (365,217)   | (425,507)                          |
| 111,828         | 178,064             | -                                                        | 396,637     | -                                  |
| 111,828         | 178,064             | -                                                        | 396,637     | -                                  |
| 126,275         | 404,803             | (56,838)                                                 | (92,661)    | 103,724                            |
| 774,235         | 4,045,321           | 680,366                                                  | 8,597,709   | 1,508,387                          |
| 900,510         | 4,450,124           | 623,528                                                  | 8,505,048   | \$ 1,612,111                       |
| (1,507,890)     | 387,390             | 399,317                                                  | (3,765,245) | \$ (18,024)                        |
| 1,381,043       | 41,751              | 331,806                                                  | 3,052,572   | 1,662,290                          |
| -               | (6,342)             | -                                                        | (6,594)     | (44,997)                           |
| -               | (14,318)            | -                                                        | 5,560       | -                                  |
| 22,539          | -                   | -                                                        | 22,539      | -                                  |
| (14,971)        | -                   | -                                                        | (14,971)    | -                                  |
| (11,422)        | -                   | (27,647)                                                 | (29,873)    | (1,077,094)                        |
| 79,401          | 84,042              | -                                                        | 182,038     | -                                  |
| (1,395)         | (1,264)             | -                                                        | (2,659)     | -                                  |
| 196,559         | 68,576              | -                                                        | 172,450     | (1,746)                            |
| 1,749           | 1,855               | -                                                        | (30,511)    | -                                  |
| -               | -                   | -                                                        | (23,881)    | -                                  |
| 22,358          | 15,315              | -                                                        | 37,673      | -                                  |
| -               | (180)               | -                                                        | (20,058)    | -                                  |
| 41,036          | (15,880)            | -                                                        | 33,936      | -                                  |
| 518             | 470                 | -                                                        | 988         | -                                  |
| (108,763)       | (109,401)           | -                                                        | (243,555)   | -                                  |
| (1,053)         | (954)               | -                                                        | (2,007)     | -                                  |
| (22,538)        | -                   | -                                                        | (22,538)    | -                                  |
| 77,171          | 451,060             | 703,476                                                  | (654,136)   | \$ 520,429                         |

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**STATEMENT OF NET POSITION -  
FIDUCIARY FUNDS**

**JUNE 30, 2023**

|                                                    | <b>PENSION<br/>TRUST<br/>FUND</b> | <b>CUSTODIAL<br/>FUND</b>                 |
|----------------------------------------------------|-----------------------------------|-------------------------------------------|
|                                                    | General<br>Employees'<br>Fund     | Spartanburg<br>Development<br>Corporation |
| <b>ASSETS</b>                                      |                                   |                                           |
| Pooled Cash and Cash Equivalents                   | \$ -                              | \$ 208,395                                |
| Restricted Cash and Cash Equivalents               | -                                 | 201,325                                   |
| Restricted Investments:                            |                                   |                                           |
| Money Market Mutual Funds                          | 33,731                            | -                                         |
| US Securities                                      | 786,924                           | -                                         |
| Agency Securities                                  | 827,689                           | -                                         |
| Corporate Bonds                                    | 665,819                           | -                                         |
| Receivables                                        | 15,682                            | 10,986,750                                |
| Other Assets                                       | -                                 | 126,000                                   |
| <b>TOTAL ASSETS</b>                                | <b>\$ 2,329,845</b>               | <b>\$ 11,522,470</b>                      |
| <b>LIABILITIES</b>                                 |                                   |                                           |
| Note Payable                                       | \$ -                              | \$ 600,000                                |
| <b>TOTAL LIABILITIES</b>                           | <b>-</b>                          | <b>600,000</b>                            |
| <b>NET POSITION</b>                                |                                   |                                           |
| Restricted for Pensions                            | 2,329,845                         | -                                         |
| Restricted for Spartanburg Development Corporation | -                                 | 10,922,470                                |
| <b>TOTAL NET POSITION</b>                          | <b>\$ 2,329,845</b>               | <b>\$ 10,922,470</b>                      |

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 FUNDS**

**YEAR ENDED JUNE 30, 2023**

|                                                                   | <b>PENSION<br/>TRUST<br/>FUND</b> | <b>CUSTODIAL<br/>FUND</b>                 |
|-------------------------------------------------------------------|-----------------------------------|-------------------------------------------|
|                                                                   | General<br>Employees'<br>Fund     | Spartanburg<br>Development<br>Corporation |
| <b>ADDITIONS</b>                                                  |                                   |                                           |
| Contributions:                                                    |                                   |                                           |
| Employer                                                          | \$ 800,000                        | \$ -                                      |
| Total Contributions                                               | 800,000                           | -                                         |
| Investment Income:                                                |                                   |                                           |
| Interest                                                          | 16,333                            | 155,738                                   |
| Realized and Unrealized Appreciation in Fair Value of Investments | (8,150)                           | 22,000                                    |
| Total Investment Earnings                                         | 8,183                             | 177,738                                   |
| <b>TOTAL ADDITIONS ALL SOURCES</b>                                | <b>808,183</b>                    | <b>177,738</b>                            |
| <b>DEDUCTIONS</b>                                                 |                                   |                                           |
| Pension Benefits                                                  | 1,004,204                         | -                                         |
| Administrative Expenses                                           | 48,727                            | 25,707                                    |
| Community and Development Program Expenses                        | -                                 | 234,000                                   |
| Interest and Settlement Payments                                  | -                                 | 130,089                                   |
| <b>TOTAL DEDUCTIONS</b>                                           | <b>1,052,931</b>                  | <b>389,796</b>                            |
| <b>CHANGE IN NET POSITION</b>                                     | <b>(244,748)</b>                  | <b>(212,058)</b>                          |
| NET POSITION, Beginning of Year                                   | 2,574,593                         | 11,134,528                                |
| <b>NET POSITION, End of Year</b>                                  | <b>\$ 2,329,845</b>               | <b>\$ 10,922,470</b>                      |

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, 2023

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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 341,000 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 has two blended component units.

##### Blended Component Units

###### **Spartanburg Recreational Facilities Corporation**

The Spartanburg Recreational Facilities Corporation (“SRFC”) is a blended component unit (major enterprise fund) of the City. The SRFC is a South Carolina non-profit corporation organized in December 2008 (has not had any balances or activities in recent years) primarily to assist the City by constructing, owning, operating, leasing and managing the T.K. Gregg Community Center (“Recreational Project”). The Recreational Project is expected to qualify for new market tax credits (“NMTC”) permitted by Internal Revenue Code Section 45D. The NMTC was recognized as a tax-exempt, 501(c)(3) not-for-profit organization. The NMTC’s board of directors initially consisted of four members and were comprised of the following individuals: (a) City Manager of the City, (b) Assistant City Manager of the City, (c) Finance Director of the City, and (d) Community Services Director of the City. The number of directors may be increased or decreased, and the positions held by persons comprising the directors may be modified from time to time by resolution of the City Council. Directors may be removed at any time with or without cause by the City Council of the City and shall appoint a new member of the board of directors to fill such vacancy. Currently, the board has three members. Separate financial statements are prepared and are available at the offices of SRFC, Attention: Finance Division, P.O. Box Drawer 1749, and 145 W. Broad Street, Spartanburg, SC 29304.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. The Reporting Entity (Continued)**

**Blended Component Units (Continued)**

**Downtown Development Committee Nonprofit Corporation**

The Downtown Development Committee Nonprofit Corporation (“DDCNC”) is a blended component unit (non-major special revenue fund) of the City. The DDCNC is a South Carolina non-profit corporation organized in June 2020 to assist the City and the Downtown Partnership Committee by acquiring, selling, donating, contributing, owning, operating, leasing or managing, of real property and improvements thereon, including, but not limited to, parking facilities, for the use and benefit of the City and its citizens. The DDCNC was recognized as a tax-exempt, 501(c)(3) not-for-profit organization. The DDCNC’s board of directors consist of five members with two members from Spartanburg County (“County”) and three members from the Council of the City. Even though the board is split between the City and County, the DDCNC purpose is to provide services and benefits entirely, or almost entirely, for the City. Separate financial statements are not issued.

**Related Organizations**

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

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

***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 five enterprise funds consisting of Transit, Parking, Airport, Storm Water, and the SRFC.

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

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The **Capital Projects Fund, a major fund** and an unbudgeted 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 **ARPA Fund, a major special revenue fund** and an unbudgeted fund, is used to account for the revenue and related activities associated with the American Rescue Plan Act ("ARPA") stimulus grants.

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 funds are primarily charges for services and sales of inventory. Operating expenses for the enterprise funds include the cost of sales, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary Fund types include the following funds:

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

- The **Transit Fund** is used to account for the local fixed-route public transportation system.
- The **Parking Fund** is used to account for the City's parking garage system.
- The **Airport Fund** is used to account for the activities of the City's downtown airport.
- The **Storm Water Fund** is used to account for the City's activities of storm water maintenance and repairs.
- The **Spartanburg Recreational Facilities Corporation Fund** is used to account for the activities of the City's blended component unit (see Note I.A Blended Component Units for more details) and the Recreational Project.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

- 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 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 *Custodial 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 and are accounted for in essentially the same manner as Proprietary Funds. Pension Trust funds account for resources that are required to be held in trust for the members and beneficiaries of defined benefit plans. The General Employees' Retirement Plan Fund is used to account for the City's single-employer defined benefit retirement plan. Custodial funds are generally used to account for miscellaneous assets that the government holds on behalf of others. The Spartanburg Development Corporation Fund is used to account for money that is held by a related entity for which the City administers.

***Change in Accounting Principle***

The City adopted GASB Statement No. 96 "*Subscription-Based Information Technology Arrangements*" ("SBITAs") for the year ended June 30, 2023 ("GASB #96" or "Statement"). The objective of GASB #96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government should generally recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The adoption of GASB #96 had no impact as the City did not have any significant long-term SBITAs.

**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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

- (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 fair value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

- Corporate obligations consist of fixed income securities that include domestic bonds, collateralized mortgage obligation securities, and international fixed income bonds. These corporate obligations are issued by corporations in order to raise financing for various business reasons. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations.
- South Carolina Local Government Investment Pool ("LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

**2. Receivables and Payables**

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

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees, hospitality fees, sanitation, water, sewer, storm water, and other fees and charges. Lease receivables are comprised of amounts due from lessees and are recorded at the net present value of future lease payments.

**3. Inventories and Prepaid Items**

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 (expenditure when paid). If significant amounts of prepaid items exist in the governmental funds, the City records these amounts in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 generally maintains a capitalization threshold of \$5,000 except for land improvements and certain infrastructure which have a capitalization threshold of \$100,000.

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

| Description                  | Governmental Activities<br>Estimated Lives | Business-Type Activities<br>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.

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. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable premiums and discounts. Issuance costs are expensed when incurred.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, 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 assets 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's single-employer defined benefit pension plan ("City Pension Plan") and its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System ("State Retirement Plans" or "Plans"). (2) The City reports deferred other postemployment benefit ("OPEB") charges in its Statement of Net Position in connection with the City's OPEB plan ("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 assets 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 four types of deferred inflows of resources: (1) The City reports unavailable revenue (property taxes, sanitation fees, business licenses, and notes receivable) 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 reports *deferred lease revenue* on the proprietary funds and government-wide Statements of Net Position; it is amortized in a systematic and rational method and recognized as an inflow of resources in future periods. (3) 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 State Retirement Plans. (4) 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.).

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**8. Fund Balance (Continued)**

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

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

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

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

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

**9. Net Position**

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

**10. Pensions and OPEB**

In government-wide financial statements, pensions and OPEB are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.D and Note IV.E and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The City recognizes net pension and net OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10. Pensions and OPEB (Continued)**

Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a multi-year period beginning with the year in which the difference occurred.

**11. Fair Value**

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

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

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

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

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

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

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

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

**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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**13. Accounting Estimates**

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

**14. Comparative Data**

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

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

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

Revisions that alter the total budgeted expenditures of the City as a whole must be approved by City Council. There were no revisions to the General Fund expenditure budget in fiscal year 2023. The level at which expenditures may not legally exceed appropriations is the original budgeted 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 (Federal Home Program, Victims Assistance, Multi County Industrial Park, Accommodations Tax Fund, and Community Development). 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’s 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, 2023, approximately \$374,000 of the City’s non-pension trust fund bank balances of approximately \$4,924,000 (with a book balance of approximately \$4,581,000) were exposed to custodial risk as they were uninsured and uncollateralized. These uninsured and uncollateralized deposits relate to the SRFC enterprise fund, as this nonprofit is not required by state law to collateralize deposits.

*Investments*

As of June 30, 2023, the City’s non-pension trust fund investment portfolio consisted of:

| Investment Type                        | Fair Value<br>Levels (1) | Credit<br>Rating ^ | Fair<br>Value | Weighted Average<br>Maturity<br>< 1 year |
|----------------------------------------|--------------------------|--------------------|---------------|------------------------------------------|
| State Local Government Investment Pool | N/A                      | NR,NR,NR           | \$ 45,280,842 | \$ 45,280,842                            |

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

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

NR – Not rated.

N/A - Not applicable or not available.

**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, 2023, none of the City’s investments were exposed to custodial credit risk.

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

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

*Pension Trust Fund Cash, Cash Equivalents, and Investments*

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

# CITY OF SPARTANBURG, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

#### A. Deposits and Investments (Continued)

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

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

**Pension Plan Risk Profile:** Because the Pension Plan has an extremely conservative risk tolerance, we expect the investment manager(s) to follow these guidelines (a) buy only investment grade bonds, (b) have no more than 15% in corporate bonds, (c) have no more than 15% in international bonds, and (d) 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, 2023, the City's pension trust fund had no deposits.

#### Investments

The Pension Plan trust portfolio (reported at fair value) at June 30, 2023 is as shown in the following table:

| Investment Type     | Fair Value Levels (1) | Credit Rating ^ | Fair Value          | Weighted Average Maturity |                |                |                     |
|---------------------|-----------------------|-----------------|---------------------|---------------------------|----------------|----------------|---------------------|
|                     |                       |                 |                     | < 1 Year                  | 1 - 3 Years    | 3 - 5 Years    | > 5 Years           |
| MMMF                | Level 1               | AAAm,Aaa-mf,NR  | \$ 33,731           | 33,731                    | -              | -              | \$ -                |
| US Securities       | Level 1               | AA+, Aaa, AAA   | 786,924             | 69,352                    | 717,572        | -              | -                   |
| Agency Securities   | Level 2               | AA+, Aaa, AAA   | 827,689             | -                         | 12,367         | -              | 815,322             |
| Corporate Bonds     | Level 2               | (2)             | 665,819             | 98,964                    | 105,647        | 144,940        | 316,268             |
| Total Pension Trust |                       |                 | <u>\$ 2,314,163</u> | <u>202,047</u>            | <u>835,586</u> | <u>144,940</u> | <u>\$ 1,131,590</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, Baa to A, N/A.

MMMF - Money Market Mutual Funds.

NR - Not rated.

**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, 2023, 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.

**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 20% and 17% of its investments with the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), respectively, at June 30, 2023. 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 15<sup>th</sup> property tax due date. Property taxes attach as an enforceable lien on January 1<sup>st</sup> and are considered delinquent if not paid by March 15<sup>th</sup>.

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 and personal property in the City for the 2022 tax levy was assessed at approximately \$184,464,000. 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 City's operating tax rate is currently 104.4 mills (same as the prior year). The County bills and collects the City's property taxes. The City had outstanding property taxes receivable of \$1,485,000, \$10,000, and \$1,000 (which is net of an allowance for uncollectibles of approximately \$495,000, \$1,000, and \$1,000 respectively) for general operations, its DDCNC, and for its tax increment district, respectively, at June 30, 2023.

The City has outstanding mortgage and commercial loans receivables of approximately \$120,000 as of June 30, 2023.

The City also has an outstanding note receivable of \$3,000,000 as of June 30, 2023 due to an agreement with Northside Development Corporation ("NDC"). The City issued a \$3,000,000 HUD 108 Loan in March 2019. Proceeds from this loan were provided to NDC for a development project for a 90-unit mixed income apartment development. NDC is scheduled to pay the loan receivable balance by fiscal year 2027.

**Lease Receivable and Deferred Lease Revenue**

The City entered into a hanger and fueling facility lease with a tenant for the construction and use of a hanger and other leased property at the City's airport. The lease had an initial term of 20 years with four (4) five-year options beginning in September 2012. Monthly lease payments for the hanger are currently approximately \$3,800 with annual payments for the fueling facility of approximately \$20,000. The monthly lease payments for the hanger are indexed after the first ten years of the lease every five years and will reach approximately \$9,500 in the final five-year option period.

The City implemented GASB Statement No. 87 "Leases" ("GASB #87") for the year ended June 30, 2022, using future lease payments to be received to measure the lease receivable. In addition, the lease receivable was discounted to a net present value using a 2.4% interest rate, a reasonable incremental borrowing rate for the City at the inception of the lease. At June 30, 2023, the City reported a lease receivable and a corresponding deferred lease revenue of approximately \$2,156,000 as required by GASB# 87. The City is amortizing the deferred lease revenue over the life of the full lease term.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

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

Lease Receivable and Deferred Lease Revenue (Continued)

For the year ended June 30, 2023, the City received approximately \$75,000 from the tenant, consisting of \$23,000 in lease revenue and approximately \$52,000 in lease interest revenue. Future lease payments due to the City under the agreement are as follows:

| Year Ended June 30, | Principal           | Interest       | Total               |
|---------------------|---------------------|----------------|---------------------|
| 2024                | \$ 25,991           | 51,137         | \$ 77,128           |
| 2025                | 26,614              | 50,514         | 77,128              |
| 2026                | 27,252              | 49,876         | 77,128              |
| 2027                | 27,905              | 49,223         | 77,128              |
| 2028                | 37,211              | 48,486         | 85,697              |
| 2029-2033           | 223,800             | 227,536        | 451,336             |
| 2034-2038           | 312,568             | 195,895        | 508,463             |
| 2039-2043           | 412,531             | 153,059        | 565,590             |
| 2044-2048           | 525,102             | 97,617         | 622,719             |
| 2049-2053           | 536,858             | 28,728         | 565,586             |
| Totals              | <u>\$ 2,155,832</u> | <u>952,071</u> | <u>\$ 3,107,903</u> |

Unavailable, Deferred, and Unearned Revenues

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

As of June 30, 2023, the City had the following unavailable, deferred, and unearned revenues in its governmental funds:

| Description                                                                                   | Category    | Amount               |
|-----------------------------------------------------------------------------------------------|-------------|----------------------|
| Property Taxes, Sanitation Fees, Business Licenses, and Other (General, DDCNC, and TIF Funds) | Unavailable | \$ 1,733,720         |
| Mortgage and Loan Receivables (Special Revenue Funds)                                         | Unavailable | 110,299              |
| Unused Stimulus Grants (ARPA Fund)                                                            | Unearned    | 14,928,600           |
| Other Unearned Revenue (General Fund, Capital Projects Fund and Special Revenue Funds)        | Unearned    | 5,812,147            |
| Total                                                                                         |             | <u>\$ 22,584,766</u> |

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

C. Capital Assets

The City restated its beginning capital asset balance for a correction of an error (see note IV.K for more details). Capital asset activity for the City's governmental activities for the year ended June 30, 2023, was as follows:

| Governmental Activities:                    | Restated<br>Beginning<br>Balance | Increases          | Decreases        | Transfers   | Ending<br>Balance    |
|---------------------------------------------|----------------------------------|--------------------|------------------|-------------|----------------------|
| Capital Assets, Non-Depreciable             |                                  |                    |                  |             |                      |
| Land                                        | \$ 30,102,393                    | 15,000             | (318,606)        | 4,141,888   | \$ 33,940,675        |
| Construction In Progress ("CIP")            | 6,133,741                        | 4,674,685          | -                | (4,141,888) | 6,666,538            |
| Total Capital Assets, Non-Depreciable       | <u>36,236,134</u>                | <u>4,689,685</u>   | <u>(318,606)</u> | <u>-</u>    | <u>40,607,213</u>    |
| Capital Assets, Depreciable                 |                                  |                    |                  |             |                      |
| Buildings and Improvements                  | 31,025,686                       | -                  | -                | -           | 31,025,686           |
| Infrastructure                              | 49,673,796                       | -                  | -                | -           | 49,673,796           |
| Machinery and Equipment                     | 8,539,263                        | 504,202            | (16,173)         | -           | 9,027,292            |
| Vehicles                                    | 22,101,911                       | 1,766,231          | (383,874)        | -           | 23,484,268           |
| Furniture and Fixtures                      | 6,582                            | -                  | -                | -           | 6,582                |
| Total Capital Assets, Depreciable           | <u>111,347,238</u>               | <u>2,270,433</u>   | <u>(400,047)</u> | <u>-</u>    | <u>113,217,624</u>   |
| Less: Accumulated Depreciation for:         |                                  |                    |                  |             |                      |
| Buildings and Improvements                  | 17,940,335                       | 826,184            | -                | -           | 18,766,519           |
| Infrastructure                              | 39,241,956                       | 655,201            | -                | -           | 39,897,157           |
| Machinery and Equipment                     | 6,102,045                        | 464,549            | (16,173)         | -           | 6,550,421            |
| Vehicles                                    | 13,780,268                       | 1,492,732          | (383,874)        | -           | 14,889,126           |
| Furniture and Fixtures                      | 6,582                            | -                  | -                | -           | 6,582                |
| Total Accumulated Depreciation              | <u>77,071,186</u>                | <u>3,438,666</u>   | <u>(400,047)</u> | <u>-</u>    | <u>80,109,805</u>    |
| Total Capital Assets, Depreciable, Net      | <u>34,276,052</u>                | <u>(1,168,233)</u> | <u>-</u>         | <u>-</u>    | <u>33,107,819</u>    |
| Governmental Activities Capital Assets, Net | <u>\$ 70,512,186</u>             | <u>3,521,452</u>   | <u>(318,606)</u> | <u>-</u>    | <u>\$ 73,715,032</u> |

Depreciation expense for governmental activities (which includes internal service fund depreciation expense of approximately \$1,662,000) was charged to functions/programs as follows:

| Functions/Programs                    | Depreciation Expense |
|---------------------------------------|----------------------|
| Policy Formulation and Administration | \$ 437,864           |
| Public Safety                         | 976,349              |
| Parks, Recreation, and Special Events | 625,827              |
| Development Services                  | 21,897               |
| Public Services                       | 1,364,993            |
| Finance and Administrative Services   | 11,736               |
| Totals - Governmental Activities      | <u>\$ 3,438,666</u>  |

The City has outstanding construction commitments of approximately \$6,096,000 at June 30, 2023 primarily related to the Mary Wright monument, the Fire Station, and the Morgan Square project.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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, 2023, was as follows:

| Business-Type Activities:                    | Beginning<br>Balance | Increases   | Decreases | Transfers | Ending<br>Balance |
|----------------------------------------------|----------------------|-------------|-----------|-----------|-------------------|
| Capital Assets, Non-Depreciable:             |                      |             |           |           |                   |
| Land                                         | \$ 6,855,143         | -           | -         | -         | \$ 6,855,143      |
| Construction In Progress                     | -                    | 25,000      | -         | -         | 25,000            |
| Total Capital Assets, Non-Depreciable        | 6,855,143            | 25,000      | -         | -         | 6,880,143         |
| Capital Assets, Depreciable:                 |                      |             |           |           |                   |
| Buildings and Improvements                   | 53,776,850           | -           | -         | -         | 53,776,850        |
| Infrastructure                               | 35,854,304           | -           | -         | -         | 35,854,304        |
| Machinery and Equipment                      | 930,995              | 24,321      | -         | -         | 955,316           |
| Vehicles                                     | 5,614,447            | -           | (32,380)  | -         | 5,582,067         |
| Total Capital Assets, Depreciable            | 96,176,596           | 24,321      | (32,380)  | -         | 96,168,537        |
| Less: Accumulated Depreciation for:          |                      |             |           |           |                   |
| Buildings and Improvements                   | 22,965,497           | 1,365,022   | -         | -         | 24,330,519        |
| Infrastructure                               | 6,070,984            | 1,331,124   | -         | -         | 7,402,108         |
| Machinery and Equipment                      | 891,794              | 10,283      | -         | -         | 902,077           |
| Vehicles                                     | 3,223,446            | 346,143     | (32,380)  | -         | 3,537,209         |
| Total Accumulated Depreciation               | 33,151,721           | 3,052,572   | (32,380)  | -         | 36,171,913        |
| Total Capital Assets, Depreciable, Net       | 63,024,875           | (3,028,251) | -         | -         | 59,996,624        |
| Business-Type Activities Capital Assets, Net | \$ 69,880,018        | (3,003,251) | -         | -         | \$ 66,876,767     |

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

| Functions/Programs                              | Depreciation Expense |
|-------------------------------------------------|----------------------|
| Transit                                         | \$ 485,358           |
| Parking                                         | 812,614              |
| Airport                                         | 1,381,043            |
| Storm Water                                     | 41,751               |
| Spartanburg Recreational Facilities Corporation | 331,806              |
| Totals - Business-Type Activities               | \$ 3,052,572         |

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 2023, the City did not receive any significant donated infrastructure.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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 Bonds ("HTB"), Hospitality Tax Refunding bonds ("HTRB"), and Hospitality Tax Refunding and Improvement Bonds ("HTRIB") are special obligation bonds of the City that are secured by hospitality tax revenue. The Promissory Notes ("PN") are special obligation debt of the City's blended components and are payable from their resources. Financed Purchase ("FP") 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, PN, or FP obligations nor the interest thereon.

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

Details for each outstanding debt issue as of June 30, 2023, are as follows:

Balance at  
June 30, 2023

***General Obligation Refunding Bonds - DBP***

\$3,290,000      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<sup>st</sup> and October 1<sup>st</sup> of each calendar year. Annual principal payments of \$55,000 began April 1, 2018 and increase in amounts annually until the annual payment reaches \$505,000 in year 2030. The proceeds of these bonds were used to partially advance refund the Series 2010 – GOB.

***Tax Increment Refunding Bonds - DBP***

\$1,210,000      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<sup>st</sup> of each calendar year. Annual principal payments of \$525,000 begin April 1, 2018 and increase in amounts annually until the annual payment reaches \$610,000 in year 2025. The proceeds of these bonds were primarily used to refund the Series 2010 – TIRB.

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

\$1,645,000      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<sup>st</sup> 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.

\$2,030,000      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 1<sup>st</sup> 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.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

D. Long-Term Obligations (Continued)

| Balance at<br>June 30, 2023 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$11,835,000                | Series 2019 – HTB (Hospitality Fee Pledge) – Issued September 2019, in an original amount of \$13,860,000 with interest ranging from 2.08% to 3.15%. The bonds mature April 1, 2039. The interest payments are due April 1 <sup>st</sup> and October 1 <sup>st</sup> of each calendar year and the principal payments begin April 1, 2020 at \$290,000 and increase each year until the annual payment is \$910,000 in year 2039. The proceeds of these bonds were ultimately used for the construction of the T.K. Gregg Community Center. |
| \$ 2,724,535                | Series 2021B – HTRB (Hospitality Fee Pledge) – Issued in April 2021, in an original amount of \$3,520,000 with an interest rate of 2.05%. The bonds mature April 1, 2029. Interest payments are due April 1 <sup>st</sup> of each year. Principal payments begin April 1, 2022, at approximately \$390,000 and increase in amounts annually until the final payment of approximately \$473,000 in year 2029. The proceeds of these bonds were used to currently refund the 2016 Series B – HTRB.                                            |

*Promissory Notes – Blended Component Units*

|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$ 7,252,000 | Promissory Note A (“TIF Loan A – PN”) – TIF Loan A – PN issued October 24, 2019 between SRFC and The Innovate Fund IV, LLC (“TIF”), in an original amount of \$7,252,000. TIF Loan A – PN consists of an interest only term and a principal and interest term with debt service being paid on a quarterly basis. The interest only term concludes December 15, 2026 and the principal and interest term of \$76,590 per quarter concludes October 24, 2054. The interest rate is 1.2254%. The proceeds of TIF Loan A – PN were used to design, renovate, and construct the Recreational Project.           |
| 2,748,000    | Promissory Note B (“TIF Loan B – PN”) – TIF Loan B – PN issued October 24, 2019 between SRFC and TIF, in an original amount of \$2,748,000. TIF Loan B – PN consists of an interest only term and a principal and interest term with debt service being paid on a quarterly basis. The interest only term concludes December 15, 2026 and the principal and interest term of \$27,966 per quarter concluding October 24, 2054. The interest rate is 1.2254%. The proceeds of TIF Loan B – PN were also used to design, renovate, and construct the Recreational Project.                                   |
| 3,626,000    | Promissory Note A (“SCCLF Loan A – PN”) – SCCLF Loan A – PN issued October 24, 2019 between SRFC and SCCLF Sub-CDE I, LLC (“SCCLF”), in an original amount of \$3,626,000. SCCLF Loan A – PN consists of an interest only term and a principal and interest term with debt service being paid on a quarterly basis. The interest only term concludes December 15, 2026 and the principal and interest term of \$38,295 per quarter concludes October 24, 2054. The interest rate is 1.2254%. The proceeds of SCCLF Loan A – PN were also used to design, renovate, and construct the Recreational Project. |
| \$ 1,374,000 | Promissory Note B (“SCCLF Loan B – PN”) – SCCLF Loan B – PN issued October 24, 2019 between SRFC and SCCLF, in an original amount of \$1,374,000. SCCLF Loan B – PN consists of an interest only term and a principal and interest term with debt service being paid on a quarterly basis. The interest only term concludes December 15, 2026 and the principal and interest term of \$13,983 per quarter concludes October 24, 2054. The interest rate is 1.2254%. The proceeds of SCCLF Loan B – PN were also used to design, renovate, and construct the Recreational Project.                          |

*HUD 108 Loan - DBP*

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

D. Long-Term Obligations (Continued)

Balance at  
June 30, 2023

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*Financed Purchases - DBP*

|             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| \$ 186,000  | In April 2015, the City entered into a 10-year financed purchase for the purchase of vehicles and equipment for \$2,625,000. The rate of interest is 1.49%. The financed purchase matures in April 2025. The financed purchase requires semi-annual payments (interest and principal) of \$223,492 beginning October 1, 2015 and decreasing to \$47,350 on April 1, 2025. This financed purchase is recorded and funded in the Equipment Replacement Fund (internal service fund).                    |
| 203,370     | In September 2016, the City entered into a 10-year financed purchase for the purchase of vehicles and equipment for \$2,000,000. The rate of interest is 1.42%. The financed purchase matures in October 2026. The financed purchase requires semi-annual payments (interest and principal) of \$180,181 for the first five years and \$29,884 for the last five years. This financed purchase is recorded and funded in the Equipment Replacement Fund (internal service fund).                      |
| 369,207     | In October 2017, the City entered into a 10-year financed purchase for the purchase of vehicles and equipment for \$2,550,000. The rate of interest is 1.85%. The financed purchase matures in October 2027. The financed purchase requires semi-annual payments (interest and principal) of \$228,923 for the first five years and \$42,943 for the last five years. This financed purchase is recorded and funded in the Equipment Replacement Fund (internal service fund).                        |
| 280,341     | In December 2018, the City entered into a 5-year financed purchase for the purchase of vehicles and equipment for \$2,650,000. The rate of interest is 2.83%. The financed purchase matures in October 2023. The financed purchase requires semi-annual payments (interest and principal) of \$284,306. This financed purchase is recorded and funded in the Equipment Replacement Fund (internal service fund).                                                                                      |
| 758,356     | In December 2019, the City entered into a 5-year financed purchase for the purchase of vehicles and equipment for \$2,460,000. The rate of interest is 1.80%. The financed purchase matures in October 2024. The financed purchase requires semi-annual payments (interest and principal) of \$257,353.55. This financed purchase is recorded and funded in the Equipment Replacement Fund (internal service fund).                                                                                   |
| 2,124,316   | In September 2021, the City entered into a 10-year financed purchase for the purchase of vehicles and equipment for \$2,830,000. The rate of interest is 0.96%. The financed purchase matures in October 2031. The financed purchase requires semi-annual payments (interest and principal) of \$248,442.62 until the April 1, 2027 payment at which point payments decrease to \$44,402.79. This financed purchase is recorded and funded in the Equipment Replacement Fund (internal service fund). |
| 1,744,535   | In November 2022, the City entered into a 5-year financed purchase for the purchase of vehicles and equipment for \$1,930,000. The rate of interest is 3.86%. The financed purchase matures in October 2027. The financed purchase requires semi-annual payments (interest and principal) of \$213,019. This financed purchase is recorded and funded in the Equipment Replacement Fund (internal service fund).                                                                                      |
| \$1,833,051 | In November 2022, the City entered into a 10-year financed purchase for the purchase of a fire truck and equipment for \$1,922,000. The rate of interest is 3.73%. The financed purchase matures in October 2032. The financed purchase requires semi-annual payments (interest and principal) of \$115,465. This financed purchase is recorded and funded in the Equipment Replacement Fund (internal service fund).                                                                                 |

## CITY OF SPARTANBURG, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

## 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, 2023:

| Long-Term Obligations            | Type of Issue | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|---------------|-------------------|-----------|------------|----------------|---------------------|
| <b>Governmental Activities:</b>  |               |                   |           |            |                |                     |
| Debt:                            |               |                   |           |            |                |                     |
| Bonds, Loans, and PN:            |               |                   |           |            |                |                     |
| 2014 Series - HTRB               | DBP           | \$ 2,445,000      | -         | 800,000    | 1,645,000      | \$ 815,000          |
| 2016 Series A - HTRIB            | DBP           | 2,320,000         | -         | 290,000    | 2,030,000      | 290,000             |
| 2017 Series - TIRB               | DBP           | 1,795,000         | -         | 585,000    | 1,210,000      | 600,000             |
| 2017 Series - GORB               | DBP           | 3,710,000         | -         | 420,000    | 3,290,000      | 435,000             |
| 2019 Series - HUD Loan           | DBP           | 3,000,000         | -         | -          | 3,000,000      | -                   |
| 2019 Series - HTB                | PT            | 12,425,000        | -         | 590,000    | 11,835,000     | 605,000             |
| 2021 Series B - HTRB             | DBP           | 3,129,894         | -         | 405,359    | 2,724,535      | 420,217             |
| Total Bonds, Loans, and PN       |               | 28,824,894        | -         | 3,090,359  | 25,734,535     | 3,165,217           |
| Financed Purchases:              |               |                   |           |            |                |                     |
| 2015 Financed Purchase *         | DBP           | 276,000           | -         | 90,000     | 186,000        | 92,000              |
| 2016 Financed Purchase *         | DBP           | 259,650           | -         | 56,280     | 203,370        | 57,082              |
| 2017 Financed Purchase *         | DBP           | 631,460           | -         | 262,253    | 369,207        | 79,424              |
| 2018 Financed Purchase *         | DBP           | 829,340           | -         | 548,999    | 280,341        | 280,340             |
| 2019 Financed Purchase *         | DBP           | 1,252,709         | -         | 494,353    | 758,356        | 503,300             |
| 2021 Financed Purchase *         | DBP           | 2,597,343         | -         | 473,027    | 2,124,316      | 477,590             |
| 2022-A Financed Purchase *       | DBP           | -                 | 1,930,000 | 185,465    | 1,744,535      | 362,161             |
| 2022-B Financed Purchase *       | DBP           | -                 | 1,922,000 | 88,949     | 1,833,051      | 164,072             |
| Total Financed Purchases         |               | 5,846,502         | 3,852,000 | 2,199,326  | 7,499,176      | 2,015,969           |
| Total Debt                       |               | 34,671,396        | 3,852,000 | 5,289,685  | 33,233,711     | 5,181,186           |
| Compensated Absences             | N/A           | 3,877,421         | 2,282,858 | 1,711,360  | 4,448,919      | 1,702,586           |
| Total Governmental Activities    |               | \$ 38,548,817     | 6,134,858 | 7,001,045  | 37,682,630     | \$ 6,883,772        |
| <b>Business-Type Activities:</b> |               |                   |           |            |                |                     |
| Debt:                            |               |                   |           |            |                |                     |
| TIF Loan A - PN                  | DBP           | \$ 7,252,000      | -         | -          | 7,252,000      | \$ -                |
| TIF Loan B - PN                  | DBP           | 2,748,000         | -         | -          | 2,748,000      | -                   |
| SSCCLF Loan A - PN               | DBP           | 3,626,000         | -         | -          | 3,626,000      | -                   |
| SSCCLF Loan B - PN               | DBP           | 1,374,000         | -         | -          | 1,374,000      | -                   |
| Total Debt                       |               | 15,000,000        | -         | -          | 15,000,000     | -                   |
| Compensated Absences             | N/A           | 121,602           | 69,178    | 31,505     | 159,275        | 79,638              |
| Total Business-Type Activities   |               | \$ 15,121,602     | 69,178    | 31,505     | 15,159,275     | \$ 79,638           |

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

The General Fund (via transfers out), Hospitality Tax Fund (via transfers out) and the Debt Service funds have been used to liquidate the governmental activities debt. Payments for the City's other long-term liabilities associated with compensated absences and the City OPEB Plan, City Pension Plan, and the State Retirement Plan (see Note IV.D and Note IV.E) are paid from the various funds for which the employees' salaries are charged.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

D. Long-Term Obligations (Continued)

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

| Year Ending June 30,                  | DBP Debt      |           | PT Debt    |           | Totals        |
|---------------------------------------|---------------|-----------|------------|-----------|---------------|
|                                       | Principal     | Interest  | Principal  | Interest  |               |
| <b><u>Governmental Activities</u></b> |               |           |            |           |               |
| 2024                                  | \$ 4,576,186  | 515,919   | 605,000    | 338,133   | \$ 6,035,238  |
| 2025                                  | 4,126,243     | 416,969   | 615,000    | 324,520   | 5,482,732     |
| 2026                                  | 2,389,282     | 327,161   | 630,000    | 310,068   | 3,656,511     |
| 2027                                  | 5,217,932     | 227,026   | 645,000    | 294,759   | 6,384,717     |
| 2028                                  | 1,782,458     | 128,758   | 660,000    | 278,569   | 2,849,785     |
| 2029-2033                             | 3,306,610     | 167,282   | 3,595,000  | 1,111,366 | 8,180,258     |
| 2034-2038                             | -             | -         | 4,175,000  | 538,113   | 4,713,113     |
| 2039                                  | -             | -         | 910,000    | 28,665    | 938,665       |
| Totals                                | \$ 21,398,711 | 1,783,115 | 11,835,000 | 3,224,193 | \$ 38,241,019 |

| Year Ending June 30,                   | DBP Debt             |                  | Totals               |
|----------------------------------------|----------------------|------------------|----------------------|
|                                        | Principal            | Interest         |                      |
| <b><u>Business-Type Activities</u></b> |                      |                  |                      |
| 2024                                   | \$ -                 | 183,810          | \$ 183,810           |
| 2025                                   | -                    | 183,810          | 183,810              |
| 2026                                   | -                    | 183,810          | 183,810              |
| 2027                                   | 371,855              | 182,386          | 554,241              |
| 2028                                   | 450,165              | 177,176          | 627,341              |
| 2029-2033                              | 2,335,325            | 801,375          | 3,136,700            |
| 2034-2038                              | 2,482,651            | 654,048          | 3,136,699            |
| 2039-2043                              | 2,639,273            | 497,425          | 3,136,698            |
| 2044-2048                              | 2,805,777            | 330,922          | 3,136,699            |
| 2049-2053                              | 2,982,782            | 153,919          | 3,136,701            |
| 2054-2056                              | 932,172              | 9,657            | 941,829              |
| Totals                                 | <u>\$ 15,000,000</u> | <u>3,358,338</u> | <u>\$ 18,358,338</u> |

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, 2023, the City had \$3,290,000 of bonded debt subject to the 8% legal debt limit of approximately \$14,757,000, resulting in an unused legal debt margin of approximately \$11,467,000.

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 significant arbitrage liability at June 30, 2023.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

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

Interfund balances at June 30, 2023, consisted of the following fund receivables and payables (all of which are expected to be repaid within one year):

| Fund                                                 | Receivables       | Payables          |
|------------------------------------------------------|-------------------|-------------------|
| <b><u>Major Governmental Funds</u></b>               |                   |                   |
| General Fund                                         | \$ 824,255        | \$ -              |
| <b><u>Enterprise Funds</u></b>                       |                   |                   |
| Transit Fund                                         | -                 | 476,008           |
| Spartanburg Recreational Facilities Corporation Fund | -                 | 211,387           |
| <b><u>Non-Major Funds - In Aggregate by Type</u></b> |                   |                   |
| Special Revenue Funds                                | -                 | 136,860           |
| Totals                                               | <u>\$ 824,255</u> | <u>\$ 824,255</u> |

The payable in the various funds are for expenditures paid by the General Fund that will be reimbursed from the respective funds (and are due to timing differences).

Transfers between funds for the year ended June 30, 2023, consist of the following:

| Fund                                                 | Transfers In        | Transfers Out       |
|------------------------------------------------------|---------------------|---------------------|
| <b><u>Major Governmental Funds</u></b>               |                     |                     |
| General Fund                                         | \$ 4,119,683        | \$ 1,489,334        |
| Capital Projects Fund                                | 375,000             | 910,000             |
| Hospitality Tax Fund                                 |                     | 5,887,543           |
| <b><u>Enterprise Funds</u></b>                       |                     |                     |
| Transit Fund                                         | 500,000             | -                   |
| Parking Fund                                         | -                   | 200,000             |
| Storm Water Fund                                     | -                   | 200,000             |
| Spartanburg Recreational Facilities Corporation Fund |                     | 619,682             |
| <b><u>Internal Service Funds</u></b>                 | 8,802               | -                   |
| <b><u>Non-Major Funds - In Aggregate By Type</u></b> |                     |                     |
| Special Revenue Funds                                | 585,314             | 317,537             |
| Debt Service Funds                                   | 4,035,297           | -                   |
| Total                                                | <u>\$ 9,624,096</u> | <u>\$ 9,624,096</u> |

General Fund

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

Capital Project Fund

Transfers into the Capital Projects Fund were to help support ongoing projects. Transfers out of the Capital Projects Fund were primarily for debt payments.

Hospitality Tax Fund

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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

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

Transit Fund

Transfer in were primarily for operating costs. There were no transfers out during the fiscal year.

Parking Fund

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

Storm Water Fund

There were no transfers in during the fiscal year. Transfers out were primarily to cover overhead cost and support ongoing capital projects.

Spartanburg Recreational Facilities Corporation Fund

Transfers out were primarily related to support payments required by the NMTC agreements. There were no transfers in.

Internal Service Funds

Transfers in were primarily to cover deficits.

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 special events funding and to cover debt service.

Debt Service Funds

Transfers in were primarily for debt service payments. There were no transfers out.

F. Net Investment in Capital Assets

During the year ended June 30, 2016, the City issued its 2016 Series A and B Hospitality Tax Bonds in the combined amount of \$10,135,000 to refund all of the outstanding 2005 Series 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). During the year ended June 30, 2021, the City issued the 2021 Series B Hospitality Tax Refunding Bonds to refund the 2016 Series B Hospitality Tax Bonds. The Parking Fund and the Airport Fund are reported in the business-type activities and the 2016 Series A and 2021 Series B debt 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 \$4,194,000 of the outstanding balance of these two bonds at June 30, 2023 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 is 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*

In February 2002, the City entered into a Ground Lease whereby the City leased 4.85 acres to Renaissance Park Hotel, LLC (the "Original Hotel 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 Original Hotel Developer subsequently defaulted on its loan, and the property was foreclosed by the lender. This property was sold and transferred to another developer and is currently being held by GBPT, LLC. ("Current Hotel Developer").

**IV. OTHER INFORMATION (CONTINUED)**

**A. Agreements (Continued)**

***Renaissance Park Project – Ground Lease (Continued)***

The Current Hotel Developer has assumed all of the Original Hotel Developer'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 the Current Hotel Developer 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 Current Hotel Developer notified the City in fiscal year 2022 of its desire to exercise its land purchase option and purchased the property in November 2022.

In November 2022, the Current Hotel Developer entered into a severance and purchase option agreement with the City whereby it purchased the hotel property (as defined) and the City assigned its interest in the ground lease to the Current Hotel Developer for the price of approximately \$1,825,000 with a purchase option for the City Conference Center Improvements and the Silver Hill Street entrance any time after April 1, 2025 for \$1.00.

***New Market Tax Credit Agreements***

In October 2019, the City, the SRFC (blended component unit), the City of Spartanburg Development Corporation ("SDC"), several Community Development Entities ("CDEs"), Capital One affiliated entity(ies) ("COAE"), and other related entities entered into various agreements in order to facilitate the use of NMTC to construct the Recreational Project. The City determined that the construction of the Recreational Project in the Northside Community ("Northside") should be undertaken as part of a comprehensive effort to revitalize the Northside, improve services to its residents, enhance the economic development of the City, and provide facilities that will host athletic and recreational events and programming that will attract visitors from outside the City.

In order to advance the Recreational Project, the City and the SRFC entered into numerous agreements (i.e. purchase agreement, grant agreements, project management agreement, reimbursement certification and compliance agreement, lease agreement, etc.). The City also conveyed the land and improvements ("Property") for the Recreational Project to the SRFC. This conveyance consisted of the City contributing and selling/reimbursing approximately \$2,583,000 (which was initially \$3,162,000 but was reduced \$579,000 for noncapitalizable costs) and \$7,281,000, respectively, in Property and other costs related to the Recreational Project to the SRFC. The grant by the City to the SDC was \$10,878,000 ("City Grant") and consisted of a first and second tranche. Approximately \$7,281,000 of the City Grant was derived from the proceeds received from the City's sale/reimbursement of the Property and other costs to the SRFC.

The SDC used the City Grant proceeds to make a total leverage loan to a COAE of \$10,878,000. The COAE used the total leverage loan received, along with \$4,797,000 in new money, to make a qualified equity investment ("QEI") of \$15,000,000 into CDEs plus \$675,000 to other related entities for professional expenses. The SRFC then borrowed (via four promissory notes) \$15,000,000 from the CDEs to purchase the land and the construction to date (\$7,281,000) from the City and to fund the remaining construction costs of the Recreational Project.

Of particular importance, the City entered into a Lease Agreement with the SRFC which provides the City the right to use the Recreational Project from June 2020 until June 2056. The Lease Agreement effectively requires the City to make lease payments equal to the ongoing operating and debt service requirements for the promissory notes (see Note III.D for more details on the promissory notes). These lease payments are to be appropriated/paid from the City's available funds. Continuing events of default (i.e. nonappropriation, non-payment, etc.) by the City will result in the City losing its rights to use the Recreational Project.

**IV. OTHER INFORMATION (CONTINUED)**

**A. Agreements (Continued)**

***New Market Tax Credit Agreements (Continued)***

NMTC of \$5,850,000 (39% of the QEI) will be generated related to this Recreational Project. Once the seven-year NMTC compliance period has been achieved, it is the intent of all parties involved to unwind the NMTC transactions in October 2026 (via a put/call agreement between SDC and COAE) by paying off the applicable debt, with title for the Recreational Project reverting back to the City.

The anticipated federal tax credits that the Recreational Project is to generate is contingent on the City's ability to initially comply with, and maintain compliance with, the applicable provisions of the Internal Revenue Code. Failure to comply with these rules and regulations could result in recapture of these tax credits plus interest and penalties. The federal tax credits are subject to audit and disallowance by the Internal Revenue Service. Disallowance of all or a portion of these tax credits could have a material impact on the financial position of the City.

**B. Commitments and Contingencies**

***New Market Tax Credits***

For the term of the promissory notes, the City cannot take any action that would cause them to fail to be a "qualified low-income community business" or fail to take any action required to cause the City to continue to be a "qualified low-income community business. The SRFC is dependent upon annual appropriation by the City to pay rent under the Lease Agreement.

***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, 2023.

**C. Risk Management**

***Health Insurance***

Effective July 1, 2018, the City switched from a partial self-insurance program for health insurance for City employees to the State Health Plan (an insured plan) which has significantly changed the types and forms of coverages provided. Both employees and employers contribute to the plan. The health insurance activity of the City is reported in the medical insurance trust internal service fund. There have been no significant reductions in coverage in the past fiscal year and there were no significant settlements exceeding insurance coverage in the last three years.

**IV. OTHER INFORMATION (CONTINUED)**

**C. Risk Management (Continued)**

***Participation in Public Entity Risk Pools***

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, 2023, the City made premium payments totaling approximately \$201,000. 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, 2022, totaled approximately \$44,198,000. 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 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, 2023, the City made premium payments totaling approximately \$920,000. 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, 2022, totaled approximately \$6,715,000. 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.

**D. Retirement Plans**

***State Retirement Plans***

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

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

The PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the System's Pension Trust Funds. The ACFR is publicly available through the PEBA's website at [www.peba.sc.gov](http://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 ACFR of the state.

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

*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 and other benefits for teachers and employees of the state and its political subdivisions. The SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits to police officers and firefighters. The PORS also covers peace officers, coroners, probate judges, and magistrates.

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

*Plan Benefits*

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

**IV. OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

*State Retirement Plans (Continued)*

*Plan Benefits (Continued)*

- 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*

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

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

*Plan Contributions (Continued)*

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

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 year are as follows:

|                                | SCRS Rates | PORS Rates |
|--------------------------------|------------|------------|
|                                | 2023       | 2023       |
| Employer Contribution Rate: ^  |            |            |
| Retirement                     | 17.41%     | 19.84%     |
| Incidental Death Benefit       | 0.00%      | 0.20%      |
| Accidental Death Contributions | 0.00%      | 0.20%      |
|                                | 17.41%     | 20.24%     |
| Employee Contribution Rate ^   | 9.00%      | 9.75%      |

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

The actual and required contributions to the SCRS and PORS were approximately \$1,801,000 and \$2,508,000, respectively, for the year ended June 30, 2023 and include the nonemployer contributions noted below.

*Nonemployer Contributions*

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2023. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2023 were approximately \$80,000 and \$92,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the City's governmental fund financial statements.

*Actuarial Assumptions and Methods*

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

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

*Actuarial Assumptions and Methods (Continued)*

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022 (measurement date) for the SCRS and PORS.

|                             | SCRS                              | PORS                              |
|-----------------------------|-----------------------------------|-----------------------------------|
| Actuarial Cost Method       | Entry Age Normal                  | Entry Age Normal                  |
| Actuarial Assumptions:      |                                   |                                   |
| Investment Rate of Return*  | 7.00%                             | 7.00%                             |
| Projected Salary Increases* | 3.0% to 11.0% (varies by service) | 3.5% to 10.5% (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 2020 Public Retirees of South Carolina Mortality table (“2020 PRSC”), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

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

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected 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 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

*Long-Term Expected Rate of Return (Continued)*

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

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

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

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

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

At June 30, 2023, the City reported liabilities of approximately \$18,689,000 and \$21,553,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2022, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2021 that was projected forward to the measurement date. The City's proportion of the NPL were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2022 measurement date, the City's SCRS proportion was 0.077094 percent, which was a decrease of 0.003305 from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the City's PORS proportion was 0.718693 percent, which was an increase of 0.040392 from its proportion measured as of June 30, 2021.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

*State Retirement Plans (Continued)*

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

For the year ended June 30, 2023, the City recognized pension expense of approximately \$2,269,000 and \$2,917,000 for the SCRS and PORS, respectively. At June 30, 2023, 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| <b>SCRS</b>                                                                                                            |                                      |                                     |
| Differences Between Expected and Actual Experience                                                                     | \$ 162,374                           | \$ 81,447                           |
| Change in Assumptions                                                                                                  | 599,407                              | -                                   |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments                                       | 28,823                               | -                                   |
| Changes in Proportion and Differences Between the Employer's<br>Contributions and Proportionate Share of Contributions | 49,612                               | 1,496,887                           |
| Employer Contributions Subsequent to the Measurement Date                                                              | 1,720,496                            | -                                   |
| Total SCRS                                                                                                             | <u>2,560,712</u>                     | <u>1,578,334</u>                    |
| <b>PORS</b>                                                                                                            |                                      |                                     |
| Differences Between Expected and Actual Experience                                                                     | 361,623                              | 426,076                             |
| Change in Assumptions                                                                                                  | 897,520                              | -                                   |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments                                       | 65,086                               | -                                   |
| Changes in Proportion and Differences Between the Employer's<br>Contributions and Proportionate Share of Contributions | 1,409,311                            | 1,162,726                           |
| Employer Contributions Subsequent to the Measurement Date                                                              | 2,415,913                            | -                                   |
| Total PORS                                                                                                             | <u>5,149,453</u>                     | <u>1,588,802</u>                    |
| Total SCRS and PORS                                                                                                    | <u>\$ 7,710,165</u>                  | <u>\$ 3,167,136</u>                 |

Approximately \$1,720,000 and \$2,416,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2024. 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<br>June 30, | SCRS                | PORS             | Total             |
|------------------------|---------------------|------------------|-------------------|
| 2024                   | \$ (658,044)        | 254,038          | \$ (404,006)      |
| 2025                   | 31,137              | 538,770          | 569,907           |
| 2026                   | (598,613)           | (485,847)        | (1,084,460)       |
| 2027                   | 487,402             | 837,777          | 1,325,179         |
| Total                  | <u>\$ (738,118)</u> | <u>1,144,738</u> | <u>\$ 406,620</u> |

# CITY OF SPARTANBURG, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### IV. OTHER INFORMATION (CONTINUED)

#### D. Retirement Plans (Continued)

##### *State Retirement Plans (Continued)*

###### *Discount Rate*

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

###### *Sensitivity Analysis*

The following table presents the sensitivity of the City's proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

| System                                                                 | 1% Decrease<br>(6.00%) | Current Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|------------------------------------------------------------------------|------------------------|----------------------------------|------------------------|
| City's proportionate share<br>of the net pension liability of the SCRS | \$ 23,961,863          | 18,689,202                       | \$ 14,305,669          |
| City's proportionate share<br>of the net pension liability of the PORS | 30,054,987             | 21,553,449                       | 14,594,140             |
| Total                                                                  | <u>\$ 54,016,850</u>   | <u>40,242,651</u>                | <u>\$ 28,899,809</u>   |

###### *Plans Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR is publicly available through the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

###### *Payable to Plans*

The City reported a payable of approximately \$722,000 to the PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023 for the SCRS and PORS. This amount is included in Accrued Salaries and Benefits on the financial statements and was paid in July 2023.

##### *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 – 67; vested inactive employees not yet receiving benefits – 2; and no active employees. Consequently, there was no covered payroll for fiscal year 2023.

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

*City Pension Plan (Continued)*

*Plan Description (Continued)*

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

*Basis of Accounting*

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

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

*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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a loss of 2.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

| Asset Class                        | Target Allocation |
|------------------------------------|-------------------|
| Domestic Fixed Income (Short Term) | 35-45%            |
| Domestic Fixed Income (Long Term)  | 55-65%            |
| 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 \$800,000 during 2023. The annual required contribution under the actuarially determined rate was approximately \$1,163,000.

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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, 2023 using the following key actuarial assumptions, applied to all periods included in the measurement:

|                                               |                                                                                                               |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Actuarial Valuation Date:                     | January 1, 2023                                                                                               |
| Actuarial Cost Method:                        | Entry Age Normal                                                                                              |
| Actuarial Asset Valuation Method:             | Fair Value using a 3-year phase in for gains and losses                                                       |
| Actuarial Assumptions:                        |                                                                                                               |
| Assumed Rate of Return on Investments:        | 4.00%, compounded annually                                                                                    |
| Mortality Rate:                               | PUB-G 2010 Mortality Table for Employees and Health annuitants, projected generationally using Scale MP 2021. |
| Rates of Disability:                          | No disability assumed                                                                                         |
| Rates of Termination - Sample Rates:          | N/A - there are no longer any active employees                                                                |
| Salary Increases:                             | N/A - there are no longer any active employees                                                                |
| Retirement Age:                               | N/A - there are no longer any active employees                                                                |
| Survivor Benefits:                            | N/A - there are no longer any active employees                                                                |
| Cost-of-living Adjustments ("COLA"):          | None                                                                                                          |
| Changes in Actuarial Assumptions/Cost Method: | None                                                                                                          |

The discount rate used to measure the total pension liability was 4.00%. The projection of cash flows used to determine the discount rate assumes that the City contributes \$1,100,000 per year to fund the retirement plan, starting in 2020 and increasing by \$50,000 each year until the actuarial minimum contribution is met. The City reduced this amount to \$800,000 the past three years. If the City continues to contribute \$800,000 per year, it is expected that the City Pension Plan would be fully funded in 15 years. Based on these assumptions, the City Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The long-term expected rate of return on pension plan investments was confirmed appropriate using the actuary's e-tool model assuming general inflation of 2.3%, 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, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table:

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

*City Pension Plan (Continued)*

*Plan Actuarial Assumptions (Continued)*

| Asset Class                        | Expected Real<br>Rate of Return |
|------------------------------------|---------------------------------|
| Domestic Equity (Large Cap)        | 6.8%                            |
| International Equity               | 7.3%                            |
| Domestic Fixed Income (Long-Term)  | 5.4%                            |
| Domestic Fixed Income (Short-Term) | 3.9%                            |
| International Fixed Income         | 5.6%                            |
| Cash                               | 4.0%                            |

*Net Pension Liability and Changes in the Net Pension Liability*

The components of the change in the City Pension Plan's liability for the year ended June 30, 2023 were as follows:

|                                                                                              | Total Pension<br>Liability (a) | Plan Fiduciary<br>Net Position (b) | Net Pension<br>Liability (a) - (b) |
|----------------------------------------------------------------------------------------------|--------------------------------|------------------------------------|------------------------------------|
| Balance at beginning of the year:                                                            | \$ 12,563,752                  | 2,574,593                          | \$ 9,989,159                       |
| Changes for the Year:                                                                        |                                |                                    |                                    |
| Interest                                                                                     | 482,663                        | -                                  | 482,663                            |
| Differences between Expected and Actual Experience                                           | (1,041,634)                    | -                                  | (1,041,634)                        |
| Contributions - Employer                                                                     | -                              | 800,000                            | (800,000)                          |
| Net Investment Income                                                                        | -                              | 8,183                              | (8,183)                            |
| Benefit Payments, Net                                                                        | (1,004,204)                    | (1,004,204)                        | -                                  |
| Administrative Expenses                                                                      | -                              | (48,727)                           | 48,727                             |
| Net Changes                                                                                  | (1,563,175)                    | (244,748)                          | (1,318,427)                        |
| Balance at end of the year:                                                                  | <u>\$ 11,000,577</u>           | <u>2,329,845</u>                   | <u>\$ 8,670,732</u>                |
| City Pension Plan's Fiduciary Net Position as a<br>Percentage of the Total Pension Liability |                                |                                    |                                    |
| Beginning of the Year                                                                        | 20.49%                         |                                    |                                    |
| End of the Year                                                                              | 21.18%                         |                                    |                                    |

*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<br>(3.00%) | Current Rate<br>(4.00%) | 1% Increase<br>(5.00%) |
|------------------------------|------------------------|-------------------------|------------------------|
| Total Pension Liability      | \$ 12,030,753          | 11,000,577              | \$ 10,120,075          |
| Plan Fiduciary Net Position  | (2,329,845)            | (2,329,845)             | (2,329,845)            |
| City's Net Pension Liability | <u>\$ 9,700,908</u>    | <u>8,670,732</u>        | <u>\$ 7,790,230</u>    |

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

*City Pension Plan (Continued)*

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

For the year ended June 30, 2023, the City recognized a pension income of approximately \$524,000. At June 30, 2023, 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 | \$ 316,118                     | \$ -                          |

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 |
|---------------------|-------------------|
| 2023                | \$ 99,379         |
| 2024                | 113,353           |
| 2025                | 85,665            |
| 2026                | 17,721            |
| Total               | <u>\$ 316,118</u> |

*All Pension Plans*

The City's pension plans are reflected in the financial statements as follows:

| Pension Plan      | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense     |
|-------------------|-----------------------|--------------------------------|-------------------------------|---------------------|
| SCRS              | \$ 18,689,202         | 2,560,712                      | 1,578,334                     | \$ 2,269,262        |
| PORS              | 21,553,449            | 5,149,453                      | 1,588,802                     | 2,916,540           |
| City Pension Plan | 8,670,732             | 316,118                        | -                             | (523,994)           |
| Total             | <u>\$ 48,913,383</u>  | <u>8,026,283</u>               | <u>3,167,136</u>              | <u>\$ 4,661,808</u> |

E. Other Postemployment Benefit Plan

*Plan Description*

Employees who are retired under the City of Spartanburg Defined Benefit Retiree Healthcare Plan and receive benefits upon retirement are eligible to remain on the City's health plan (the "OPEB Plan"). 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.

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

*Plan Description (Continued)*

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 given the choice of electing coverage through the PEBA and paying the full premium and, if not electing coverage, they are eligible to receive the City contribution of \$200/month to a Health Reimbursement Account ("HRA") to offset retiree health premiums. 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.

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 December 31, 2020, the last actuarial valuation, the following employees were covered by the OPEB Plan's benefit terms:

|                                                                        |            |
|------------------------------------------------------------------------|------------|
| Inactive Members or Beneficiaries Currently Receiving Benefit Payments | 46         |
| Active Members                                                         | 369        |
| Total Membership                                                       | <u>415</u> |

*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.

# CITY OF SPARTANBURG, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

### IV. OTHER INFORMATION (CONTINUED)

#### E. Other Postemployment Benefit Plan (Continued)

##### *Actuarial Assumptions and Methods (Continued)*

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      | December 31, 2020                                                                                                                 |
| Actuarial Cost Method         | Entry Age Normal                                                                                                                  |
| Asset Valuation Method        | Fair Value                                                                                                                        |
| Actuarial Assumptions:        |                                                                                                                                   |
| Inflation                     | 2.25%                                                                                                                             |
| Discount Rate                 | 4.75%                                                                                                                             |
| Investment Rate of Return     | 4.75% which includes inflation                                                                                                    |
| Salary Increases              | SCRS - 3.00% - 9.50%; PORS - 3.50% - 10.50% (including inflation)                                                                 |
| Healthcare Cost Trend Rate    | 7.00 for 2021 decreasing to an ultimate rate of 4.50 for 2031 and beyond                                                          |
| Retirement Rates              | Based on the 2020 Experience Study                                                                                                |
| Mortality Table               | PUB-2010 Mortality Table for Employees with a 135% multiplier                                                                     |
| Election Percentage           | 100% of eligible retirees will elect coverage and 10% 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 three years younger                      |
| Implicit Subsidy              | Total cost of coverage for pre-65 retirees is 35% higher than the average premium rate to account for implicitly subsidized costs |

The actuarial assumptions used in the latest actuarial valuation were based on the 2020 Experience Study adopted for the SCRS pension plan and current medical trends.

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

##### *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.

| Asset Class                           | Target Allocation | Expected Arithmetic Rates of Return | Long-Term Expected Portfolio Rates of Return |
|---------------------------------------|-------------------|-------------------------------------|----------------------------------------------|
| <b>US Government Fixed Income</b>     |                   |                                     |                                              |
| US Government Agency                  | 58.0%             | 1.75%                               | 1.02%                                        |
| US Government MBS/CMO/CMBS            | 40.0%             | 3.35%                               | 1.34%                                        |
| Cash and Short Duration               | 2.0%              | 1.65%                               | 0.03%                                        |
| Total Expected Real Rate of Return    | <u>100.0%</u>     |                                     | <u>2.39%</u>                                 |
| Inflation for Actuarial Purposes      |                   |                                     | <u>2.25%</u>                                 |
| Total Expected Nominal Rate of Return |                   |                                     | <u>4.64%</u>                                 |

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

*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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 that was rolled forward to the measurement date.

|                                               | Total OPEB<br>Liability<br>(a) | OPEB Plan<br>Fiduciary Net<br>Position<br>(b) | Net OPEB<br>Liability (Asset)<br>(a) - (b) |
|-----------------------------------------------|--------------------------------|-----------------------------------------------|--------------------------------------------|
| Balances as of December 31, 2021              | \$ 1,547,282                   | 837,617                                       | \$ 709,665                                 |
| Changes for the year:                         |                                |                                               |                                            |
| Service Cost                                  | 41,075                         | -                                             | 41,075                                     |
| Interest                                      | 70,808                         | -                                             | 70,808                                     |
| Difference Between Expected/Actual Experience | 10,440                         | -                                             | 10,440                                     |
| Changes of assumptions or other inputs        | -                              | -                                             | -                                          |
| Contributions - Employer                      | -                              | 114,500                                       | (114,500)                                  |
| Net Investment Income                         | -                              | (123,995)                                     | 123,995                                    |
| Benefit Payments                              | (114,500)                      | (114,500)                                     | -                                          |
| Administrative Expense                        | -                              | (7,483)                                       | 7,483                                      |
| Net Changes                                   | 7,823                          | (131,478)                                     | 139,301                                    |
| Balances as of December 31, 2022              | \$ 1,555,105                   | 706,139                                       | \$ 848,966                                 |

For the year ended June 30, 2023, the City recognized OPEB expense of approximately \$108,000. At June 30, 2023, 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience                        | \$ 23,366                            | \$ 170,622                          |
| Changes of Assumptions                                                    | 53,760                               | -                                   |
| Net Difference Between Projected/Actual Earnings on OPEB Plan Investments | 167,638                              | -                                   |
| Employer Contributions Subsequent to the Measurement Date                 | 57,250                               | -                                   |
| Total                                                                     | \$ 302,014                           | \$ 170,622                          |

Approximately \$57,000 that was reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the OPEB Plan, respectively, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. 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:

CITY OF SPARTANBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

IV. OTHER INFORMATION (CONTINUED)

E. Other Postemployment Benefit Plan (Continued)

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

| Year Ended June 30, | Total            |
|---------------------|------------------|
| 2024                | \$ 24,048        |
| 2025                | 24,206           |
| 2026                | 29,948           |
| 2027                | 22,832           |
| 2028                | (8,150)          |
| Thereafter          | (18,742)         |
| Total               | <u>\$ 74,142</u> |

*Discount Rate*

The discount rate used to measure the total OPEB liability remained at 4.75% for December 31, 2022 (no change from prior measurement date). 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 Net OPEB Liability to Changes in the Discount Rate*

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

|                    | 1% Decrease<br>(3.75%) | Current Discount Rate<br>(4.75%) | 1% Increase<br>(5.75%) |
|--------------------|------------------------|----------------------------------|------------------------|
| Net OPEB Liability | \$ 967,408             | 848,966                          | \$ 740,881             |

*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 7.00% decreasing to 4.50%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.50%) or 1% point higher (8.00% decreasing to 5.50%) than the current rate:

|                    | 1% Decrease<br>(6.00% decreasing to<br>3.50%) | Current Healthcare<br>Cost Trend Rate<br>(7.00% decreasing to<br>4.50%) | 1% Increase<br>(8.00% decreasing to<br>5.50%) |
|--------------------|-----------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------|
| Net OPEB Liability | \$ 768,401                                    | 848,966                                                                 | \$ 944,553                                    |

**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 significant liability remaining at June 30, 2023.

**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, 2023: \$8,000,000 in July 2012; \$32,340,000 in June 2015; \$59,080,000 in June 2017; and \$45,930,000 in August 2017; and \$28,875,000 in April 2020. The purpose of these bonds was to fund capital improvements. At June 30, 2023, the outstanding balances on these bonds were approximately \$132,430,000 (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 Transaction**

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

**I. Tax Abatements**

The City does not have any significant tax abatement agreements of its own or by Spartanburg County (“County”).

**J. Deficit Balances in Non-Major Funds**

The Special Revenue – Special Events Fund, City Roads Improvement Fund, and Neighborhood Initiative Fund had deficit fund balances totaling approximately \$69,000 at June 30, 2023. These funds will receive future revenues and transfers to make up these deficits.

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

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**IV. OTHER INFORMATION (CONTINUED)**

**K. Correction of an Error**

In connection with the City's review of its capital asset account balances, the City discovered it had inadvertently not disposed of some real property that had been sold or donated back in the early 2000s. The City corrected this error by reflecting a prior period adjustment of approximately \$2,896,000 in its governmental activities which decreased its net investment in capital assets (component of net position).

**L. Subsequent Events**

In September 2023, the City entered into a financed purchase agreement for \$3,100,000 with TD Equipment Finance, Inc. for vehicles and equipment. Principal is due in semiannual installments ranging from approximately \$280,000 to \$341,000 beginning April 1, 2024 through October 1, 2028, plus interest at 4.36% due semiannually.

In October 2023, the City entered into an agreement with Johnson Development Associates ("JDA") to begin developing a multi-use project including office spaces, a minor league baseball stadium, multifamily housing, a hotel, and public infrastructure totaling approximately \$305 million. JDA has agreed to pay a fee-in-lieu of taxes of approximately \$380,000 for 30 years. The City has committed to sale various properties to JDA, cooperate in (a) setting up a multi-county industrial park for special source revenue credits and (b) obtaining federal tax credits, as well as redesign West Main Street at Spring Street in connection with this project.



## CITY OF SPARTANBURG, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

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

YEAR ENDED JUNE 30, 2023

|                                                          | GENERAL FUND         |                    |                    |                     |
|----------------------------------------------------------|----------------------|--------------------|--------------------|---------------------|
|                                                          | BUDGETED AMOUNTS     |                    | ACTUAL             | VARIANCE            |
|                                                          | ORIGINAL             | REVISED            |                    |                     |
| <b>REVENUES</b>                                          |                      |                    |                    |                     |
| Taxes                                                    | \$ 18,225,000        | 18,225,000         | 18,558,280         | \$ 333,280          |
| Fees, Licenses, and Permits                              | 18,507,500           | 18,507,500         | 19,571,842         | 1,064,342           |
| Fines and Forfeitures                                    | 192,000              | 192,000            | 241,330            | 49,330              |
| Intergovernmental Revenues                               | 3,446,631            | 3,446,631          | 3,664,071          | 217,440             |
| Charges for Services                                     | 2,133,000            | 2,133,000          | 2,865,342          | 732,342             |
| Investment Earnings                                      | 25,000               | 25,000             | 336,985            | 311,985             |
| Other Revenues                                           | 126,000              | 126,000            | 226,412            | 100,412             |
| <b>TOTAL REVENUES</b>                                    | <b>42,655,131</b>    | <b>42,655,131</b>  | <b>45,464,262</b>  | <b>2,809,131</b>    |
| <b>EXPENDITURES</b>                                      |                      |                    |                    |                     |
| Policy Formulation and Administration                    | 6,682,813            | 6,682,813          | 7,581,556          | (898,743)           |
| Public Safety                                            | 21,244,155           | 21,244,155         | 21,630,638         | (386,483)           |
| Parks, Recreation, and Special Events                    | 2,763,465            | 2,763,465          | 2,188,692          | 574,773             |
| Development Services                                     | 2,904,271            | 2,904,271          | 2,447,146          | 457,125             |
| Public Services                                          | 10,068,164           | 10,068,164         | 10,281,409         | (213,245)           |
| Finance and Administrative Services                      | 2,401,409            | 2,401,409          | 2,350,667          | 50,742              |
| <b>TOTAL EXPENDITURES</b>                                | <b>46,064,277</b>    | <b>46,064,277</b>  | <b>46,480,108</b>  | <b>(415,831)</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>(3,409,146)</b>   | <b>(3,409,146)</b> | <b>(1,015,846)</b> | <b>2,393,300</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                      |                    |                    |                     |
| Sale of Capital Assets                                   | 60,000               | 60,000             | 78,899             | 18,899              |
| Transfers In                                             | 4,419,687            | 4,419,687          | 4,119,683          | (300,004)           |
| Transfers Out                                            | (1,070,541)          | (1,070,541)        | (1,489,334)        | (418,793)           |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>3,409,146</b>     | <b>3,409,146</b>   | <b>2,709,248</b>   | <b>(699,898)</b>    |
| <b>NET CHANGES IN FUND BALANCES</b>                      | <b>-</b>             | <b>-</b>           | <b>1,693,402</b>   | <b>1,693,402</b>    |
| <b>FUND BALANCES, Beginning of Year</b>                  | <b>13,965,524</b>    | <b>13,965,524</b>  | <b>13,965,524</b>  | <b>-</b>            |
| <b>FUND BALANCES, End of Year</b>                        | <b>\$ 13,965,524</b> | <b>13,965,524</b>  | <b>15,658,926</b>  | <b>\$ 1,693,402</b> |

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

Note: The City approved the expenditures/transfers out that were in excess of the budget, but elected to not amend the budget.

## CITY OF SPARTANBURG, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

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

YEAR ENDED JUNE 30, 2023

|                                                          | HOSPITALITY TAX FUND |                    |                    |                   |
|----------------------------------------------------------|----------------------|--------------------|--------------------|-------------------|
|                                                          | BUDGETED AMOUNTS     |                    | ACTUAL             | VARIANCE          |
|                                                          | ORIGINAL             | REVISED            |                    |                   |
| <b>REVENUES</b>                                          |                      |                    |                    |                   |
| Hospitality Taxes                                        | \$ 6,000,000         | 6,000,000          | 6,934,452          | \$ 934,452        |
| Investment Earnings                                      | 3,000                | 3,000              | 46,152             | 43,152            |
| Other Revenues                                           | 2,000                | 2,000              | -                  | (2,000)           |
| <b>TOTAL REVENUES</b>                                    | <b>6,005,000</b>     | <b>6,005,000</b>   | <b>6,980,604</b>   | <b>975,604</b>    |
| <b>EXPENDITURES</b>                                      |                      |                    |                    |                   |
| Operating                                                | 435,000              | 435,000            | 448,600            | (13,600)          |
| <b>TOTAL EXPENDITURES</b>                                | <b>435,000</b>       | <b>435,000</b>     | <b>448,600</b>     | <b>(13,600)</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>5,570,000</b>     | <b>5,570,000</b>   | <b>6,532,004</b>   | <b>962,004</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                      |                    |                    |                   |
| Transfers Out                                            | (5,680,256)          | (5,680,256)        | (5,887,543)        | (207,287)         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>(5,680,256)</b>   | <b>(5,680,256)</b> | <b>(5,887,543)</b> | <b>(207,287)</b>  |
| <b>NET CHANGES IN FUND BALANCES</b>                      | <b>(110,256)</b>     | <b>(110,256)</b>   | <b>644,461</b>     | <b>754,717</b>    |
| FUND BALANCES, Beginning of Year                         | 1,553,695            | 1,553,695          | 1,553,695          | -                 |
| <b>FUND BALANCES, End of Year</b>                        | <b>\$ 1,443,439</b>  | <b>1,443,439</b>   | <b>2,198,156</b>   | <b>\$ 754,717</b> |

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

Note: The City's original and revised budgets reflected an expected use of fund balance of approximately \$110,000.

Note: The City approved the expenditures/transfers out that were in excess of the budget, but elected to not amend the budget.

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 TEN YEARS

|                                                                 | Year Ended June 30, |                     |                     |             |             |             |             |             |             |               |
|-----------------------------------------------------------------|---------------------|---------------------|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
|                                                                 | 2023                | 2022 <sup>(2)</sup> | 2021 <sup>(1)</sup> | 2020        | 2019        | 2018        | 2017        | 2016        | 2015        | 2014          |
| Total Pension Liability:                                        |                     |                     |                     |             |             |             |             |             |             |               |
| Service Cost                                                    | \$ -                | -                   | -                   | -           | -           | -           | -           | 2,616       | 7,928       | \$ 12,311     |
| Interest                                                        | 482,663             | 529,558             | 558,873             | 589,584     | 615,178     | 657,554     | 709,312     | 719,395     | 711,075     | 761,034       |
| Differences Between Expected and Actual Experience              | (1,041,634)         | (674,526)           | 4,806               | (2,772)     | (213,281)   | (106,515)   | 200,278     | 555,443     | (3,011)     | (436,740)     |
| Changes of Assumptions                                          | -                   | 34,305              | (116,154)           | (66,206)    | 324,017     | (137,747)   | (681,039)   | -           | 551,546     | -             |
| Benefit Payments, Including Refunds of Member Contributions     | (1,004,204)         | (1,118,101)         | (1,253,686)         | (1,323,061) | (1,408,466) | (1,536,892) | (1,508,124) | (1,545,732) | (1,568,073) | (1,664,935)   |
| Net Change in Total Pension Liability                           | (1,563,175)         | (1,228,764)         | (806,161)           | (802,455)   | (682,552)   | (1,123,600) | (1,279,573) | (268,278)   | (300,535)   | (1,328,330)   |
| Total Pension Liability - Beginning of Year                     | 12,563,752          | 13,792,516          | 14,598,677          | 15,401,132  | 16,083,684  | 17,207,284  | 18,486,857  | 18,755,135  | 19,055,670  | 20,384,000    |
| Total Pension Liability - End of Year                           | \$ 11,000,577       | 12,563,752          | 13,792,516          | 14,598,677  | 15,401,132  | 16,083,684  | 17,207,284  | 18,486,857  | 18,755,135  | \$ 19,055,670 |
| Plan Fiduciary Net Position                                     |                     |                     |                     |             |             |             |             |             |             |               |
| Employer Contribution                                           | \$ 800,000          | 800,000             | 800,000             | 1,050,000   | 1,000,000   | 950,000     | 903,842     | 855,676     | 810,401     | \$ 812,083    |
| Employee Contribution                                           | -                   | -                   | -                   | -           | -           | -           | 2,916       | 4,539       | 8,304       | 8,672         |
| Net Investment Income                                           | 8,183               | (221,671)           | (2,114)             | 214,174     | 232,295     | (18,625)    | (982)       | 264,312     | 130,645     | 267,102       |
| Benefit Payments, Including Refunds of Member Contributions     | (1,004,204)         | (1,118,101)         | (1,253,686)         | (1,323,061) | (1,408,466) | (1,536,892) | (1,508,124) | (1,545,732) | (1,568,073) | (1,664,935)   |
| Administrative Expenses                                         | (48,727)            | (40,500)            | (48,627)            | (51,655)    | (43,573)    | (57,390)    | (47,983)    | (62,040)    | (70,455)    | (89,978)      |
| Other                                                           | -                   | -                   | -                   | -           | -           | 12,573      | -           | -           | -           | -             |
| Net Change in Plan Fiduciary Net Position                       | (244,748)           | (580,272)           | (504,427)           | (110,542)   | (219,744)   | (650,334)   | (650,331)   | (483,245)   | (689,178)   | (667,056)     |
| Plan Fiduciary Net Position - Beginning of Year                 | 2,574,593           | 3,154,865           | 3,659,292           | 3,769,834   | 3,989,578   | 4,639,912   | 5,290,243   | 5,773,488   | 6,462,666   | 7,129,722     |
| Plan Fiduciary Net Position - End of Year                       | \$ 2,329,845        | 2,574,593           | 3,154,865           | 3,659,292   | 3,769,834   | 3,989,578   | 4,639,912   | 5,290,243   | 5,773,488   | \$ 6,462,666  |
| Net Pension Liability - End of Year                             | \$ 8,670,732        | 9,989,159           | 10,637,651          | 10,939,385  | 11,631,298  | 12,094,106  | 12,567,372  | 13,196,614  | 12,981,647  | \$ 12,593,004 |
| Plan Fiduciary Net Position                                     |                     |                     |                     |             |             |             |             |             |             |               |
| as a Percentage of the Total Pension Liability                  | 21.18%              | 20.49%              | 22.87%              | 25.07%      | 24.48%      | 24.81%      | 26.96%      | 28.62%      | 30.78%      | 33.91%        |
| City's Covered Payroll                                          | \$ -                | -                   | -                   | -           | -           | -           | 41,016      | 41,580      | 73,802      | \$ 103,745    |
| Net Pension Liability as a Percentage of City's Covered Payroll | 0.00%               | 0.00%               | 0.00%               | 0.00%       | 0.00%       | 0.00%       | 30640.17%   | 31737.89%   | 17589.83%   | 12138.42%     |

Notes to Schedule:

- (1) Change in mortality assumptions from the PIB-G-2010 mortality table with Scale MP-2020 to the PUB-G 2010 mortality table with Scale MP-2021  
(2) Change in mortality assumptions from MP-2020 to MP-2021

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, |                     |                     |           |           |           |           |           |           |              |
|-----------------------------------------------------------------------|---------------------|---------------------|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
|                                                                       | 2023                | 2022 <sup>(2)</sup> | 2021 <sup>(1)</sup> | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      | 2014         |
| Actuarially Determined Contribution                                   | \$ 1,163,385        | 1,210,848           | 1,224,932           | 1,178,157 | 1,158,210 | 1,107,132 | 1,103,709 | 1,112,221 | 1,076,602 | \$ 1,040,830 |
| Contributions in Relation to the Actuarially Determined Contribution: |                     |                     |                     |           |           |           |           |           |           |              |
| Employer Contribution                                                 | 800,000             | 800,000             | 800,000             | 1,050,000 | 1,000,000 | 950,000   | 903,842   | 855,676   | 810,401   | 812,083      |
| Employee Contribution                                                 | -                   | -                   | -                   | -         | -         | -         | 2,916     | 4,539     | 8,304     | 8,672        |
| Total Contributions                                                   | 800,000             | 800,000             | 800,000             | 1,050,000 | 1,000,000 | 950,000   | 906,758   | 860,215   | 818,705   | 820,755      |
| Contribution Deficiency (Excess)                                      | \$ 363,385          | 410,848             | 424,932             | 128,157   | 158,210   | 157,132   | 196,951   | 252,006   | 257,897   | \$ 220,075   |
| City's Covered Payroll                                                | \$ -                | -                   | -                   | -         | -         | -         | 41,016    | 41,580    | 73,802    | \$ 103,745   |
| Contributions as a Percentage of Covered Payroll                      | 0.00%               | 0.00%               | 0.00%               | 0.00%     | 0.00%     | 0.00%     | 2210.74%  | 2068.82%  | 1109.33%  | 791.13%      |

Notes to Schedule:

Valuation Date:  
Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method  
Amortization Method  
Asset Valuation Method  
Salary Increases  
Investment Rate of Return  
Retirement Age  
Mortality

Entry Age Normal  
Level Percentage of Payroll, Closed  
Fair Value  
N/A  
4.00%  
65  
PUB-G 2010 Mortality Table for Employees with generational projections for mortality improvements based on Scale MP 2021.

January 1, 2023 (actuarially determined contribution rates are calculated as of July 1st, one year prior to the end of the fiscal year in which contributions are reported).

Other Information:

- (1) Change in mortality assumptions from the PIB-G-2010 mortality table with Scale MP-2020 to the PUB-G 2010 mortality table with Scale MP-2021
- (2) Change in mortality assumptions from MP-2020 to MP-2021.

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, |         |        |       |       |        |        |       |       |        |
|--------------------------------------------------------------------|---------------------|---------|--------|-------|-------|--------|--------|-------|-------|--------|
|                                                                    | 2023                | 2022    | 2021   | 2020  | 2019  | 2018   | 2017   | 2016  | 2015  | 2014   |
| Annual Money-Weighted Rate of Return,<br>Net of Investment Expense | -2.91%              | -10.07% | -2.83% | 5.91% | 6.17% | -0.43% | -0.02% | 4.90% | 3.50% | -2.40% |

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 TEN FISCAL YEARS

|                                                                            | Year Ended June 30, |            |            |            |            |            |            |            |            |               |
|----------------------------------------------------------------------------|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
|                                                                            | 2023                | 2022       | 2021       | 2020       | 2019       | 2018       | 2017       | 2016       | 2015       | 2014          |
| City's Proportion of the Net Pension Liability (Asset)                     | 0.077094%           | 0.080399%  | 0.080626%  | 0.080148%  | 0.079343%  | 0.078191%  | 0.080109%  | 0.079732%  | 0.081914%  | 0.081914%     |
| City's Proportionate Share of the Net Pension Liability (Asset)            | \$ 18,689,202       | 17,399,406 | 20,601,278 | 18,301,088 | 17,778,300 | 17,602,052 | 17,111,164 | 15,121,558 | 14,102,875 | \$ 14,692,450 |
| City's Covered Payroll                                                     | \$ 9,400,352        | 9,183,868  | 9,082,442  | 8,551,496  | 8,314,140  | 7,992,996  | 7,864,192  | 7,580,122  | 7,543,452  | \$ 7,766,052  |
| City's Proportionate Share of the Net Pension Liability (Asset)            |                     |            |            |            |            |            |            |            |            |               |
| as a Percentage of its Covered Payroll                                     | 198.81%             | 189.46%    | 226.83%    | 214.01%    | 213.83%    | 220.22%    | 217.58%    | 199.49%    | 186.96%    | 189.19%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 57.06%              | 60.75%     | 50.71%     | 54.10%     | 54.10%     | 53.34%     | 52.91%     | 56.99%     | 59.92%     | 56.39%        |

Notes to Schedule:

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

The discount rate was lowered from (a) 7.25% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

|                                                  | Year Ended June 30, |           |           |           |           |           |           |           |           |              |
|--------------------------------------------------|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
|                                                  | 2023                | 2022      | 2021      | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      | 2014         |
| Contractually Required Contribution              | \$ 1,800,714        | 1,542,598 | 1,415,234 | 1,399,604 | 1,232,271 | 1,114,926 | 911,996   | 857,983   | 814,863   | \$ 788,291   |
| Contributions from the City                      | 1,720,496           | 1,462,380 | 1,335,016 | 1,319,386 | 1,152,068 | 1,034,708 | 911,996   | 857,983   | 814,863   | 788,291      |
| Contributions from the State                     | 80,218              | 80,218    | 80,218    | 80,218    | 80,203    | 80,218    | -         | -         | -         | -            |
| Contribution Deficiency (Excess)                 | \$ -                | -         | -         | -         | -         | -         | -         | -         | -         | \$ -         |
| City's Covered Payroll                           | \$ 10,342,989       | 9,400,352 | 9,183,868 | 9,082,442 | 8,551,496 | 8,314,140 | 7,992,956 | 7,864,192 | 7,580,122 | \$ 7,543,452 |
| Contributions as a Percentage of Covered Payroll | 17.41%              | 16.41%    | 15.41%    | 15.41%    | 14.41%    | 13.41%    | 11.41%    | 10.91%    | 10.75%    | 10.45%       |

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 TEN FISCAL YEARS

|                                                                                                           | Year Ended June 30, |            |            |            |            |            |            |            |            |               |
|-----------------------------------------------------------------------------------------------------------|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
|                                                                                                           | 2023                | 2022       | 2021       | 2020       | 2019       | 2018       | 2017       | 2016       | 2015       | 2014          |
| City's Proportion of the Net Pension Liability (Asset)                                                    | 0.71869%            | 0.67830%   | 0.66639%   | 0.67989%   | 0.68491%   | 0.69022%   | 0.70387%   | 0.71836%   | 0.70614%   | 0.70614%      |
| City's Proportionate Share of the Net Pension Liability (Asset)                                           | \$ 21,553,449       | 17,452,111 | 22,098,897 | 19,485,304 | 19,407,116 | 18,909,024 | 17,853,434 | 15,656,674 | 13,518,595 | \$ 14,638,150 |
| City's Covered Payroll                                                                                    | \$ 11,349,634       | 10,201,095 | 10,066,980 | 9,861,560  | 9,480,136  | 9,295,062  | 8,973,376  | 8,889,205  | 8,497,405  | \$ 8,444,238  |
| City's Proportionate Share of the Net Pension Liability (Asset)<br>as a Percentage of its Covered Payroll | 189.90%             | 171.08%    | 219.52%    | 197.59%    | 204.71%    | 203.43%    | 198.96%    | 176.13%    | 159.09%    | 173.35%       |
| Plan Fiduciary Net Position as a Percentage of the Total<br>Pension Liability                             | 66.45%              | 70.37%     | 58.79%     | 62.69%     | 61.73%     | 60.94%     | 60.44%     | 64.57%     | 67.55%     | 62.98%        |

Notes to Schedule:

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

The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

|                                                  | Year Ended June 30, |            |            |            |           |           |           |           |           |              |
|--------------------------------------------------|---------------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|--------------|
|                                                  | 2023                | 2022       | 2021       | 2020       | 2019      | 2018      | 2017      | 2016      | 2015      | 2014         |
| Contractually Required Contribution              | \$ 2,508,171        | 2,183,670  | 1,860,680  | 1,836,217  | 1,700,133 | 1,539,574 | 1,323,613 | 1,232,942 | 1,192,042 | \$ 1,091,067 |
| Contributions from the City                      | 2,415,913           | 2,091,411  | 1,768,422  | 1,743,959  | 1,607,875 | 1,447,316 | 1,323,613 | 1,232,942 | 1,192,042 | 1,091,067    |
| Contributions from the State                     | 92,258              | 92,259     | 92,258     | 92,258     | 92,258    | 92,258    | -         | -         | -         | -            |
| Contribution Deficiency (Excess)                 | \$ -                | -          | -          | -          | -         | -         | -         | -         | -         | \$ -         |
| City's Covered Payroll                           | \$ 12,392,152       | 11,349,634 | 10,201,095 | 10,066,980 | 9,861,560 | 9,480,136 | 9,295,062 | 8,973,376 | 8,889,205 | \$ 8,497,405 |
| Contributions as a Percentage of Covered Payroll | 20.24%              | 19.24%     | 18.24%     | 18.24%     | 17.24%    | 16.24%    | 14.24%    | 13.74%    | 13.41%    | 12.84%       |

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 SIX YEARS

|                                                                              | Year Ended    |               |               |               |               |
|------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                                              | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2018 |
| Total OPEB Liability:                                                        |               |               |               |               |               |
| Service Cost                                                                 | \$ 41,075     | 53,023        | 51,315        | 84,824        | \$ 82,071     |
| Interest                                                                     | 70,808        | 78,302        | 77,247        | 118,210       | 115,695       |
| Changes of Benefit Terms (1)                                                 | -             | -             | -             | (1,079,579)   | -             |
| Differences Between Expected and Actual Experience                           | 10,440        | (180,984)     | (1,229)       | 25,369        | (45,308)      |
| Changes of Assumptions                                                       | -             | 1,328         | -             | 94,068        | -             |
| Benefit Payments, Including Refunds of Member Contributions                  | (114,500)     | (104,500)     | (105,700)     | (104,887)     | (94,232)      |
| Net Change in Total OPEB Liability                                           | 7,823         | (152,831)     | 21,633        | (861,995)     | 58,226        |
| Total OPEB Liability - Beginning of Year                                     | 1,547,282     | 1,700,113     | 1,678,480     | 2,540,475     | 2,482,249     |
| Total OPEB Liability - End of Year (a)                                       | \$ 1,555,105  | \$ 1,547,282  | \$ 1,700,113  | \$ 1,678,480  | \$ 2,540,475  |
| OPEB Plan Fiduciary Net Position:                                            |               |               |               |               |               |
| Employer Contribution                                                        | \$ 114,500    | 104,500       | 105,700       | 104,887       | 94,232        |
| Net Investment Income                                                        | (123,995)     | (24,133)      | 44,428        | 38,213        | 14,566        |
| Benefit Payments, Including Refunds of Member Contributions                  | (114,500)     | (104,500)     | (105,700)     | (104,887)     | (94,232)      |
| Administrative Expense                                                       | (7,483)       | (1,250)       | (7,315)       | -             | (6,111)       |
| Net Change in OPEB Plan Fiduciary Net Position                               | (131,478)     | (25,383)      | 37,113        | 38,213        | 8,455         |
| OPEB Plan Fiduciary Net Position - Beginning of Year                         | 837,617       | 863,000       | 825,887       | 787,674       | 779,219       |
| OPEB Plan Fiduciary Net Position - End of Year (b)                           | \$ 706,139    | \$ 837,617    | \$ 863,000    | \$ 825,887    | \$ 787,674    |
| Net OPEB Liability (Asset) - End of Year (a) - (b)                           | \$ 848,966    | \$ 709,665    | \$ 837,113    | \$ 852,593    | \$ 1,752,801  |
| OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 45.41%        | 54.13%        | 50.76%        | 49.20%        | 31.00%        |
| Covered Payroll                                                              | \$ 17,793,543 | 17,793,543    | 17,571,488    | 17,571,488    | 16,198,642    |
| Net OPEB Liability as a Percentage of Covered Payroll                        | 4.77%         | 3.99%         | 4.76%         | 4.85%         | 10.82%        |
|                                                                              |               |               |               |               | 10.51%        |

Notes to Schedule:

The amounts presented for each fiscal year were determined as of December 31st of the current year (measurement date).

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

Actuarial Changes Over Time

|      |                                                                                                                                                                                                                                                                                                                                                                               |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2018 | Changes in benefit terms were due to the City allowing its participants the choice of joining the Public Employee Benefit Authority's ("PEBA") health plan or the Health Reimbursement Account ("HRA"). In the past, the City only provided a self-insured clinic and HRA. The actuary assumed 30% of future retirees would elect PEBA and 70% would elect HRA contributions. |
| 2020 | No Significant Changes                                                                                                                                                                                                                                                                                                                                                        |

CITY OF SPARTANBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF THE CITY'S CONTRIBUTIONS

LAST SIX YEARS

|                                                                      | Year Ended         |                 |                 |               |               |                  |
|----------------------------------------------------------------------|--------------------|-----------------|-----------------|---------------|---------------|------------------|
|                                                                      | June 30, 2023      | June 30, 2022   | June 30, 2021   | June 30, 2020 | June 30, 2019 | June 30, 2018    |
| Actuarially Determined Contribution                                  | \$ 79,713          | 85,761          | 91,693          | 123,138       | 153,457       | \$ 140,326       |
| Contributions in Relation to the Actuarially Determined Contribution | 114,500            | 104,500         | 105,700         | 104,887       | 94,232        | 55,800           |
| Contribution Deficiency (Excess)                                     | <u>\$ (34,787)</u> | <u>(18,739)</u> | <u>(14,007)</u> | <u>18,251</u> | <u>59,225</u> | <u>\$ 84,526</u> |
| Covered Payroll                                                      | \$ 17,793,543      | 17,793,543      | 17,571,488      | 17,571,488    | 16,198,642    | \$ 16,198,642    |
| Contributions as a Percentage of Covered Payroll                     | 0.64%              | 0.59%           | 0.60%           | 0.60%         | 0.58%         | 0.34%            |

Notes to Schedule:

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

Latest Valuation Date: December 31, 2020

Methods and Assumptions Used to Determine Contribution Rates:

|                             |                                                                                                                  |
|-----------------------------|------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method       | Entry Age Normal                                                                                                 |
| Asset Valuation Method      | Fair Value                                                                                                       |
| Inflation                   | 2.25%                                                                                                            |
| Discount Rate               | 4.75%                                                                                                            |
| Investment Rate of Return   | 4.75% which includes inflation                                                                                   |
| Salary Increases            | SCRS - 3.0% - 9.5%; PORS - 3.5% - 10.5% (including inflation)                                                    |
| Healthcare Cost Trend Rates | 7.00% for 2021 decreasing to an ultimate rate of 4.50% for 2031 and beyond                                       |
| Retirement Rates            | Based on the 2020 Experience Study                                                                               |
| Mortality Rates             | PUB-2010 Mortality Table for Employees with a 135% multiplier                                                    |
| Election Percentage         | 100% of eligible employees will elect coverage and 10% 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:

Related to the actuarial valuation for December 31, 2018, changes in benefit terms were due to the City allowing its participants the choice of joining the Public Employee Benefit Authority's ("PEBA") health plan or the Health Reimbursement Account ("HRA"). In the past, the City only provided a self-insured clinic and HRA. The actuary assumed 30% of future retirees would elect PEBA and 70% would elect HRA contributions.

Related to the actuarial valuation for December 31, 2020, no significant changes were made in the assumptions used in the actuarial valuation.

**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

## GENERAL FUND

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

YEAR ENDED JUNE 30, 2023

|                                                     | REVISED<br>BUDGET   | ACTUAL            | VARIANCE          |
|-----------------------------------------------------|---------------------|-------------------|-------------------|
| <b>REVENUES</b>                                     |                     |                   |                   |
| <b>Taxes:</b>                                       |                     |                   |                   |
| Current                                             | \$ 17,800,000       | 18,097,458        | \$ 297,458        |
| Prior Years, Including Penalties and Execution Fees | 425,000             | 460,822           | 35,822            |
| <b>Total Taxes</b>                                  | <b>18,225,000</b>   | <b>18,558,280</b> | <b>333,280</b>    |
| <b>Fees, Licenses, and Permits:</b>                 |                     |                   |                   |
| Business Licenses and Penalties                     | 13,725,000          | 15,043,068        | 1,318,068         |
| Utility Franchise Fees                              | 3,850,000           | 3,721,878         | (128,122)         |
| Building Permits                                    | 575,000             | 449,264           | (125,736)         |
| Electrical Permits                                  | 90,000              | 61,756            | (28,244)          |
| Plumbing Permits                                    | 50,000              | 28,408            | (21,592)          |
| Heating & Air Conditioning Permits                  | 95,000              | 73,291            | (21,709)          |
| Miscellaneous Inspections/License Fees              | 122,500             | 194,177           | 71,677            |
| <b>Total Fees, Licenses, and Permits</b>            | <b>18,507,500</b>   | <b>19,571,842</b> | <b>1,064,342</b>  |
| <b>Fines and Forfeitures:</b>                       |                     |                   |                   |
| Criminal Fines                                      | 28,000              | 36,049            | 8,049             |
| Traffic Fines                                       | 124,000             | 164,381           | 40,381            |
| Parking Tickets                                     | 40,000              | 40,900            | 900               |
| <b>Total Fines and Forfeitures</b>                  | <b>192,000</b>      | <b>241,330</b>    | <b>49,330</b>     |
| <b>Intergovernmental Revenues:</b>                  |                     |                   |                   |
| Local Government Funds                              | 907,724             | 919,067           | 11,343            |
| General Government Funds                            | 499,426             | 525,943           | 26,517            |
| Accommodations Tax                                  | 35,000              | 44,507            | 9,507             |
| Inventory Tax                                       | 694,796             | 694,796           | -                 |
| Manufacturing Tax Reimbursement                     | 7,000               | 24,119            | 17,119            |
| Sunday Alcohol Sales                                | 80,000              | 92,000            | 12,000            |
| Water System Payments                               | 1,112,685           | 1,112,685         | -                 |
| Worker's Compensation Recoveries                    | 110,000             | 250,954           | 140,954           |
| <b>Total Intergovernmental Revenues</b>             | <b>3,446,631</b>    | <b>3,664,071</b>  | <b>217,440</b>    |
| <b>Charges for Services:</b>                        |                     |                   |                   |
| District 6 & 7 School Guards                        | 330,000             | 962,116           | 632,116           |
| Dorman High School Security                         | 95,000              | 125,029           | 30,029            |
| Parks and Recreation                                | 155,000             | 231,092           | 76,092            |
| Fleet Charges                                       | 50,000              | 62,050            | 12,050            |
| Sanitation Service Charge                           | 1,503,000           | 1,485,055         | (17,945)          |
| <b>Total Charges for Services</b>                   | <b>\$ 2,133,000</b> | <b>2,865,342</b>  | <b>\$ 732,342</b> |

(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, 2023

|                                              | REVISED<br>BUDGET | ACTUAL            | VARIANCE          |
|----------------------------------------------|-------------------|-------------------|-------------------|
| <b>Other Revenues:</b>                       |                   |                   |                   |
| Interest                                     | \$ 25,000         | 336,985           | \$ 311,985        |
| Miscellaneous                                | 78,000            | 214,412           | 136,412           |
| Rents                                        | 48,000            | 12,000            | (36,000)          |
| <b>Total Other Revenues</b>                  | <b>151,000</b>    | <b>563,397</b>    | <b>412,397</b>    |
| <b>TOTAL REVENUES</b>                        | <b>42,655,131</b> | <b>45,464,262</b> | <b>2,809,131</b>  |
| <b>EXPENDITURES</b>                          |                   |                   |                   |
| <b>Policy Formulation and Administration</b> |                   |                   |                   |
| Mayor and Council:                           |                   |                   |                   |
| Personnel Services                           | 161,073           | 126,451           | 34,622            |
| Operating Expenditures                       | 81,583            | 83,540            | (1,957)           |
|                                              | <u>242,656</u>    | <u>209,991</u>    | <u>32,665</u>     |
| Boards and Commissions:                      |                   |                   |                   |
| Operating Expenditures                       | 1,850             | 1,850             | -                 |
|                                              | <u>1,850</u>      | <u>1,850</u>      | <u>-</u>          |
| City Attorney:                               |                   |                   |                   |
| Personnel Services                           | 314,864           | 275,362           | 39,502            |
| Operating Expenditures                       | 170,995           | 132,460           | 38,535            |
|                                              | <u>485,859</u>    | <u>407,822</u>    | <u>78,037</u>     |
| City Manager:                                |                   |                   |                   |
| Personnel Services                           | 709,363           | 680,427           | 28,936            |
| Operating Expenditures                       | 256,939           | 456,550           | (199,611)         |
|                                              | <u>966,302</u>    | <u>1,136,977</u>  | <u>(170,675)</u>  |
| Communication and Marketing:                 |                   |                   |                   |
| Personnel Services                           | 160,207           | 154,256           | 5,951             |
| Operating Expenditures                       | 66,550            | 78,816            | (12,266)          |
|                                              | <u>226,757</u>    | <u>233,072</u>    | <u>(6,315)</u>    |
| Community Relations:                         |                   |                   |                   |
| Personnel Services                           | 277,411           | 214,104           | 63,307            |
| Operating Expenditures                       | 48,211            | 40,291            | 7,920             |
|                                              | <u>325,622</u>    | <u>254,395</u>    | <u>71,227</u>     |
| Municipal Court:                             |                   |                   |                   |
| Personnel Services                           | 498,291           | 495,216           | 3,075             |
| Operating Expenditures                       | 86,000            | 97,696            | (11,696)          |
|                                              | <u>\$ 584,291</u> | <u>\$ 592,912</u> | <u>\$ (8,621)</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, 2023**

|                                                    | <b>REVISED<br/>BUDGET</b> | <b>ACTUAL</b>           | <b>VARIANCE</b>         |
|----------------------------------------------------|---------------------------|-------------------------|-------------------------|
| Non-Departmental Services:                         |                           |                         |                         |
| Operating Expenditures                             | \$ 739,969                | 1,614,667               | \$ (874,698)            |
|                                                    | <u>739,969</u>            | <u>1,614,667</u>        | <u>(874,698)</u>        |
| Worker's Compensation:                             |                           |                         |                         |
| Personnel Services                                 | 111,814                   | 107,749                 | 4,065                   |
| Operating Expenditures                             | 487,462                   | 420,834                 | 66,628                  |
|                                                    | <u>599,276</u>            | <u>528,583</u>          | <u>70,693</u>           |
| Human Resources:                                   |                           |                         |                         |
| Personnel Services                                 | 290,790                   | 293,270                 | (2,480)                 |
| Operating Expenditures                             | 148,902                   | 119,626                 | 29,276                  |
|                                                    | <u>439,692</u>            | <u>412,896</u>          | <u>26,796</u>           |
| Information Technology:                            |                           |                         |                         |
| Personnel Services                                 | 570,083                   | 571,535                 | (1,452)                 |
| Operating Expenditures                             | 1,284,397                 | 1,380,664               | (96,267)                |
| Capital Outlay                                     | 135,000                   | 140,731                 | (5,731)                 |
|                                                    | <u>1,989,480</u>          | <u>2,092,930</u>        | <u>(103,450)</u>        |
| Employee Development:                              |                           |                         |                         |
| Personnel Services                                 | -                         | 5,673                   | (5,673)                 |
| Operating Expenditures                             | 81,059                    | 89,788                  | (8,729)                 |
|                                                    | <u>81,059</u>             | <u>95,461</u>           | <u>(14,402)</u>         |
| <b>Total Policy Formulation and Administration</b> | <b><u>6,682,813</u></b>   | <b><u>7,581,556</u></b> | <b><u>(898,743)</u></b> |
| <b>Public Safety</b>                               |                           |                         |                         |
| Administration                                     |                           |                         |                         |
| Director's Office:                                 |                           |                         |                         |
| Personnel Services                                 | 1,312,799                 | 1,275,797               | 37,002                  |
| Operating Expenditures                             | 168,955                   | 89,989                  | 78,966                  |
| Capital Outlay                                     | 13,960                    | 13,960                  | -                       |
|                                                    | <u>1,495,714</u>          | <u>1,379,746</u>        | <u>115,968</u>          |
| Technical and Support Administration:              |                           |                         |                         |
| Personnel Services                                 | 635,442                   | 671,116                 | (35,674)                |
| Operating Expenditures                             | 410,323                   | 374,204                 | 36,119                  |
| Capital Outlay                                     | 42,460                    | 57,322                  | (14,862)                |
|                                                    | <u>1,088,225</u>          | <u>1,102,642</u>        | <u>(14,417)</u>         |
| Total Administration                               | \$ <u>2,583,939</u>       | <u>2,482,388</u>        | \$ <u>101,551</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, 2023**

|                                 | <b>REVISED<br/>BUDGET</b> | <b>ACTUAL</b>     | <b>VARIANCE</b>  |
|---------------------------------|---------------------------|-------------------|------------------|
| Law Enforcement                 |                           |                   |                  |
| Detention Transport:            |                           |                   |                  |
| Operating Expenditures          | \$ 49,500                 | 25,275            | \$ 24,225        |
| Capital Outlay                  | 11,270                    | 11,270            | -                |
|                                 | <u>60,770</u>             | <u>36,545</u>     | <u>24,225</u>    |
| Patrol:                         |                           |                   |                  |
| Personnel Services              | 5,903,433                 | 5,978,073         | (74,640)         |
| Operating Expenditures          | 338,364                   | 289,723           | 48,641           |
| Capital Outlay                  | 505,051                   | 487,246           | 17,805           |
|                                 | <u>6,746,848</u>          | <u>6,755,042</u>  | <u>(8,194)</u>   |
| Crime Prevention:               |                           |                   |                  |
| Personnel Services              | 985,746                   | 1,050,067         | (64,321)         |
| Operating Expenditures          | 20,336                    | 16,829            | 3,507            |
|                                 | <u>1,006,082</u>          | <u>1,066,896</u>  | <u>(60,814)</u>  |
| Investigations:                 |                           |                   |                  |
| Personnel Services              | 1,915,507                 | 2,157,122         | (241,615)        |
| Operating Expenditures          | 251,090                   | 182,277           | 68,813           |
| Capital Outlay                  | 85,273                    | 85,273            | -                |
|                                 | <u>2,251,870</u>          | <u>2,424,672</u>  | <u>(172,802)</u> |
| Records:                        |                           |                   |                  |
| Personnel Services              | 464,764                   | 366,445           | 98,319           |
| Operating Expenditures          | 20,700                    | 6,362             | 14,338           |
|                                 | <u>485,464</u>            | <u>372,807</u>    | <u>112,657</u>   |
| Animal Control:                 |                           |                   |                  |
| Personnel Services              | 136,159                   | 116,429           | 19,730           |
| Operating Expenditures          | 105,164                   | 77,215            | 27,949           |
|                                 | <u>241,323</u>            | <u>193,644</u>    | <u>47,679</u>    |
| Law Enforcement Administration: |                           |                   |                  |
| Personnel Services              | 352,850                   | 363,702           | (10,852)         |
| Operating Expenditures          | 48,301                    | 32,044            | 16,257           |
|                                 | <u>401,151</u>            | <u>395,746</u>    | <u>5,405</u>     |
| School Crossing Guard:          |                           |                   |                  |
| Personnel Services              | 140,455                   | 57,985            | 82,470           |
| Operating Expenditures          | 7,684                     | -                 | 7,684            |
|                                 | <u>148,139</u>            | <u>57,985</u>     | <u>90,154</u>    |
| Total Law Enforcement           | <u>\$ 11,341,647</u>      | <u>11,303,337</u> | <u>\$ 38,310</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, 2023

|                                                       | REVISED<br>BUDGET        | ACTUAL                   | VARIANCE                |
|-------------------------------------------------------|--------------------------|--------------------------|-------------------------|
| Fire                                                  |                          |                          |                         |
| Fire Administration:                                  |                          |                          |                         |
| Personnel Services                                    | \$ 669,969               | 787,169                  | \$ (117,200)            |
| Operating Expenditures                                | 279,605                  | 195,916                  | 83,689                  |
| Capital Outlay                                        | 19,574                   | 19,574                   | -                       |
|                                                       | <u>969,148</u>           | <u>1,002,659</u>         | <u>(33,511)</u>         |
| Fire Suppression:                                     |                          |                          |                         |
| Personnel Services                                    | 5,215,400                | 5,623,788                | (408,388)               |
| Operating Expenditures                                | 705,475                  | 789,920                  | (84,445)                |
| Capital Outlay                                        | 428,546                  | 428,546                  | -                       |
|                                                       | <u>6,349,421</u>         | <u>6,842,254</u>         | <u>(492,833)</u>        |
| Total Fire                                            | <u>7,318,569</u>         | <u>7,844,913</u>         | <u>(526,344)</u>        |
| <b>Total Public Safety</b>                            | <b><u>21,244,155</u></b> | <b><u>21,630,638</u></b> | <b><u>(386,483)</u></b> |
| <b>Parks, Recreation, and Special Events</b>          |                          |                          |                         |
| Parks, Recreation, and Special Events Administration: |                          |                          |                         |
| Personnel Services                                    | 339,225                  | 333,279                  | 5,946                   |
| Operating Expenditures                                | 226,190                  | 238,561                  | (12,371)                |
| Capital Outlay                                        | 2,294                    | 2,294                    | -                       |
|                                                       | <u>567,709</u>           | <u>574,134</u>           | <u>(6,425)</u>          |
| Special Events:                                       |                          |                          |                         |
| Personnel Services                                    | 216,715                  | 210,694                  | 6,021                   |
| Operating Expenditures                                | 11,348                   | 18,052                   | (6,704)                 |
|                                                       | <u>228,063</u>           | <u>228,746</u>           | <u>(683)</u>            |
| Parks:                                                |                          |                          |                         |
| Personnel Services                                    | 451,576                  | 262,857                  | 188,719                 |
| Operating Expenditures                                | 88,325                   | 89,182                   | (857)                   |
| Capital Outlay                                        | 3,017                    | 3,017                    | -                       |
|                                                       | <u>542,918</u>           | <u>355,056</u>           | <u>187,862</u>          |
| Recreation Centers:                                   |                          |                          |                         |
| Personnel Services                                    | 718,622                  | 619,258                  | 99,364                  |
| Operating Expenditures                                | 123,180                  | 134,861                  | (11,681)                |
|                                                       | <u>841,802</u>           | <u>754,119</u>           | <u>87,683</u>           |
| Aquatics:                                             |                          |                          |                         |
| Personnel Services                                    | 183,490                  | 48,539                   | 134,951                 |
| Operating Expenditures                                | 207,960                  | 120,812                  | 87,148                  |
|                                                       | <u>\$ 391,450</u>        | <u>169,351</u>           | <u>\$ 222,099</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, 2023

|                                                    | REVISED<br>BUDGET       | ACTUAL                  | VARIANCE              |
|----------------------------------------------------|-------------------------|-------------------------|-----------------------|
| Athletics                                          |                         |                         |                       |
| Personnel Services                                 | \$ 120,323              | 31,654                  | \$ 88,669             |
| Operating Expenditures                             | 71,200                  | 75,632                  | (4,432)               |
|                                                    | <u>191,523</u>          | <u>107,286</u>          | <u>84,237</u>         |
| <b>Total Parks, Recreation, and Special Events</b> | <b><u>2,763,465</u></b> | <b><u>2,188,692</u></b> | <b><u>574,773</u></b> |
| <b>Development Services</b>                        |                         |                         |                       |
| Economic Development:                              |                         |                         |                       |
| Personnel Services                                 | 199,799                 | -                       | 199,799               |
| Operating Expenditures                             | 40,500                  | 210                     | 40,290                |
|                                                    | <u>240,299</u>          | <u>210</u>              | <u>240,089</u>        |
| Neighborhood Services:                             |                         |                         |                       |
| Personnel Services                                 | 239,881                 | 252,270                 | (12,389)              |
| Operating Expenditures                             | 15,450                  | 87,041                  | (71,591)              |
| Capital Outlay                                     | 1,670                   | 1,670                   | -                     |
|                                                    | <u>257,001</u>          | <u>340,981</u>          | <u>(83,980)</u>       |
| Property Maintenance Inspection:                   |                         |                         |                       |
| Personnel Services                                 | 310,605                 | 262,999                 | 47,606                |
| Operating Expenditures                             | 196,836                 | 250,917                 | (54,081)              |
| Capital Outlay                                     | 8,120                   | 8,120                   | -                     |
|                                                    | <u>515,561</u>          | <u>522,036</u>          | <u>(6,475)</u>        |
| City Engineering:                                  |                         |                         |                       |
| Personnel Services                                 | 138,081                 | -                       | 138,081               |
| Operating Expenditures                             | -                       | 13,240                  | (13,240)              |
|                                                    | <u>138,081</u>          | <u>13,240</u>           | <u>124,841</u>        |
| Planning Department:                               |                         |                         |                       |
| Personnel Services                                 | 318,086                 | 212,743                 | 105,343               |
| Operating Expenditures                             | 140,000                 | 103,512                 | 36,488                |
|                                                    | <u>458,086</u>          | <u>316,255</u>          | <u>141,831</u>        |
| Inspections:                                       |                         |                         |                       |
| Personnel Services                                 | 818,538                 | 815,264                 | 3,274                 |
| Operating Expenditures                             | 122,600                 | 96,350                  | 26,250                |
| Capital Outlay                                     | 6,863                   | 6,863                   | -                     |
|                                                    | <u>948,001</u>          | <u>918,477</u>          | <u>29,524</u>         |
| Parking Enforcement:                               |                         |                         |                       |
| Personnel Services                                 | 157,371                 | 132,559                 | 24,812                |
| Operating Expenditures                             | 7,850                   | 8,136                   | (286)                 |
|                                                    | <u>\$ 165,221</u>       | <u>\$ 140,695</u>       | <u>\$ 24,526</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, 2023

|                                   | REVISED<br>BUDGET       | ACTUAL                  | VARIANCE              |
|-----------------------------------|-------------------------|-------------------------|-----------------------|
| Construction Management:          |                         |                         |                       |
| Personnel Services                | \$ 167,736              | 180,842                 | \$ (13,106)           |
| Operating Expenditures            | 9,240                   | 9,365                   | (125)                 |
| Capital Outlay                    | 5,045                   | 5,045                   | -                     |
|                                   | <u>182,021</u>          | <u>195,252</u>          | <u>(13,231)</u>       |
| <b>Total Development Services</b> | <b><u>2,904,271</u></b> | <b><u>2,447,146</u></b> | <b><u>457,125</u></b> |
| <b>Public Services</b>            |                         |                         |                       |
| Public Services Administration:   |                         |                         |                       |
| Personnel Services                | 260,760                 | 174,666                 | 86,094                |
| Operating Expenditures            | 16,200                  | 19,341                  | (3,141)               |
|                                   | <u>276,960</u>          | <u>194,007</u>          | <u>82,953</u>         |
| Ground Maintenance:               |                         |                         |                       |
| Personnel Services                | 1,082,311               | 959,724                 | 122,587               |
| Operating Expenditures            | 592,047                 | 904,529                 | (312,482)             |
| Capital Outlay                    | 100,924                 | 100,924                 | -                     |
|                                   | <u>1,775,282</u>        | <u>1,965,177</u>        | <u>(189,895)</u>      |
| Street Maintenance:               |                         |                         |                       |
| Personnel Services                | 300,522                 | 226,374                 | 74,148                |
| Operating Expenditures            | 165,975                 | 96,907                  | 69,068                |
| Capital Outlay                    | 79,247                  | 74,752                  | 4,495                 |
|                                   | <u>545,744</u>          | <u>398,033</u>          | <u>147,711</u>        |
| Traffic Services:                 |                         |                         |                       |
| Personnel Services                | 434,433                 | 401,208                 | 33,225                |
| Operating Expenditures            | 929,912                 | 993,270                 | (63,358)              |
| Capital Outlay                    | 20,030                  | 20,030                  | -                     |
|                                   | <u>1,384,375</u>        | <u>1,414,508</u>        | <u>(30,133)</u>       |
| Building Maintenance:             |                         |                         |                       |
| Personnel Services                | 557,628                 | 557,437                 | 191                   |
| Operating Expenditures            | 830,525                 | 918,304                 | (87,779)              |
| Capital Outlay                    | 14,143                  | 11,943                  | 2,200                 |
|                                   | <u>1,402,296</u>        | <u>1,487,684</u>        | <u>(85,388)</u>       |
| Fleet Maintenance:                |                         |                         |                       |
| Personnel Services                | 836,722                 | 836,377                 | 345                   |
| Operating Expenditures            | 1,455,220               | 1,502,752               | (47,532)              |
| Capital Outlay                    | 8,673                   | 8,673                   | -                     |
|                                   | <u>\$ 2,300,615</u>     | <u>2,347,802</u>        | <u>\$ (47,187)</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, 2023

|                                                          | REVISED<br>BUDGET    | ACTUAL             | VARIANCE            |
|----------------------------------------------------------|----------------------|--------------------|---------------------|
| Solid Waste:                                             |                      |                    |                     |
| Personnel Services                                       | \$ 1,375,436         | 1,443,155          | \$ (67,719)         |
| Operating Expenditures                                   | 626,795              | 650,382            | (23,587)            |
| Capital Outlay                                           | 380,661              | 380,661            | -                   |
|                                                          | <u>2,382,892</u>     | <u>2,474,198</u>   | <u>(91,306)</u>     |
| <b>Total Public Services</b>                             | <b>10,068,164</b>    | <b>10,281,409</b>  | <b>(213,245)</b>    |
| <b>Finance and Administrative Services</b>               |                      |                    |                     |
| Administrative/Risk:                                     |                      |                    |                     |
| Operating Expenditures                                   | 944,266              | 985,925            | (41,659)            |
|                                                          | <u>944,266</u>       | <u>985,925</u>     | <u>(41,659)</u>     |
| Finance Administration:                                  |                      |                    |                     |
| Personnel Services                                       | 785,353              | 706,190            | 79,163              |
| Operating Expenditures                                   | 175,713              | 201,949            | (26,236)            |
|                                                          | <u>961,066</u>       | <u>908,139</u>     | <u>52,927</u>       |
| Business License Code Enforcement:                       |                      |                    |                     |
| Personnel Services                                       | 234,948              | 208,888            | 26,060              |
| Operating Expenditures                                   | 13,697               | 7,230              | 6,467               |
| Capital Outlay                                           | 6,938                | 6,938              | -                   |
|                                                          | <u>255,583</u>       | <u>223,056</u>     | <u>32,527</u>       |
| Procurement and Property:                                |                      |                    |                     |
| Personnel Services                                       | 184,941              | 184,410            | 531                 |
| Operating Expenditures                                   | 49,905               | 43,489             | 6,416               |
| Capital Outlay                                           | 5,648                | 5,648              | -                   |
|                                                          | <u>240,494</u>       | <u>233,547</u>     | <u>6,947</u>        |
| <b>Total Finance and Administrative Services</b>         | <b>2,401,409</b>     | <b>2,350,667</b>   | <b>50,742</b>       |
| TOTAL EXPENDITURES                                       | <u>46,064,277</u>    | <u>46,480,108</u>  | <u>(415,831)</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>(3,409,146)</b>   | <b>(1,015,846)</b> | <b>2,393,300</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                      |                    |                     |
| Sale of Capital Assets                                   | 60,000               | 78,899             | 18,899              |
| Transfers In                                             | 4,419,687            | 4,119,683          | (300,004)           |
| Transfers Out                                            | (1,070,541)          | (1,489,334)        | (418,793)           |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>3,409,146</b>     | <b>2,709,248</b>   | <b>(699,898)</b>    |
| <b>NET CHANGES IN FUND BALANCES</b>                      | <b>-</b>             | <b>1,693,402</b>   | <b>1,693,402</b>    |
| FUND BALANCES, Beginning of Year                         | 13,965,524           | 13,965,524         | -                   |
| <b>FUND BALANCES, End of Year</b>                        | <b>\$ 13,965,524</b> | <b>15,658,926</b>  | <b>\$ 1,693,402</b> |

**COMBINING SCHEDULES  
FOR NON-MAJOR GOVERNMENTAL FUNDS**

## CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -  
OTHER GOVERNMENTAL FUNDS

JUNE 30, 2023

|                                                                               | NON-MAJOR<br>SPECIAL<br>REVENUE<br>FUNDS | NON-MAJOR<br>DEBT<br>SERVICE<br>FUNDS | TOTAL<br>OTHER<br>GOVERNMENTAL<br>FUNDS |
|-------------------------------------------------------------------------------|------------------------------------------|---------------------------------------|-----------------------------------------|
| <b>ASSETS</b>                                                                 |                                          |                                       |                                         |
| Cash and Cash Equivalents                                                     | \$ 28,967                                | -                                     | \$ 28,967                               |
| Pooled Cash and Cash Equivalents                                              | 5,835,008                                | 665,689                               | 6,500,697                               |
| Restricted Cash and Cash Equivalents                                          | 89,750                                   | -                                     | 89,750                                  |
| Restricted Investments                                                        | -                                        | 941                                   | 941                                     |
| Due from County Treasurer                                                     | 1,908,462                                | -                                     | 1,908,462                               |
| Property Taxes Receivable, Net                                                | 10,287                                   | 1,334                                 | 11,621                                  |
| Accounts Receivable                                                           | 158,503                                  | -                                     | 158,503                                 |
| Commercial Loan Receivables                                                   | 49,682                                   | -                                     | 49,682                                  |
| Intergovernmental Receivables                                                 | 498,573                                  | -                                     | 498,573                                 |
| Mortgages Receivable:                                                         |                                          |                                       |                                         |
| Home Loans                                                                    | 70,034                                   | -                                     | 70,034                                  |
| Deposits and Other Assets                                                     | 7,000                                    | -                                     | 7,000                                   |
| Note Receivable                                                               | 3,000,000                                | -                                     | 3,000,000                               |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 11,656,266</b>                     | <b>667,964</b>                        | <b>\$ 12,324,230</b>                    |
| <b>LIABILITIES</b>                                                            |                                          |                                       |                                         |
| Accounts Payable                                                              | \$ 268,335                               | -                                     | \$ 268,335                              |
| Accrued Salaries and Benefits                                                 | 8,221                                    | -                                     | 8,221                                   |
| Due To Other Funds                                                            | 136,860                                  | -                                     | 136,860                                 |
| Unearned Revenue                                                              | 1,313,917                                | -                                     | 1,313,917                               |
| <b>TOTAL LIABILITIES</b>                                                      | <b>1,727,333</b>                         | <b>-</b>                              | <b>1,727,333</b>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                                          |                                       |                                         |
| Unavailable Taxes                                                             | 14,641                                   | 2,001                                 | 16,642                                  |
| Unavailable Note Receivables                                                  | 110,299                                  | -                                     | 110,299                                 |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b>124,940</b>                           | <b>2,001</b>                          | <b>126,941</b>                          |
| <b>FUND BALANCES</b>                                                          |                                          |                                       |                                         |
| Restricted For:                                                               |                                          |                                       |                                         |
| Debt Service                                                                  | -                                        | 665,963                               | 665,963                                 |
| Tourism Related Costs                                                         | 317,299                                  | -                                     | 317,299                                 |
| Special Revenue Programs                                                      | 9,522,933                                | -                                     | 9,522,933                               |
| Committed For:                                                                |                                          |                                       |                                         |
| Special Revenue Programs                                                      | 33,220                                   | -                                     | 33,220                                  |
| Unassigned                                                                    | (69,459)                                 | -                                     | (69,459)                                |
| <b>TOTAL FUND BALANCES</b>                                                    | <b>9,803,993</b>                         | <b>665,963</b>                        | <b>10,469,956</b>                       |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> | <b>\$ 11,656,266</b>                     | <b>667,964</b>                        | <b>\$ 12,324,230</b>                    |

## CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

|                                                              | NON-MAJOR<br>SPECIAL<br>REVENUE<br>FUNDS | NON-MAJOR<br>DEBT<br>SERVICE<br>FUNDS | TOTAL<br>OTHER<br>GOVERNMENTAL<br>FUNDS |
|--------------------------------------------------------------|------------------------------------------|---------------------------------------|-----------------------------------------|
| <b>REVENUES:</b>                                             |                                          |                                       |                                         |
| Federal Government Contributions                             | \$ 1,352,251                             | -                                     | \$ 1,352,251                            |
| State Government Contributions                               | 600,753                                  | -                                     | 600,753                                 |
| Taxes                                                        | 3,092,263                                | 412,100                               | 3,504,363                               |
| Intergovernmental Revenues                                   | 85,800                                   | -                                     | 85,800                                  |
| Investment Earnings                                          | 115,106                                  | 926                                   | 116,032                                 |
| Miscellaneous                                                | 1,199,472                                | -                                     | 1,199,472                               |
| Confiscated Drug Funds                                       | 133,047                                  | -                                     | 133,047                                 |
| <b>TOTAL REVENUES</b>                                        | <b>6,578,692</b>                         | <b>413,026</b>                        | <b>6,991,718</b>                        |
| <b>EXPENDITURES:</b>                                         |                                          |                                       |                                         |
| Current:                                                     |                                          |                                       |                                         |
| Finance and Administrative Services                          | 573,041                                  | -                                     | 573,041                                 |
| Operating                                                    | 3,816,010                                | -                                     | 3,816,010                               |
| Capital Outlay                                               | 100,109                                  | -                                     | 100,109                                 |
| Debt Service                                                 |                                          |                                       |                                         |
| Principal Retirement                                         | -                                        | 3,090,359                             | 3,090,359                               |
| Interest                                                     | 85,800                                   | 659,866                               | 745,666                                 |
| Other                                                        | -                                        | 42,710                                | 42,710                                  |
| <b>TOTAL EXPENDITURES</b>                                    | <b>4,574,960</b>                         | <b>3,792,935</b>                      | <b>8,367,895</b>                        |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>2,003,732</b>                         | <b>(3,379,909)</b>                    | <b>(1,376,177)</b>                      |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                                          |                                       |                                         |
| Transfers In                                                 | 585,314                                  | 4,035,297                             | 4,620,611                               |
| Transfers Out                                                | (317,537)                                | -                                     | (317,537)                               |
| Sale of Capital Assets                                       | 11,989                                   | -                                     | 11,989                                  |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>279,766</b>                           | <b>4,035,297</b>                      | <b>4,315,063</b>                        |
| <b>NET CHANGES IN FUND BALANCES</b>                          | <b>2,283,498</b>                         | <b>655,388</b>                        | <b>2,938,886</b>                        |
| FUND BALANCES, Beginning of Year                             | 7,520,495                                | 10,575                                | 7,531,070                               |
| <b>FUND BALANCES, End of Year</b>                            | <b>\$ 9,803,993</b>                      | <b>665,963</b>                        | <b>\$ 10,469,956</b>                    |



## **SPECIAL REVENUE FUNDS**

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

### **NON-MAJOR SPECIAL REVENUE FUNDS**

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

Spartanburg Residential Development Corporation 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.

Downtown Development Committee Partnership Corporation Fund 340 – to account for the activity of the City's blended component unit.

Firefighters' 1% Fund 362 – to account for the state one-percent tax allocation (commonly referred to as 1% money) and expenditures.

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

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

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

Neighborhood Initiative Program Fund 710 – to account for the funds received for community housing projects.

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, 2023

|                                                                               | Fund 210                           | Fund 314                                                      | Fund 320                       |
|-------------------------------------------------------------------------------|------------------------------------|---------------------------------------------------------------|--------------------------------|
|                                                                               | Federal<br>Home<br>Program<br>Fund | Spartanburg<br>Residential Development<br>Corporation<br>Fund | Miscellaneous<br>Grant<br>Fund |
| <b>ASSETS</b>                                                                 |                                    |                                                               |                                |
| Cash and Cash Equivalents                                                     | \$ -                               | 24,768                                                        | -                              |
| Pooled Cash and Cash Equivalents                                              | 105,857                            | -                                                             | 664,029                        |
| Restricted Cash and Cash Equivalents                                          | -                                  | -                                                             | 43,908                         |
| Due from County Treasurer                                                     | -                                  | -                                                             | -                              |
| Property Taxes Receivable                                                     | -                                  | -                                                             | -                              |
| Accounts Receivable, Net                                                      | -                                  | -                                                             | 761                            |
| Intergovernmental Receivables                                                 | 56,867                             | -                                                             | 189,507                        |
| Commercial Loan Receivables                                                   | -                                  | -                                                             | -                              |
| Mortgages Receivable-Home Loans                                               | 60,617                             | 9,417                                                         | -                              |
| Other Assets                                                                  | -                                  | -                                                             | -                              |
| Note Receivable                                                               | -                                  | -                                                             | -                              |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 223,341</b>                  | <b>34,185</b>                                                 | <b>898,205</b>                 |
| <b>LIABILITIES</b>                                                            |                                    |                                                               |                                |
| Accounts Payable                                                              | \$ -                               | -                                                             | 72,081                         |
| Accrued Salaries and Benefits                                                 | 104                                | -                                                             | 4,430                          |
| Due To Other Funds                                                            | -                                  | 965                                                           | -                              |
| Unearned Revenues                                                             | 110,177                            | -                                                             | 671,472                        |
| <b>TOTAL LIABILITIES</b>                                                      | <b>110,281</b>                     | <b>965</b>                                                    | <b>747,983</b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                                    |                                                               |                                |
| Unavailable Taxes                                                             | -                                  | -                                                             | -                              |
| Unavailable Notes Receivable                                                  | 60,617                             | -                                                             | -                              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b>60,617</b>                      | <b>-</b>                                                      | <b>-</b>                       |
| <b>FUND BALANCES</b>                                                          |                                    |                                                               |                                |
| Restricted                                                                    | 52,443                             | -                                                             | 150,222                        |
| Committed                                                                     | -                                  | 33,220                                                        | -                              |
| Unassigned                                                                    | -                                  | -                                                             | -                              |
| <b>TOTAL FUND BALANCES</b>                                                    | <b>52,443</b>                      | <b>33,220</b>                                                 | <b>150,222</b>                 |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> | <b>\$ 223,341</b>                  | <b>34,185</b>                                                 | <b>898,205</b>                 |

| Fund 322                      | Fund 323                  | Fund 339                             | Fund 340                                                           | Fund 362                 |
|-------------------------------|---------------------------|--------------------------------------|--------------------------------------------------------------------|--------------------------|
| Victims<br>Assistance<br>Fund | Special<br>Events<br>Fund | City<br>Roads<br>Improvement<br>Fund | Downtown Development<br>Committee Nonprofit<br>Corporation<br>Fund | Firefighters' 1%<br>Fund |
| -                             | 4,199                     | -                                    | -                                                                  | \$ -                     |
| 26,087                        | 10,500                    | 149,397                              | 1,558,021                                                          | -                        |
| -                             | -                         | -                                    | -                                                                  | 45,842                   |
| -                             | -                         | -                                    | 1,908,462                                                          | -                        |
| -                             | -                         | -                                    | 10,287                                                             | -                        |
| 2,235                         | 2,500                     | -                                    | 3,500                                                              | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| -                             | 7,000                     | -                                    | -                                                                  | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| <b>28,322</b>                 | <b>24,199</b>             | <b>149,397</b>                       | <b>3,480,270</b>                                                   | <b>\$ 45,842</b>         |
| -                             | 41,318                    | -                                    | 1,350                                                              | \$ -                     |
| -                             | 547                       | -                                    | -                                                                  | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| -                             | 2,700                     | 186,910                              | -                                                                  | -                        |
| -                             | 44,565                    | 186,910                              | 1,350                                                              | -                        |
| -                             | -                         | -                                    | 14,641                                                             | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| -                             | -                         | -                                    | 14,641                                                             | -                        |
| 28,322                        | -                         | -                                    | 3,464,279                                                          | 45,842                   |
| -                             | -                         | -                                    | -                                                                  | -                        |
| -                             | (20,366)                  | (37,513)                             | -                                                                  | -                        |
| 28,322                        | (20,366)                  | (37,513)                             | 3,464,279                                                          | 45,842                   |
| <b>28,322</b>                 | <b>24,199</b>             | <b>149,397</b>                       | <b>3,480,270</b>                                                   | <b>\$ 45,842</b>         |

(Continued)

## CITY OF SPARTANBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET -  
NON-MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

|                                                                               | Fund 380                                | Fund 480                      | Fund 708                         |
|-------------------------------------------------------------------------------|-----------------------------------------|-------------------------------|----------------------------------|
|                                                                               | Multi County<br>Industrial Park<br>Fund | Accommodations<br>Tax<br>Fund | Community<br>Development<br>Fund |
| <b>ASSETS</b>                                                                 |                                         |                               |                                  |
| Cash and Cash Equivalents                                                     | \$ -                                    | -                             | -                                |
| Pooled Cash and Cash Equivalents                                              | 2,651,755                               | 215,005                       | -                                |
| Restricted Cash and Cash Equivalents                                          | -                                       | -                             | -                                |
| Due from County Treasurer                                                     | -                                       | -                             | -                                |
| Property Taxes Receivable                                                     | -                                       | -                             | -                                |
| Accounts Receivable, Net                                                      | -                                       | 149,507                       | -                                |
| Intergovernmental Receivables                                                 | -                                       | -                             | 252,199                          |
| Commercial Loan Receivables                                                   | -                                       | -                             | 49,682                           |
| Mortgages Receivable-Home Loans                                               | -                                       | -                             | -                                |
| Other Assets                                                                  | -                                       | -                             | -                                |
| Note Receivable                                                               | -                                       | -                             | 3,000,000                        |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 2,651,755</b>                     | <b>364,512</b>                | <b>3,301,881</b>                 |
| <b>LIABILITIES</b>                                                            |                                         |                               |                                  |
| Accounts Payable                                                              | \$ 39,656                               | 47,213                        | 66,717                           |
| Accrued Salaries and Benefits                                                 | -                                       | -                             | 3,140                            |
| Due To Other Funds                                                            | -                                       | -                             | 124,315                          |
| Unearned Revenues                                                             | -                                       | -                             | 42,900                           |
| <b>TOTAL LIABILITIES</b>                                                      | <b>39,656</b>                           | <b>47,213</b>                 | <b>237,072</b>                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                                         |                               |                                  |
| Unavailable Taxes                                                             | -                                       | -                             | -                                |
| Unavailable Notes Receivable                                                  | -                                       | -                             | 49,682                           |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b>-</b>                                | <b>-</b>                      | <b>49,682</b>                    |
| <b>FUND BALANCES</b>                                                          |                                         |                               |                                  |
| Restricted                                                                    | 2,612,099                               | 317,299                       | 3,015,127                        |
| Committed                                                                     | -                                       | -                             | -                                |
| Unassigned                                                                    | -                                       | -                             | -                                |
| <b>TOTAL FUND BALANCES</b>                                                    | <b>2,612,099</b>                        | <b>317,299</b>                | <b>3,015,127</b>                 |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> | <b>\$ 2,651,755</b>                     | <b>364,512</b>                | <b>3,301,881</b>                 |

| Fund 710                                   | Fund 803                          | Fund 804                        |                   |                   |
|--------------------------------------------|-----------------------------------|---------------------------------|-------------------|-------------------|
| Neighborhood<br>Initiative Program<br>Fund | Forfeited<br>Drug-Federal<br>Fund | Forfeited<br>Drug-State<br>Fund | Combined<br>Funds |                   |
| -                                          | -                                 | -                               | \$                | 28,967            |
| -                                          | 349,669                           | 104,688                         |                   | 5,835,008         |
| -                                          | -                                 | -                               |                   | 89,750            |
| -                                          | -                                 | -                               |                   | 1,908,462         |
| -                                          | -                                 | -                               |                   | 10,287            |
| -                                          | -                                 | -                               |                   | 158,503           |
| -                                          | -                                 | -                               |                   | 498,573           |
| -                                          | -                                 | -                               |                   | 49,682            |
| -                                          | -                                 | -                               |                   | 70,034            |
| -                                          | -                                 | -                               |                   | 7,000             |
| -                                          | -                                 | -                               |                   | 3,000,000         |
| -                                          | <b>349,669</b>                    | <b>104,688</b>                  | <b>\$</b>         | <b>11,656,266</b> |
| -                                          | -                                 | -                               | \$                | 268,335           |
| -                                          | -                                 | -                               |                   | 8,221             |
| 11,580                                     | -                                 | -                               |                   | 136,860           |
| -                                          | 299,758                           | -                               |                   | 1,313,917         |
| 11,580                                     | 299,758                           | -                               |                   | 1,727,333         |
| -                                          | -                                 | -                               |                   | 14,641            |
| -                                          | -                                 | -                               |                   | 110,299           |
| -                                          | -                                 | -                               |                   | 124,940           |
| -                                          | 49,911                            | 104,688                         |                   | 9,840,232         |
| -                                          | -                                 | -                               |                   | 33,220            |
| (11,580)                                   | -                                 | -                               |                   | (69,459)          |
| (11,580)                                   | 49,911                            | 104,688                         |                   | 9,803,993         |
| -                                          | <b>349,669</b>                    | <b>104,688</b>                  | <b>\$</b>         | <b>11,656,266</b> |

## CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

|                                                              | Fund 210                           | Fund 314                                                      | Fund 320                       |
|--------------------------------------------------------------|------------------------------------|---------------------------------------------------------------|--------------------------------|
|                                                              | Federal<br>Home<br>Program<br>Fund | Spartanburg<br>Residential Development<br>Corporation<br>Fund | Miscellaneous<br>Grant<br>Fund |
| <b>REVENUES</b>                                              |                                    |                                                               |                                |
| Federal Government Contributions                             | \$ 115,416                         | -                                                             | 450,665                        |
| State Government Contributions                               | -                                  | -                                                             | 446,726                        |
| Property Taxes                                               | -                                  | -                                                             | -                              |
| Intergovernmental Revenues                                   | -                                  | -                                                             | -                              |
| Hospitality/Accommodations Taxes                             | -                                  | -                                                             | -                              |
| Investment Earnings                                          | -                                  | 80                                                            | 138                            |
| Miscellaneous                                                | -                                  | -                                                             | 760,243                        |
| Confiscated Drug Funds                                       | -                                  | -                                                             | -                              |
| Total Revenues                                               | 115,416                            | 80                                                            | 1,657,772                      |
| <b>EXPENDITURES</b>                                          |                                    |                                                               |                                |
| Finance and Administrative Services                          | -                                  | -                                                             | 214,280                        |
| Operating                                                    | 115,416                            | -                                                             | 1,331,710                      |
| Capital Outlay                                               | -                                  | -                                                             | 85,247                         |
| Debt Service - Interest                                      | -                                  | -                                                             | -                              |
| Total Expenditures                                           | 115,416                            | -                                                             | 1,631,237                      |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | -                                  | 80                                                            | 26,535                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                    |                                                               |                                |
| Transfers In                                                 | -                                  | -                                                             | 5,689                          |
| Transfers Out                                                | -                                  | -                                                             | (150,000)                      |
| Sale of Capital Assets                                       | -                                  | -                                                             | -                              |
| Total Other Financing Sources (Uses)                         | -                                  | -                                                             | (144,311)                      |
| <b>NET CHANGES IN FUND BALANCES</b>                          | -                                  | 80                                                            | (117,776)                      |
| FUND BALANCES, Beginning of Year                             | 52,443                             | 33,140                                                        | 267,998                        |
| <b>FUND BALANCES, End of Year</b>                            | <b>\$ 52,443</b>                   | <b>33,220</b>                                                 | <b>150,222</b>                 |

| Fund 322                      | Fund 323                  | Fund 339                             | Fund 340                                                           | Fund 362                 |
|-------------------------------|---------------------------|--------------------------------------|--------------------------------------------------------------------|--------------------------|
| Victims<br>Assistance<br>Fund | Special<br>Events<br>Fund | City<br>Roads<br>Improvement<br>Fund | Downtown Development<br>Committee Nonprofit<br>Corporation<br>Fund | Firefighters' 1%<br>Fund |
| -                             | -                         | -                                    | -                                                                  | \$ -                     |
| -                             | -                         | 68,771                               | -                                                                  | 85,256                   |
| -                             | -                         | -                                    | 1,648,616                                                          | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| 30,083                        | 362,146                   | -                                    | 42,000                                                             | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| 30,083                        | 362,146                   | 68,771                               | 1,690,616                                                          | 85,256                   |
| 13,681                        | 127,317                   | -                                    | -                                                                  | -                        |
| -                             | 819,986                   | 70,066                               | 107,983                                                            | 86,530                   |
| -                             | -                         | -                                    | -                                                                  | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| 13,681                        | 947,303                   | 70,066                               | 107,983                                                            | 86,530                   |
| 16,402                        | (585,157)                 | (1,295)                              | 1,582,633                                                          | (1,274)                  |
| -                             | 553,331                   | 1,294                                | -                                                                  | -                        |
| (4,778)                       | -                         | -                                    | -                                                                  | -                        |
| -                             | -                         | -                                    | -                                                                  | -                        |
| (4,778)                       | 553,331                   | 1,294                                | -                                                                  | -                        |
| 11,624                        | (31,826)                  | (1)                                  | 1,582,633                                                          | (1,274)                  |
| 16,698                        | 11,460                    | (37,512)                             | 1,881,646                                                          | 47,116                   |
| 28,322                        | (20,366)                  | (37,513)                             | 3,464,279                                                          | \$ 45,842                |

(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, 2023

|                                                              | Fund 380                                | Fund 480                      | Fund 708                         |
|--------------------------------------------------------------|-----------------------------------------|-------------------------------|----------------------------------|
|                                                              | Multi County<br>Industrial Park<br>Fund | Accommodations<br>Tax<br>Fund | Community<br>Development<br>Fund |
| <b>REVENUES</b>                                              |                                         |                               |                                  |
| Federal Government Contributions                             | \$ -                                    | -                             | 786,170                          |
| State Government Contributions                               | -                                       | -                             | -                                |
| Property Taxes                                               | 1,070,015                               | -                             | -                                |
| Intergovernmental Revenues                                   | -                                       | -                             | 85,800                           |
| Hospitality/Accommodations Taxes                             | -                                       | 373,632                       | -                                |
| Investment Earnings                                          | 95,856                                  | 6,281                         | -                                |
| Miscellaneous                                                | -                                       | -                             | 5,000                            |
| Confiscated Drug Funds                                       | -                                       | -                             | -                                |
| Total Revenues                                               | 1,165,871                               | 379,913                       | 876,970                          |
| <b>EXPENDITURES</b>                                          |                                         |                               |                                  |
| Finance and Administrative Services                          | -                                       | -                             | 217,763                          |
| Operating                                                    | 473,209                                 | 225,715                       | 585,395                          |
| Capital Outlay                                               | -                                       | -                             | -                                |
| Debt Service - Interest                                      | -                                       | -                             | 85,800                           |
| Total Expenditures                                           | 473,209                                 | 225,715                       | 888,958                          |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b> | <b>692,662</b>                          | <b>154,198</b>                | <b>(11,988)</b>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                         |                               |                                  |
| Transfers In                                                 | 25,000                                  | -                             | -                                |
| Transfers Out                                                | (100,000)                               | (62,759)                      | -                                |
| Sale of Capital Assets                                       | -                                       | -                             | 11,989                           |
| Total Other Financing Sources (Uses)                         | (75,000)                                | (62,759)                      | 11,989                           |
| <b>NET CHANGES IN FUND BALANCES</b>                          | <b>617,662</b>                          | <b>91,439</b>                 | <b>1</b>                         |
| FUND BALANCES, Beginning of Year                             | 1,994,437                               | 225,860                       | 3,015,126                        |
| <b>FUND BALANCES, End of Year</b>                            | <b>\$ 2,612,099</b>                     | <b>317,299</b>                | <b>3,015,127</b>                 |

| Fund 710                                   | Fund 803                          | Fund 804                        |                   |           |
|--------------------------------------------|-----------------------------------|---------------------------------|-------------------|-----------|
| Neighborhood<br>Initiative Program<br>Fund | Forfeited<br>Drug-Federal<br>Fund | Forfeited<br>Drug-State<br>Fund | Combined<br>Funds |           |
| -                                          | -                                 | -                               | \$                | 1,352,251 |
| -                                          | -                                 | -                               |                   | 600,753   |
| -                                          | -                                 | -                               |                   | 2,718,631 |
| -                                          | -                                 | -                               |                   | 85,800    |
| -                                          | -                                 | -                               |                   | 373,632   |
| -                                          | 12,751                            | -                               |                   | 115,106   |
| -                                          | -                                 | -                               |                   | 1,199,472 |
| -                                          | 14,862                            | 118,185                         |                   | 133,047   |
| -                                          | 27,613                            | 118,185                         |                   | 6,578,692 |
| -                                          | -                                 | -                               |                   | 573,041   |
| -                                          | -                                 | -                               |                   | 3,816,010 |
| -                                          | 14,862                            | -                               |                   | 100,109   |
| -                                          | -                                 | -                               |                   | 85,800    |
| -                                          | 14,862                            | -                               |                   | 4,574,960 |
| -                                          | 12,751                            | 118,185                         |                   | 2,003,732 |
| -                                          | -                                 | -                               |                   | 585,314   |
| -                                          | -                                 | -                               |                   | (317,537) |
| -                                          | -                                 | -                               |                   | 11,989    |
| -                                          | -                                 | -                               |                   | 279,766   |
| -                                          | 12,751                            | 118,185                         |                   | 2,283,498 |
| (11,580)                                   | 37,160                            | (13,497)                        |                   | 7,520,495 |
| (11,580)                                   | 49,911                            | 104,688                         | \$                | 9,803,993 |

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, 2023

|                                     | FEDERAL HOME PROGRAM FUND |                |                |                  |
|-------------------------------------|---------------------------|----------------|----------------|------------------|
|                                     | BUDGETED AMOUNTS          |                | ACTUAL         | VARIANCE         |
|                                     | ORIGINAL                  | REVISED        |                |                  |
| <b>REVENUES</b>                     |                           |                |                |                  |
| Federal Government Contributions    | \$ 241,255                | 241,255        | 115,416        | \$ (125,839)     |
| <b>TOTAL REVENUES</b>               | <b>241,255</b>            | <b>241,255</b> | <b>115,416</b> | <b>(125,839)</b> |
| <b>EXPENDITURES</b>                 |                           |                |                |                  |
| Operating                           | 241,255                   | 241,255        | 115,416        | 125,839          |
| <b>TOTAL EXPENDITURES</b>           | <b>241,255</b>            | <b>241,255</b> | <b>115,416</b> | <b>125,839</b>   |
| <b>NET CHANGES IN FUND BALANCES</b> | <b>-</b>                  | <b>-</b>       | <b>-</b>       | <b>-</b>         |
| FUND BALANCES, Beginning of Year    | 52,443                    | 52,443         | 52,443         | -                |
| <b>FUND BALANCES, End of Year</b>   | <b>\$ 52,443</b>          | <b>52,443</b>  | <b>52,443</b>  | <b>\$ -</b>      |

## CITY OF SPARTANBURG, SOUTH CAROLINA

## VICTIMS ASSISTANCE FUND

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

YEAR ENDED JUNE 30, 2023

|                                                          | VICTIMS ASSISTANCE FUND |               |                |                  |
|----------------------------------------------------------|-------------------------|---------------|----------------|------------------|
|                                                          | BUDGETED AMOUNTS        |               | ACTUAL         | VARIANCE         |
|                                                          | ORIGINAL                | REVISED       |                |                  |
| <b>REVENUES</b>                                          |                         |               |                |                  |
| Other Revenues                                           | \$ 15,000               | 15,000        | 30,083         | \$ 15,083        |
| <b>TOTAL REVENUES</b>                                    | <b>15,000</b>           | <b>15,000</b> | <b>30,083</b>  | <b>15,083</b>    |
| <b>EXPENDITURES</b>                                      |                         |               |                |                  |
| Finance and Administrative Services                      | 15,000                  | 15,000        | 13,681         | 1,319            |
| Operating                                                | -                       | -             | -              | -                |
| <b>TOTAL EXPENDITURES</b>                                | <b>15,000</b>           | <b>15,000</b> | <b>13,681</b>  | <b>1,319</b>     |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>-</b>                | <b>-</b>      | <b>16,402</b>  | <b>16,402</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                         |               |                |                  |
| Transfers Out                                            | -                       | -             | (4,778)        | 4,778            |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>-</b>                | <b>-</b>      | <b>(4,778)</b> | <b>4,778</b>     |
| <b>NET CHANGES IN FUND BALANCES</b>                      | <b>-</b>                | <b>-</b>      | <b>11,624</b>  | <b>11,624</b>    |
| FUND BALANCES, Beginning of Year                         | 16,698                  | 16,698        | 16,698         | -                |
| <b>FUND BALANCES, End of Year</b>                        | <b>\$ 16,698</b>        | <b>16,698</b> | <b>28,322</b>  | <b>\$ 11,624</b> |

## CITY OF SPARTANBURG, SOUTH CAROLINA

## MULTI COUNTY INDUSTRIAL PARK FUND

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

YEAR ENDED JUNE 30, 2023

| MULTI COUNTY INDUSTRIAL PARK FUND                        |                     |                  |                  |                   |
|----------------------------------------------------------|---------------------|------------------|------------------|-------------------|
|                                                          | BUDGETED AMOUNTS    |                  | ACTUAL           | VARIANCE          |
|                                                          | ORIGINAL            | REVISED          |                  |                   |
| <b>REVENUES</b>                                          |                     |                  |                  |                   |
| Property Taxes                                           | \$ 1,100,000        | 1,100,000        | 1,070,015        | \$ (29,985)       |
| Investment Earnings                                      | 5,000               | 5,000            | 95,856           | 90,856            |
| <b>TOTAL REVENUES</b>                                    | <b>1,105,000</b>    | <b>1,105,000</b> | <b>1,165,871</b> | <b>60,871</b>     |
| <b>EXPENDITURES</b>                                      |                     |                  |                  |                   |
| Operating                                                | 1,005,000           | 1,005,000        | 473,209          | 531,791           |
| <b>TOTAL EXPENDITURES</b>                                | <b>1,005,000</b>    | <b>1,005,000</b> | <b>473,209</b>   | <b>531,791</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>100,000</b>      | <b>100,000</b>   | <b>692,662</b>   | <b>592,662</b>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                     |                  |                  |                   |
| Transfers In                                             | -                   | -                | 25,000           | 25,000            |
| Transfers Out                                            | (100,000)           | (100,000)        | (100,000)        | -                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>(100,000)</b>    | <b>(100,000)</b> | <b>(75,000)</b>  | <b>25,000</b>     |
| <b>NET CHANGES IN FUND BALANCES</b>                      | <b>-</b>            | <b>-</b>         | <b>617,662</b>   | <b>617,662</b>    |
| FUND BALANCES, Beginning of Year                         | 1,994,437           | 1,994,437        | 1,994,437        | -                 |
| <b>FUND BALANCES, End of Year</b>                        | <b>\$ 1,994,437</b> | <b>1,994,437</b> | <b>2,612,099</b> | <b>\$ 617,662</b> |

## CITY OF SPARTANBURG, SOUTH CAROLINA

## ACCOMMODATIONS TAX FUND

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

YEAR ENDED JUNE 30, 2023

|                                                          | ACCOMMODATIONS TAX FUND |                |                 |                  |
|----------------------------------------------------------|-------------------------|----------------|-----------------|------------------|
|                                                          | BUDGETED AMOUNTS        |                | ACTUAL          | VARIANCE         |
|                                                          | ORIGINAL                | REVISED        |                 |                  |
| <b>REVENUES</b>                                          |                         |                |                 |                  |
| Accommodation Taxes                                      | \$ 179,000              | 179,000        | 373,632         | \$ 194,632       |
| Investment Earnings                                      | 1,000                   | 1,000          | 6,281           | 5,281            |
| <b>TOTAL REVENUES</b>                                    | <b>180,000</b>          | <b>180,000</b> | <b>379,913</b>  | <b>199,913</b>   |
| <b>EXPENDITURES</b>                                      |                         |                |                 |                  |
| Operating                                                | 180,000                 | 180,000        | 225,715         | (45,715)         |
| <b>TOTAL EXPENDITURES</b>                                | <b>180,000</b>          | <b>180,000</b> | <b>225,715</b>  | <b>(45,715)</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>-</b>                | <b>-</b>       | <b>154,198</b>  | <b>154,198</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                         |                |                 |                  |
| Transfers Out                                            | -                       | -              | (62,759)        | (62,759)         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>-</b>                | <b>-</b>       | <b>(62,759)</b> | <b>(62,759)</b>  |
| <b>NET CHANGES IN FUND BALANCES</b>                      | <b>-</b>                | <b>-</b>       | <b>91,439</b>   | <b>91,439</b>    |
| FUND BALANCES, Beginning of Year                         | 225,860                 | 225,860        | 225,860         | -                |
| <b>FUND BALANCES, End of Year</b>                        | <b>\$ 225,860</b>       | <b>225,860</b> | <b>317,299</b>  | <b>\$ 91,439</b> |

Note: The City approved the expenditures that were in excess of the budget, but elected to not amend the budget.

## CITY OF SPARTANBURG, SOUTH CAROLINA

## COMMUNITY DEVELOPMENT FUND

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

YEAR ENDED JUNE 30, 2023

|                                                          | COMMUNITY DEVELOPMENT FUND |                  |                  |                  |
|----------------------------------------------------------|----------------------------|------------------|------------------|------------------|
|                                                          | BUDGETED AMOUNTS           |                  | ACTUAL           | VARIANCE         |
|                                                          | ORIGINAL                   | REVISED          |                  |                  |
| <b>REVENUES</b>                                          |                            |                  |                  |                  |
| Federal Government Contributions                         | \$ 658,468                 | 658,468          | 786,170          | \$ 127,702       |
| Intergovernmental Revenues                               | -                          | -                | 85,800           | 85,800           |
| Other Revenues                                           | -                          | -                | 5,000            | 5,000            |
| <b>TOTAL REVENUES</b>                                    | <b>658,468</b>             | <b>658,468</b>   | <b>876,970</b>   | <b>218,502</b>   |
| <b>EXPENDITURES</b>                                      |                            |                  |                  |                  |
| Finance and Administrative Services                      | 226,183                    | 226,183          | 217,763          | 8,420            |
| Operating                                                | 432,285                    | 432,285          | 585,395          | (153,110)        |
| Debt Service - Interest                                  | -                          | -                | 85,800           | (85,800)         |
| <b>TOTAL EXPENDITURES</b>                                | <b>658,468</b>             | <b>658,468</b>   | <b>888,958</b>   | <b>(230,490)</b> |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>-</b>                   | <b>-</b>         | <b>(11,988)</b>  | <b>(11,988)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                            |                  |                  |                  |
| Sale of Assets                                           | -                          | -                | 11,989           | 11,989           |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>-</b>                   | <b>-</b>         | <b>11,989</b>    | <b>11,989</b>    |
| <b>NET CHANGES IN FUND BALANCES</b>                      | <b>-</b>                   | <b>-</b>         | <b>1</b>         | <b>1</b>         |
| FUND BALANCES, Beginning of Year                         | 3,015,126                  | 3,015,126        | 3,015,126        | -                |
| <b>FUND BALANCES, End of Year</b>                        | <b>\$ 3,015,126</b>        | <b>3,015,126</b> | <b>3,015,127</b> | <b>\$ 1</b>      |

Note: The City approved the expenditures that were in excess of the budget, but elected to not amend the budget.

## **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.



## CITY OF SPARTANBURG, SOUTH CAROLINA

## COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS

JUNE 30, 2023

|                                                                               | Fund 540                           | Fund 543                              |                   |
|-------------------------------------------------------------------------------|------------------------------------|---------------------------------------|-------------------|
|                                                                               | GENERAL<br>DEBT<br>SERVICE<br>FUND | ST. JOHN -<br>DANIEL<br>MORGAN<br>TIF | TOTALS            |
| <b>ASSETS</b>                                                                 |                                    |                                       |                   |
| Pooled Cash and Cash Equivalents                                              | \$ 16,646                          | 649,043                               | \$ 665,689        |
| Restricted Investments                                                        | 941                                | -                                     | 941               |
| Property Taxes Receivable, Net                                                | -                                  | 1,334                                 | 1,334             |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 17,587</b>                   | <b>650,377</b>                        | <b>\$ 667,964</b> |
| <b>LIABILITIES</b>                                                            |                                    |                                       |                   |
| TOTAL LIABILITIES                                                             | \$ -                               | -                                     | \$ -              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                                    |                                       |                   |
| Unavailable Property Taxes                                                    | -                                  | 2,001                                 | 2,001             |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b>-</b>                           | <b>2,001</b>                          | <b>2,001</b>      |
| <b>FUND BALANCE</b>                                                           |                                    |                                       |                   |
| Restricted for Debt Service                                                   | 17,587                             | 648,376                               | 665,963           |
| <b>TOTAL FUND BALANCES</b>                                                    | <b>17,587</b>                      | <b>648,376</b>                        | <b>665,963</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCES</b> | <b>\$ 17,587</b>                   | <b>650,377</b>                        | <b>\$ 667,964</b> |

## CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

|                                                          | Fund 540                           | Fund 543                              |                    |
|----------------------------------------------------------|------------------------------------|---------------------------------------|--------------------|
|                                                          | GENERAL<br>DEBT<br>SERVICE<br>FUND | ST. JOHN -<br>DANIEL<br>MORGAN<br>TIF | TOTALS             |
| <b>REVENUES</b>                                          |                                    |                                       |                    |
| Tax Increment                                            | \$ -                               | 412,100                               | \$ 412,100         |
| Investment Earnings                                      | 926                                | -                                     | 926                |
| <b>TOTAL REVENUES</b>                                    | <b>926</b>                         | <b>412,100</b>                        | <b>413,026</b>     |
| <b>EXPENDITURES</b>                                      |                                    |                                       |                    |
| Debt Service:                                            |                                    |                                       |                    |
| Principal                                                | 2,505,359                          | 585,000                               | 3,090,359          |
| Interest                                                 | 619,658                            | 40,208                                | 659,866            |
| Other                                                    | -                                  | 42,710                                | 42,710             |
| <b>TOTAL EXPENDITURES</b>                                | <b>3,125,017</b>                   | <b>667,918</b>                        | <b>3,792,935</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>(3,124,091)</b>                 | <b>(255,818)</b>                      | <b>(3,379,909)</b> |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                                    |                                       |                    |
| Transfers In                                             | 3,125,297                          | 910,000                               | 4,035,297          |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>3,125,297</b>                   | <b>910,000</b>                        | <b>4,035,297</b>   |
| <b>NET CHANGES IN FUND BALANCES</b>                      | <b>1,206</b>                       | <b>654,182</b>                        | <b>655,388</b>     |
| FUND BALANCES, Beginning of Year                         | 16,381                             | (5,806)                               | 10,575             |
| <b>FUND BALANCES, End of Year</b>                        | <b>\$ 17,587</b>                   | <b>648,376</b>                        | <b>\$ 665,963</b>  |

## CITY OF SPARTANBURG, SOUTH CAROLINA

## ST. JOHN-DANIEL MORGAN TIF

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

YEAR ENDED JUNE 30, 2023

|                                                          | ST. JOHN-DANIEL MORGAN TIF |                 |                  |                   |
|----------------------------------------------------------|----------------------------|-----------------|------------------|-------------------|
|                                                          | BUDGETED AMOUNTS           |                 | ACTUAL           | VARIANCE          |
|                                                          | ORIGINAL                   | REVISED         |                  |                   |
| <b>REVENUES</b>                                          |                            |                 |                  |                   |
| Tax Increment                                            | \$ 406,193                 | 406,193         | 412,100          | \$ 5,907          |
| Ground Lease                                             | 200,000                    | 200,000         | -                | (200,000)         |
| <b>TOTAL REVENUES</b>                                    | <b>606,193</b>             | <b>606,193</b>  | <b>412,100</b>   | <b>(194,093)</b>  |
| <b>EXPENDITURES</b>                                      |                            |                 |                  |                   |
| Debt Service:                                            |                            |                 |                  |                   |
| Principal                                                | 585,000                    | 585,000         | 585,000          | -                 |
| Interest                                                 | 40,208                     | 40,208          | 40,208           | -                 |
| Other                                                    | 30,985                     | 30,985          | 42,710           | (11,725)          |
| <b>TOTAL EXPENDITURES</b>                                | <b>656,193</b>             | <b>656,193</b>  | <b>667,918</b>   | <b>(11,725)</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b>(50,000)</b>            | <b>(50,000)</b> | <b>(255,818)</b> | <b>(205,818)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                            |                 |                  |                   |
| Transfers In                                             | 50,000                     | 50,000          | 910,000          | 860,000           |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>50,000</b>              | <b>50,000</b>   | <b>910,000</b>   | <b>860,000</b>    |
| <b>NET CHANGES IN FUND BALANCES</b>                      | <b>-</b>                   | <b>-</b>        | <b>654,182</b>   | <b>654,182</b>    |
| FUND BALANCES, Beginning of Year                         | (5,806)                    | (5,806)         | (5,806)          | -                 |
| <b>FUND BALANCES, End of Year</b>                        | <b>\$ (5,806)</b>          | <b>(5,806)</b>  | <b>648,376</b>   | <b>\$ 654,182</b> |

Note: The City approved the expenditures that were in excess of the budget, but elected to not amend the budget.



## **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.



## CITY OF SPARTANBURG, SOUTH CAROLINA

## COMBINING SCHEDULE OF NET POSITION - ALL INTERNAL SERVICE FUNDS

JUNE 30, 2023

|                                           | <b><u>EQUIPMENT<br/>REPLACEMENT</u></b> | <b><u>MEDICAL<br/>INSURANCE<br/>TRUST</u></b> | <b><u>TOTALS</u></b>        |
|-------------------------------------------|-----------------------------------------|-----------------------------------------------|-----------------------------|
| <b>ASSETS</b>                             |                                         |                                               |                             |
| Current Assets:                           |                                         |                                               |                             |
| Pooled Cash and Cash Equivalents          | \$ 427,660                              | 1,184,451                                     | \$ 1,612,111                |
| Prepays                                   | 1,900,000                               | -                                             | 1,900,000                   |
| Total Current Assets                      | <u>2,327,660</u>                        | <u>1,184,451</u>                              | <u>3,512,111</u>            |
| Non-Current Assets:                       |                                         |                                               |                             |
| Capital Assets:                           |                                         |                                               |                             |
| Depreciable, Net                          | 8,937,848                               | -                                             | 8,937,848                   |
| Total Non-Current Assets                  | <u>8,937,848</u>                        | <u>-</u>                                      | <u>8,937,848</u>            |
| <b>TOTAL ASSETS</b>                       | <b><u>\$ 11,265,508</u></b>             | <b><u>1,184,451</u></b>                       | <b><u>\$ 12,449,959</u></b> |
| <b>LIABILITIES</b>                        |                                         |                                               |                             |
| Current Liabilities:                      |                                         |                                               |                             |
| Accounts Payable/Deposits Payable         | \$ 5,394                                | -                                             | \$ 5,394                    |
| Unclaimed Checks                          | -                                       | 109                                           | 109                         |
| Current Portion of Debt                   | 2,015,969                               | -                                             | 2,015,969                   |
| Total Current Liabilities                 | <u>2,021,363</u>                        | <u>109</u>                                    | <u>2,021,472</u>            |
| Long-Term Liabilities:                    |                                         |                                               |                             |
| Debt, Less Current Portion                | 5,483,207                               | -                                             | 5,483,207                   |
| Total Long-Term Liabilities               | <u>5,483,207</u>                        | <u>-</u>                                      | <u>5,483,207</u>            |
| <b>TOTAL LIABILITIES</b>                  | <u>7,504,570</u>                        | <u>109</u>                                    | <u>7,504,679</u>            |
| <b>NET POSITION</b>                       |                                         |                                               |                             |
| Net Investment in Capital Assets          | 3,338,672                               | -                                             | 3,338,672                   |
| Unrestricted                              | 422,266                                 | 1,184,342                                     | 1,606,608                   |
| <b>TOTAL NET POSITION</b>                 | <u>3,760,938</u>                        | <u>1,184,342</u>                              | <u>4,945,280</u>            |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b><u>\$ 11,265,508</u></b>             | <b><u>1,184,451</u></b>                       | <b><u>\$ 12,449,959</u></b> |

## CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

|                                                | <b>EQUIPMENT<br/>REPLACEMENT</b> | <b>MEDICAL<br/>INSURANCE<br/>TRUST</b> | <b>TOTALS</b>       |
|------------------------------------------------|----------------------------------|----------------------------------------|---------------------|
| <b>OPERATING REVENUES</b>                      |                                  |                                        |                     |
| Charges for Services                           | \$ 1,574,113                     | -                                      | \$ 1,574,113        |
| Contributions                                  | -                                | 4,659,925                              | 4,659,925           |
| Other                                          | -                                | 115                                    | 115                 |
| <b>TOTAL OPERATING REVENUES</b>                | <b>1,574,113</b>                 | <b>4,660,040</b>                       | <b>6,234,153</b>    |
| <b>OPERATING EXPENSES</b>                      |                                  |                                        |                     |
| Services and Charges                           | -                                | 220,000                                | 220,000             |
| Claims/Premiums                                | -                                | 4,369,887                              | 4,369,887           |
| Depreciation                                   | 1,662,290                        | -                                      | 1,662,290           |
| <b>TOTAL OPERATING EXPENSES</b>                | <b>1,662,290</b>                 | <b>4,589,887</b>                       | <b>6,252,177</b>    |
| <b>OPERATING INCOME</b>                        | <b>(88,177)</b>                  | <b>70,153</b>                          | <b>(18,024)</b>     |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>       |                                  |                                        |                     |
| Interest Expense                               | (134,775)                        | -                                      | (134,775)           |
| Other                                          | (44,997)                         | -                                      | (44,997)            |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b> | <b>(179,772)</b>                 | <b>-</b>                               | <b>(179,772)</b>    |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>          | <b>(267,949)</b>                 | <b>70,153</b>                          | <b>(197,796)</b>    |
| Transfers In                                   | 8,802                            | -                                      | 8,802               |
| <b>CHANGE IN NET POSITION</b>                  | <b>(259,147)</b>                 | <b>70,153</b>                          | <b>(188,994)</b>    |
| NET POSITION, Beginning of Year                | 4,020,085                        | 1,114,189                              | 5,134,274           |
| <b>NET POSITION, End of Year</b>               | <b>\$ 3,760,938</b>              | <b>1,184,342</b>                       | <b>\$ 4,945,280</b> |

## CITY OF SPARTANBURG, SOUTH CAROLINA

## COMBINING SCHEDULE OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2023

|                                                                                  | <b>EQUIPMENT<br/>REPLACEMENT</b> | <b>MEDICAL<br/>INSURANCE<br/>TRUST</b> | <b>TOTALS</b>       |
|----------------------------------------------------------------------------------|----------------------------------|----------------------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |                                  |                                        |                     |
| Receipts from Charges for Services                                               | \$ 1,574,113                     | -                                      | \$ 1,574,113        |
| Receipts from Contributions                                                      | -                                | 4,659,925                              | 4,659,925           |
| Receipts from Other Revenues                                                     | -                                | 115                                    | 115                 |
| Payments for Services and Charges                                                | (1,071,700)                      | (227,140)                              | (1,298,840)         |
| Payments for Other Expenses                                                      | (44,997)                         | -                                      | (44,997)            |
| Payments for Claims/Premiums                                                     | -                                | (4,369,887)                            | (4,369,887)         |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                 | <b>457,416</b>                   | <b>63,013</b>                          | <b>520,429</b>      |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                          |                                  |                                        |                     |
| Transfers from Other Funds                                                       | 8,802                            | -                                      | 8,802               |
| <b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>                     | <b>8,802</b>                     | <b>-</b>                               | <b>8,802</b>        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                  |                                  |                                        |                     |
| Acquisition of Capital Assets                                                    | (1,943,406)                      | -                                      | (1,943,406)         |
| Debt Proceeds                                                                    | 3,852,000                        | -                                      | 3,852,000           |
| Debt Payments                                                                    | (2,199,326)                      | -                                      | (2,199,326)         |
| Interest Paid                                                                    | (134,775)                        | -                                      | (134,775)           |
| <b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>                 | <b>(425,507)</b>                 | <b>-</b>                               | <b>(425,507)</b>    |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                 | <b>40,711</b>                    | <b>63,013</b>                          | <b>103,724</b>      |
| <b>RESTRICTED, POOLED, AND UNRESTRICTED</b>                                      |                                  |                                        |                     |
| CASH AND CASH EQUIVALENTS - Beginning of Year                                    | 386,949                          | 1,121,438                              | 1,508,387           |
| <b>RESTRICTED, POOLED, AND UNRESTRICTED</b>                                      |                                  |                                        |                     |
| <b>CASH AND CASH EQUIVALENTS - End of Year</b>                                   | <b>\$ 427,660</b>                | <b>1,184,451</b>                       | <b>\$ 1,612,111</b> |
| Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities: |                                  |                                        |                     |
| Net Operating Income (Loss)                                                      | \$ (88,177)                      | 70,153                                 | \$ (18,024)         |
| Adjustments to Reconcile Operating Income (Loss)                                 |                                  |                                        |                     |
| to Cash Provided by Operating Activities                                         |                                  |                                        |                     |
| Depreciation Expense                                                             | 1,662,290                        | -                                      | 1,662,290           |
| Other Revenues (Expenses)                                                        | (44,997)                         | -                                      | (44,997)            |
| Change in:                                                                       |                                  |                                        |                     |
| Prepays                                                                          | (1,077,094)                      | -                                      | (1,077,094)         |
| Accounts Payable                                                                 | 5,394                            | (7,140)                                | (1,746)             |
| <b>Net Cash Provided by Operating Activities</b>                                 | <b>\$ 457,416</b>                | <b>63,013</b>                          | <b>\$ 520,429</b>   |



## CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

## FOR THE STATE TREASURER'S OFFICE:

| COUNTY / MUNICIPAL FUNDS COLLECTED<br>BY CLERK OF COURT              | General<br>Sessions | Magistrate<br>Court | Municipal<br>Court | Total            |
|----------------------------------------------------------------------|---------------------|---------------------|--------------------|------------------|
| <b>Court Fines and Assessments:</b>                                  |                     |                     |                    |                  |
| Court fines and assessments collected                                |                     |                     | \$ 504,322         | \$ 504,322       |
| Court fines and assessments remitted to State Treasurer              |                     |                     | (273,718)          | (273,718)        |
| <b>Total Court Fines and Assessments retained</b>                    |                     |                     | <b>230,604</b>     | <b>230,604</b>   |
| <b>Surcharges and Assessments retained for victim services:</b>      |                     |                     |                    |                  |
| Surcharges collected and retained                                    |                     |                     | 6,680              | 6,680            |
| Assessments retained                                                 |                     |                     | 23,403             | 23,403           |
| <b>Total Surcharges and Assessments retained for victim services</b> |                     |                     | <b>\$ 30,083</b>   | <b>\$ 30,083</b> |

## FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

| VICTIM SERVICE FUNDS COLLECTED                                                 | Municipal        | County        | Total            |
|--------------------------------------------------------------------------------|------------------|---------------|------------------|
| <b>Carryforward from Previous Year – Beginning Balance</b>                     | \$ 16,698        |               | \$ 16,698        |
| <b>Victim Service Revenue:</b>                                                 |                  |               |                  |
| Victim Service Fines Retained by City/County Treasurer                         |                  |               |                  |
| Victim Service Assessments Retained by City/County Treasurer                   | 23,403           |               | 23,403           |
| Victim Service Surcharges Retained by City/County Treasurer                    | 6,680            |               | 6,680            |
| Interest Earned                                                                |                  |               |                  |
| Grant Funds Received                                                           |                  |               |                  |
| Grant from:                                                                    |                  |               |                  |
| General Funds Transferred to Victim Service Fund                               |                  |               |                  |
| <b>Contribution Received from Victim Service Contracts:</b>                    |                  |               |                  |
| (1) Town of                                                                    |                  |               |                  |
| (2) Town of                                                                    |                  |               |                  |
| (3) City of                                                                    |                  |               |                  |
| <b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>    | <b>\$ 46,781</b> |               | <b>\$ 46,781</b> |
| <b>Expenditures for Victim Service Program:</b>                                | <b>Municipal</b> | <b>County</b> | <b>Total</b>     |
| Salaries and Benefits                                                          | \$ 13,681        |               | \$ 13,681        |
| Operating Expenditures                                                         | 4,778            |               | 4,778            |
| <b>Victim Service Contract(s):</b>                                             |                  |               |                  |
| (1) Entity's Name                                                              |                  |               |                  |
| (2) Entity's Name                                                              |                  |               |                  |
| <b>Victim Service Donation(s):</b>                                             |                  |               |                  |
| (1) Domestic Violence Shelter:                                                 |                  |               |                  |
| (2) Rape Crisis Center:                                                        |                  |               |                  |
| (3) Other local direct crime victims service agency:                           |                  |               |                  |
| Transferred to General Fund                                                    |                  |               |                  |
| <b>Total Expenditures from Victim Service Fund/Program (B)</b>                 | <b>18,459</b>    |               | <b>18,459</b>    |
| <b>Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)</b> | <b>28,322</b>    |               | <b>28,322</b>    |
| <b>Less: Prior Year Fund Deficit Repayment</b>                                 |                  |               |                  |
| <b>Carryforward Funds – End of Year</b>                                        | <b>\$ 28,322</b> |               | <b>\$ 28,322</b> |

CITY OF SPARTANBURG, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2023

OPT Contract #: PT-208004-45  
Contract Period: July 1, 2019 - December 31, 2020  
Performance Period: July 1, 2019 - June 30, 2023

|                      | Budget    | Section 5304                      |                                   |                                   |                                     | SMTF                              |                                   |                                   |                                     | Local | Variance  |
|----------------------|-----------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-------|-----------|
|                      |           | Prior Period<br>Jul '19 - Jun '20 | Prior Period<br>Jul '20 - Jun '21 | Prior Period<br>Jul '21 - Jun '22 | Current Period<br>Jul '22 - Jun '23 | Prior Period<br>Jul '19 - Jun '20 | Prior Period<br>Jul '20 - Jun '21 | Prior Period<br>Jul '21 - Jun '22 | Current Period<br>Jul '22 - Jun '23 |       |           |
| TECHNICAL ASSISTANCE | \$ 25,000 | 6,520                             | -                                 | -                                 | -                                   | 1,630                             | -                                 | -                                 | -                                   | -     | \$ 16,850 |
| TOTAL CAPITAL        | \$ 25,000 | 6,520                             | -                                 | -                                 | -                                   | 1,630                             | -                                 | -                                 | -                                   | -     | \$ 16,850 |
| Approved Budget      | \$ 25,000 |                                   |                                   |                                   |                                     |                                   |                                   |                                   |                                     |       |           |
| Total Federal Costs  | (6,520)   |                                   |                                   |                                   |                                     |                                   |                                   |                                   |                                     |       |           |
| Total State Costs    | (1,630)   |                                   |                                   |                                   |                                     |                                   |                                   |                                   |                                     |       |           |
| Total Local Costs    | -         |                                   |                                   |                                   |                                     |                                   |                                   |                                   |                                     |       |           |
| Budget Balance       | \$ 16,850 |                                   |                                   |                                   |                                     |                                   |                                   |                                   |                                     |       |           |

# STATISTICAL SECTION

This part of City of Spartanburg's ("City") annual comprehensive 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.

| <b>Contents</b>                                                                                                                                                                                                                                    | <b>Page</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Financial Trends<br><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>                                                                     | 143         |
| Revenue Capacity<br><i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>                                                                                       | 150         |
| Debt Capacity<br><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>                            | 154         |
| Demographic and Economic Information<br><i>These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.</i>                                          | 161         |
| Operating Information<br><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> | 164         |
| Hospitality Fee Information<br><i>These schedules contain information to help the reader assess the City's collection of hospitality fees.</i>                                                                                                     | 168         |

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



CITY OF SPARTANBURG, SOUTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

UNAUDITED

|                                             | Fiscal Year   |              |              |              |              |              |              |              |              |                |
|---------------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
|                                             | 2014          | 2015         | 2016*        | 2017*        | 2018*        | 2019*        | 2020*        | 2021*        | 2022*        | 2023*          |
| Governmental Activities                     |               |              |              |              |              |              |              |              |              |                |
| Net Investment in Capital Assets            | \$ 43,048,637 | 44,324,590   | 50,867,232   | 52,133,237   | 54,829,393   | 56,926,242   | 60,338,363   | 61,979,232   | 62,109,181   | \$ 63,395,780  |
| Restricted                                  | 7,148,564     | 6,286,921    | 4,410,117    | 4,443,720    | 4,187,094    | 4,119,997    | 5,662,474    | 6,848,872    | 6,231,727    | 9,600,165      |
| Unrestricted                                | 3,245,357     | (33,929,319) | (42,779,500) | (44,163,933) | (46,436,344) | (45,413,336) | (57,964,429) | (55,377,838) | (49,117,394) | (47,206,509)   |
| Total Governmental Activities Net Position  | \$ 53,442,558 | 16,682,192   | 12,497,849   | 12,413,024   | 12,580,143   | 15,632,903   | 8,036,408    | 13,450,266   | 19,223,514   | \$ 25,789,436  |
| Business-Type Activities                    |               |              |              |              |              |              |              |              |              |                |
| Net Investment in Capital Assets            | \$ 22,224,018 | 23,014,313   | 37,054,399   | 47,441,179   | 52,577,808   | 60,010,136   | 62,089,855   | 58,879,727   | 55,755,018   | \$ 52,751,767  |
| Restricted                                  | -             | -            | -            | -            | -            | -            | -            | -            | -            | -              |
| Unrestricted                                | 3,403,403     | 2,736,386    | 3,700,260    | 3,722,107    | 4,754,408    | 4,868,130    | 5,498,855    | 5,992,094    | 6,296,165    | 6,417,920      |
| Total Business-Type Activities Net Position | \$ 25,627,421 | 25,750,699   | 40,754,659   | 51,163,286   | 57,332,216   | 64,878,266   | 67,588,710   | 64,871,821   | 62,051,183   | \$ 59,169,687  |
| Primary Government                          |               |              |              |              |              |              |              |              |              |                |
| Net Investment in Capital Assets            | \$ 65,272,655 | 67,338,903   | 78,891,631   | 91,324,922   | 99,923,212   | 110,245,136  | 117,108,343  | 115,449,071  | 113,054,405  | \$ 111,953,099 |
| Restricted                                  | 7,148,564     | 6,286,921    | 4,410,117    | 4,443,720    | 4,187,094    | 4,119,997    | 5,662,474    | 6,848,872    | 6,231,727    | 9,600,165      |
| Unrestricted                                | 6,648,760     | (31,192,933) | (30,049,240) | (32,192,332) | (34,197,947) | (33,853,964) | (47,145,699) | (43,975,856) | (38,011,435) | (36,594,141)   |
| Total Primary Government Net Position       | \$ 79,069,979 | 42,432,891   | 53,252,508   | 63,576,310   | 69,912,359   | 80,511,169   | 75,625,118   | 78,322,087   | 81,274,697   | \$ 84,959,123  |

\* 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   |            |            |            |            |            |            |            |            |               |
|-------------------------------------------------|---------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
|                                                 | 2014          | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       | 2022       | 2023          |
| <b>Expenses</b>                                 |               |            |            |            |            |            |            |            |            |               |
| Governmental Activities:                        |               |            |            |            |            |            |            |            |            |               |
| Policy Formulation and Administration           | \$ 6,004,329  | 7,217,844  | 7,550,338  | 6,071,710  | 6,003,757  | 6,263,411  | 6,125,541  | 7,347,729  | 6,470,093  | \$ 6,859,791  |
| Public Safety                                   | 14,781,345    | 15,009,975 | 16,193,535 | 17,864,273 | 17,754,307 | 19,032,261 | 18,767,001 | 19,628,884 | 20,613,921 | 22,226,239    |
| Parks, Recreation, and Special Events           | 2,075,383     | 1,336,488  | 2,247,585  | 2,592,220  | 2,456,742  | 2,505,636  | 13,039,008 | 2,661,156  | 2,867,465  | 2,685,489     |
| Development Services                            | 2,635,403     | 4,254,332  | 3,000,367  | 3,790,091  | 3,839,251  | 3,855,169  | 3,595,470  | 2,580,167  | 2,116,200  | 2,941,756     |
| Public Services                                 | 9,059,910     | 8,238,416  | 8,335,035  | 8,563,016  | 8,250,848  | 7,818,385  | 8,620,613  | 9,798,580  | 10,464,080 | 11,214,758    |
| Finance and Administrative Services             | 3,029,842     | 2,463,035  | 2,771,890  | 3,534,213  | 2,637,266  | 2,734,348  | 2,559,109  | 2,518,454  | 2,735,826  | 2,994,018     |
| Operating                                       | 5,403,591     | 4,938,750  | 5,010,013  | 5,800,758  | 6,557,239  | 5,497,279  | 4,881,547  | 4,771,111  | 7,411,702  | 4,285,354     |
| Interest and Other Charges                      | 1,216,595     | 1,234,964  | 1,030,383  | 1,653,346  | 2,396,183  | 1,237,818  | 1,755,892  | 1,163,039  | 950,984    | 930,864       |
| Total Governmental Activities Expenses          | 44,206,398    | 44,693,804 | 46,139,146 | 49,869,627 | 49,895,593 | 48,944,307 | 59,344,181 | 50,469,120 | 53,630,271 | 54,138,269    |
| Business-Type Activities:                       |               |            |            |            |            |            |            |            |            |               |
| Transit                                         | 2,006,752     | 1,916,397  | 1,852,015  | 1,933,748  | 1,999,130  | 2,091,751  | 2,341,633  | 2,334,926  | 2,576,589  | 2,444,481     |
| Parking                                         | 874,213       | 812,939    | 801,105    | 1,195,457  | 1,319,091  | 1,167,866  | 1,225,537  | 1,094,694  | 1,314,505  | 1,327,725     |
| Airport                                         | 1,412,982     | 1,465,961  | 1,442,379  | 1,518,271  | 1,722,404  | 2,408,062  | 2,872,700  | 3,356,508  | 3,910,388  | 3,984,085     |
| Storm Water                                     | 1,166,062     | 1,381,968  | 1,182,618  | 910,138    | 854,172    | 1,425,043  | 1,092,406  | 1,111,338  | 955,146    | 1,334,527     |
| Spartanburg Recreational Facilities Corporation | -             | -          | -          | -          | -          | -          | 1,036,783  | 626,374    | 552,616    | 581,149       |
| CC Woodson                                      | 410,073       | 410,084    | 397,663    | -          | -          | -          | -          | -          | -          | -             |
| Spartanburg Parking Facilities Corporation      | 980,169       | 1,009,657  | 1,873,815  | -          | -          | -          | -          | -          | -          | -             |
| Spartanburg Airport Facilities Corporation      | 396,478       | 382,543    | 419,359    | -          | -          | -          | -          | -          | -          | -             |
| Total Business-Type Activities Expenses         | 7,246,729     | 7,379,549  | 7,968,954  | 5,557,614  | 5,894,797  | 7,092,722  | 8,569,059  | 8,523,840  | 9,309,244  | 9,671,967     |
| Total Primary Government Expenses               | \$ 51,453,127 | 52,073,353 | 54,108,100 | 55,427,241 | 55,790,390 | 56,037,029 | 67,913,240 | 58,992,960 | 62,939,515 | \$ 63,810,236 |
| <b>Program Revenues</b>                         |               |            |            |            |            |            |            |            |            |               |
| Governmental Activities:                        |               |            |            |            |            |            |            |            |            |               |
| Charges for Services:                           |               |            |            |            |            |            |            |            |            |               |
| Public Safety                                   | \$ 884,408    | 908,902    | 1,036,591  | 713,104    | 717,286    | 777,579    | 906,376    | 840,902    | 803,133    | \$ 1,483,525  |
| Parks, Recreation, and Special Events           | 154,449       | 115,815    | 111,305    | 97,453     | 106,746    | 144,077    | 151,828    | 158,073    | 250,599    | 283,992       |
| Development Services                            | 341,919       | 329,411    | 821,947    | 715,327    | 598,563    | 578,710    | 893,483    | 1,068,019  | 1,018,364  | 837,923       |
| Public Services                                 | 2,716,693     | 2,718,472  | 2,603,285  | 2,641,489  | 2,809,875  | 3,039,419  | 3,226,092  | 3,102,553  | 3,234,605  | 2,979,425     |
| Finance and Administrative Services             | 13,577,368    | 13,819,673 | 14,279,201 | 15,904,464 | 16,282,198 | 15,862,186 | 16,330,430 | 16,826,987 | 18,456,401 | 19,079,350    |
| Operating Grants and Contributions              |               |            |            |            |            |            |            |            |            |               |
| Public Safety                                   | 607,124       | 453,976    | 762,640    | 586,892    | 548,401    | 553,991    | 489,148    | 581,500    | 744,024    | 982,647       |
| Development Services                            | -             | 1,216,341  | 1,680,967  | 1,627,345  | 3,185,939  | 2,150,377  | 2,238,450  | 2,611,780  | 1,079,775  | 1,006,512     |
| Public Services                                 | 511,452       | 383,470    | 670,435    | 1,201,044  | 983,359    | 929,523    | 1,033,208  | 1,016,595  | 975,504    | 68,771        |
| Operating                                       | -             | -          | -          | -          | -          | -          | -          | -          | 1,551,673  | -             |
| Capital Grants and Contributions                | -             | -          | -          | -          | -          | -          | -          | -          | -          | 885,080       |
| Development Services                            | -             | -          | -          | -          | -          | -          | -          | -          | -          | -             |
| Public Services                                 | -             | -          | 20,721     | -          | -          | -          | -          | -          | -          | -             |
| Total Governmental Activities Program Revenues  | \$ 18,793,413 | 19,946,060 | 21,987,092 | 23,487,118 | 25,232,367 | 24,035,862 | 25,269,015 | 26,206,409 | 28,114,078 | \$ 27,607,225 |

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

UNAUDITED

|                                                 | Fiscal Year    |              |              |              |              |              |              |              |              |                |
|-------------------------------------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
|                                                 | 2014           | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023           |
| Business-Type Activities:                       |                |              |              |              |              |              |              |              |              |                |
| Charges for Services:                           |                |              |              |              |              |              |              |              |              |                |
| Transit                                         | \$ 296,982     | 273,393      | 255,887      | 276,371      | 213,381      | 209,960      | 176,419      | 172,549      | 165,671      | \$ 223,847     |
| Parking                                         | 419,370        | 353,899      | 408,525      | 455,636      | 460,119      | 476,148      | 466,993      | 429,730      | 487,505      | 504,045        |
| Airport                                         | 969,613        | 1,099,310    | 1,037,349    | 1,380,335    | 1,478,264    | 1,096,923    | 1,500,258    | 1,581,020    | 2,302,953    | 2,476,195      |
| Storm Water                                     | 1,631,758      | 1,852,620    | 1,649,011    | 1,609,132    | 1,673,411    | 1,646,558    | 1,716,114    | 1,725,766    | 1,686,350    | 1,715,575      |
| Spartanburg Recreational Facilities Corporation | -              | -            | -            | -            | -            | -            | 62,413       | 756,450      | 764,014      | 771,655        |
| CC Woodson                                      | 48,000         | 48,000       | 30,062       | -            | -            | -            | -            | -            | -            | -              |
| Spartanburg Parking Facilities Corporation      | 18,750         | 56,250       | 37,500       | -            | -            | -            | -            | -            | -            | -              |
| Spartanburg Airport Facilities Corporation      | 141,654        | 157,258      | 168,134      | -            | -            | -            | -            | -            | -            | -              |
| Operating Grants and Contributions              |                |              |              |              |              |              |              |              |              |                |
| Transit                                         | 855,002        | -            | 777,885      | -            | -            | 906,315      | 2,150,464    | 2,117,704    | 1,644,862    | 1,072,838      |
| Airport                                         | 892,782        | -            | 910,377      | -            | -            | -            | -            | -            | -            | -              |
| Capital Grants and Contributions                |                |              |              |              |              |              |              |              |              |                |
| Transit                                         | -              | -            | -            | 1,945,385    | 847,962      | -            | -            | -            | -            | -              |
| Airport                                         | -              | -            | -            | 9,318,852    | 6,334,150    | 9,346,092    | 1,903,309    | 325,970      | 375,469      | 149,361        |
| Total Business-Type Activities Program Revenues | 5,273,911      | 3,840,730    | 5,274,730    | 14,985,711   | 11,007,287   | 13,681,996   | 7,975,970    | 7,109,189    | 7,426,824    | 6,913,516      |
| Total Primary Government Program Revenues       | \$ 24,067,324  | 23,786,790   | 27,261,822   | 38,472,829   | 36,239,654   | 37,717,858   | 33,244,985   | 33,315,598   | 35,540,902   | \$ 34,520,741  |
| Net (Expense)/Revenue                           |                |              |              |              |              |              |              |              |              |                |
| Governmental Activities                         | \$(25,412,985) | (24,747,744) | (24,152,054) | (26,382,509) | (24,663,226) | (24,908,445) | (34,075,166) | (24,262,711) | (25,516,193) | \$(26,531,044) |
| Business-Type Activities                        | (1,972,818)    | (782,851)    | (2,694,224)  | 9,428,097    | 5,112,490    | 6,589,274    | (593,089)    | (1,414,651)  | (1,882,420)  | (2,758,451)    |
| Total Primary Government Net (Expense)/Revenue  | \$(27,385,803) | (25,530,595) | (26,846,278) | (16,954,412) | (19,550,736) | (18,319,171) | (34,668,255) | (25,677,362) | (27,398,613) | \$(29,289,495) |

(Continued)

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

UNAUDITED

|                                                           | Fiscal Year   |             |              |            |             |            |             |             |             |               |
|-----------------------------------------------------------|---------------|-------------|--------------|------------|-------------|------------|-------------|-------------|-------------|---------------|
|                                                           | 2014          | 2015        | 2016         | 2017       | 2018        | 2019       | 2020        | 2021        | 2022        | 2023          |
| <b>General Revenues and Other Changes in Net Position</b> |               |             |              |            |             |            |             |             |             |               |
| Taxes by Source:                                          |               |             |              |            |             |            |             |             |             |               |
| Property Taxes Levied for General Purposes                | \$ 13,911,802 | 14,538,966  | 14,426,686   | 14,673,143 | 14,663,465  | 15,635,508 | 17,904,207  | 18,412,181  | 18,550,741  | \$ 19,644,955 |
| Tax Increment                                             | 2,506,919     | 2,532,266   | 2,445,214    | 2,315,524  | 2,484,205   | 2,422,084  | 323,084     | 345,378     | 333,667     | 419,668       |
| Motor Vehicle Taxes                                       | 1,192,612     | 1,336,580   | 1,356,512    | 1,420,869  | 1,293,322   | 1,237,214  | 1,208,701   | 1,433,690   | 1,432,049   | 1,589,087     |
| Hospitality Taxes                                         | 4,128,299     | 4,357,875   | 4,747,239    | 5,028,735  | 5,340,373   | 5,821,792  | 5,250,351   | 5,563,462   | 6,496,772   | 7,308,084     |
| Other Taxes                                               | 809,435       | 868,264     | 811,053      | 823,922    | 831,406     | 856,206    | 825,543     | 806,792     | 806,207     | 925,422       |
| Intergovernmental Revenue - Unrestricted                  | 798,466       | 798,466     | 812,175      | 844,738    | 836,020     | 1,055,301  | 1,009,052   | 1,781,359   | 886,954     | 919,067       |
| Unrestricted Investment Earnings                          | 11,797        | 23,370      | 42,227       | 68,753     | 124,296     | 414,042    | 231,862     | 21,416      | 69,810      | 1,107,821     |
| Miscellaneous                                             | 919,488       | 954,259     | 823,483      | 930,285    | 958,640     | 854,158    | 875,093     | 497,341     | 772,957     | 492,526       |
| Grants/Contributions Not Restricted to Specific Programs  | 4,040,241     | 966,696     | 4,991,545    | 1,078,916  | 1,195,634   | 289,900    | 2,058,723   | 268,931     | 957,525     | 1,469,793     |
| Gains (Loss) on Disposal/Sale of Capital Assets           | 547,108       | -           | 206,051      | 39,838     | 174,103     | -          | -           | -           | -           | 1,597,282     |
| Transfers                                                 | (2,221,954)   | (2,048,651) | (10,694,474) | (927,039)  | (1,035,929) | (625,000)  | (3,207,945) | 530,900     | 962,759     | 519,682       |
| Total Governmental Activities                             | 26,644,213    | 24,328,091  | 19,967,711   | 26,297,684 | 26,865,535  | 27,961,205 | 26,478,671  | 29,661,450  | 31,289,441  | 35,993,387    |
| Business-Type Activities:                                 |               |             |              |            |             |            |             |             |             |               |
| Investment Income                                         | 52,687        | 56,639      | 43,710       | 33,202     | 60,904      | 122,803    | 95,588      | 12,615      | 24,541      | 396,637       |
| Gains (Loss) on Disposal/Sale of Capital Assets           | -             | -           | -            | 20,289     | 4,352       | -          | -           | -           | -           | -             |
| Gain on Extinguishment of Debt                            | -             | -           | 6,960,000    | -          | -           | -          | -           | -           | -           | -             |
| Transfers                                                 | 2,221,954     | 2,048,651   | 10,694,474   | 927,039    | 1,035,929   | 625,000    | 3,207,945   | (530,900)   | (962,759)   | (519,682)     |
| Total Business-Type Activities                            | 2,274,641     | 2,105,290   | 17,698,184   | 980,530    | 1,101,185   | 747,803    | 3,303,533   | (518,285)   | (938,218)   | (123,045)     |
| Total Primary Government                                  | \$ 28,918,854 | 26,433,381  | 37,665,895   | 27,278,214 | 27,966,720  | 28,709,008 | 29,782,204  | 29,143,165  | 30,351,223  | \$ 35,870,342 |
| <b>Change in Net Position:</b>                            |               |             |              |            |             |            |             |             |             |               |
| Governmental Activities                                   | \$ 1,231,228  | (419,653)   | (4,184,343)  | (84,825)   | 2,202,309   | 3,052,760  | (7,596,495) | 5,398,739   | 5,773,248   | \$ 9,462,343  |
| Business-Type Activities                                  | 301,823       | 1,322,439   | 15,003,960   | 10,408,627 | 6,213,675   | 7,337,077  | 2,710,444   | (1,932,936) | (2,820,638) | (2,881,496)   |
| Total Primary Government                                  | \$ 1,533,051  | 902,786     | 10,819,617   | 10,323,802 | 8,415,984   | 10,389,837 | (4,886,051) | 3,465,803   | 2,952,610   | \$ 6,580,847  |

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         |                  |                  |                  |                  |                   |                  |                   |                   |                      |
|------------------------------------|---------------------|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|----------------------|
|                                    | 2014                | 2015             | 2016             | 2017             | 2018             | 2019              | 2020             | 2021              | 2022              | 2023                 |
| General Fund                       |                     |                  |                  |                  |                  |                   |                  |                   |                   |                      |
| Nonspendable                       | \$ 101,836          | 106,683          | 113,135          | 98,095           | 93,743           | 93,622            | 93,066           | 104,329           | 143,371           | \$ 117,782           |
| Assigned                           | 1,378,933           | 1,485,024        | 1,519,081        | 1,547,572        | 250,000          | 250,000           | 250,000          | 250,000           | 250,000           | 7,078,901            |
| Unassigned                         | 5,888,594           | 5,506,926        | 6,366,545        | 6,086,760        | 7,718,848        | 7,996,200         | 9,058,874        | 12,020,603        | 13,572,153        | 8,462,243            |
| Total General Fund                 | <u>\$ 7,369,363</u> | <u>7,098,633</u> | <u>7,998,761</u> | <u>7,732,427</u> | <u>8,062,591</u> | <u>8,339,822</u>  | <u>9,401,940</u> | <u>12,374,932</u> | <u>13,965,524</u> | <u>\$ 15,658,926</u> |
| All Other Governmental Funds       |                     |                  |                  |                  |                  |                   |                  |                   |                   |                      |
| Nonspendable                       | \$ 78,062           | 30,062           | 1,494            | -                | -                | 46,494            | -                | -                 | -                 | \$ -                 |
| Restricted                         | 7,108,271           | 6,297,316        | 4,436,119        | 4,511,418        | 4,205,515        | 17,803,446        | 8,672,728        | 9,789,524         | 9,137,809         | 12,704,351           |
| Committed                          | 160,196             | 16,723           | 14,464           | 11,857           | 11,698           | 24,836            | 71,566           | 39,823            | 44,600            | 33,220               |
| Assigned                           | -                   | -                | 1,599,947        | -                | 43,331           | -                 | -                | -                 | -                 | 637,901              |
| Unassigned                         | -                   | -                | -                | (811,478)        | -                | -                 | -                | (16,005)          | (162,211)         | (2,191,480)          |
| Total All Other Governmental Funds | <u>\$ 7,346,529</u> | <u>6,344,101</u> | <u>6,052,024</u> | <u>3,711,797</u> | <u>4,260,544</u> | <u>17,874,776</u> | <u>8,744,294</u> | <u>9,813,342</u>  | <u>9,020,198</u>  | <u>\$ 11,183,992</u> |

CITY OF SPARTANBURG, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

|                                              | Fiscal Year    |            |            |             |            |             |              |            |            |               |
|----------------------------------------------|----------------|------------|------------|-------------|------------|-------------|--------------|------------|------------|---------------|
|                                              | 2014           | 2015       | 2016       | 2017        | 2018       | 2019        | 2020         | 2021       | 2022       | 2023          |
| <b>Revenues</b>                              |                |            |            |             |            |             |              |            |            |               |
| Taxes                                        | \$ 22,147,732  | 23,501,227 | 23,474,056 | 24,116,278  | 24,372,133 | 25,903,981  | 25,225,031   | 26,306,029 | 27,897,042 | \$ 28,997,095 |
| Fees, Licenses and Permits                   | 13,412,343     | 13,728,730 | 14,752,846 | 16,381,419  | 16,564,114 | 16,205,704  | 16,973,104   | 17,564,968 | 18,887,917 | 19,571,842    |
| Fines and Forfeitures                        | 469,079        | 484,261    | 623,483    | 338,617     | 345,112    | 352,036     | 230,781      | 105,245    | 196,989    | 241,330       |
| State Government Contributions               | 760,701        | 309,534    | 875,843    | 1,564,114   | 3,232,009  | 1,534,275   | 1,224,712    | 653,865    | 2,325,434  | 614,878       |
| Federal Government Contributions             | 2,292,837      | 869,299    | 1,541,957  | 937,146     | 821,575    | 1,457,517   | 1,971,470    | 1,128,302  | 1,463,563  | 2,215,190     |
| Intergovernmental Revenue                    | 3,402,420      | 3,323,739  | 3,134,270  | 3,099,715   | 3,349,936  | 3,534,707   | 3,735,402    | 4,428,024  | 3,616,178  | 3,772,011     |
| Charges for Services                         | 1,733,977      | 1,913,727  | 1,870,789  | 1,849,930   | 1,856,760  | 1,932,070   | 2,134,660    | 2,328,320  | 2,321,198  | 2,865,342     |
| Investment Earnings                          | 6,522          | 7,362      | 13,551     | 17,580      | 114,998    | 387,737     | 217,742      | 21,111     | 69,804     | 1,107,821     |
| Confiscated Drug Funds                       | 46,970         | 62,039     | 3,181      | 6,831       | 7,645      | 112,995     | 130,541      | 48,822     | 2,508      | 133,047       |
| Donations                                    | 3,931,638      | 826,255    | 4,651,000  | 9,000       | 255,000    | 15,000      | 1,653,715    | 192,598    | 346,973    | 698,514       |
| Ground Lease Rent                            | 200,000        | 200,000    | 200,000    | 200,000     | 200,000    | 200,000     | 200,000      | 200,000    | 200,000    | -             |
| Other                                        | 1,069,156      | 967,455    | 1,310,481  | 2,004,819   | 1,769,539  | 1,040,916   | 981,891      | 2,363,247  | 1,247,459  | 1,425,884     |
| Total Revenues                               | \$ 49,473,375  | 46,193,628 | 52,451,457 | 50,525,449  | 52,888,821 | 52,676,938  | 54,679,049   | 55,340,531 | 58,575,065 | \$ 61,642,954 |
| <b>Expenditures</b>                          |                |            |            |             |            |             |              |            |            |               |
| Current:                                     |                |            |            |             |            |             |              |            |            |               |
| Policy Formulation and Administration        | \$ 5,661,977   | 6,542,355  | 6,484,193  | 6,232,700   | 5,975,414  | 6,027,473   | 6,056,235    | 7,034,005  | 7,047,290  | \$ 7,440,825  |
| Public Safety                                | 14,013,012     | 14,365,186 | 14,691,899 | 16,139,926  | 16,278,128 | 17,368,548  | 17,438,608   | 17,946,106 | 19,842,336 | 20,527,447    |
| Parks, Recreation, and Special Events        | 1,595,250      | 1,536,359  | 1,529,640  | 1,581,047   | 1,627,584  | 1,700,133   | 12,577,391   | 1,627,881  | 1,893,099  | 2,183,381     |
| Development Services                         | 2,285,664      | 2,516,168  | 2,576,337  | 2,768,470   | 3,047,816  | 3,417,331   | 3,528,867    | 2,434,817  | 2,282,214  | 2,425,448     |
| Public Services                              | 5,881,653      | 5,773,917  | 5,752,163  | 6,088,177   | 6,144,286  | 6,562,876   | 7,226,095    | 8,289,473  | 9,293,098  | 9,684,426     |
| Finance and Administrative Services          | 2,246,173      | 2,456,687  | 2,745,905  | 3,463,159   | 2,654,022  | 2,712,632   | 2,536,350    | 2,460,530  | 2,739,590  | 2,911,122     |
| Operating                                    | 5,403,591      | 4,629,834  | 4,995,812  | 5,752,788   | 6,514,967  | 5,468,426   | 4,838,926    | 4,725,380  | 7,417,027  | 4,264,610     |
| Capital Outlay                               | 2,525,081      | 3,779,066  | 4,016,937  | 5,722,608   | 4,018,466  | 6,676,438   | 13,458,967   | 2,723,340  | 3,457,467  | 6,896,532     |
| Debt Service:                                |                |            |            |             |            |             |              |            |            |               |
| Principal Retirement                         | 13,686,000     | 2,877,192  | 3,054,434  | 7,339,390   | 2,942,865  | 3,017,923   | 15,624,564   | 3,945,737  | 3,994,294  | 3,090,359     |
| Interest                                     | 1,089,906      | 715,114    | 586,019    | 916,945     | 729,429    | 648,642     | 1,239,615    | 975,931    | 833,830    | 745,666       |
| Other                                        | 187,576        | 260,869    | 352,550    | 565,327     | 1,357,473  | 174,537     | 589,824      | 115,887    | 30,985     | 42,710        |
| Total Expenditures                           | \$ 54,575,883  | 45,452,747 | 46,785,889 | 56,570,537  | 51,290,450 | 53,774,959  | 85,115,442   | 52,279,087 | 58,831,230 | 60,212,526    |
| Excess of Revenues Over (Under) Expenditures | \$ (5,102,508) | 740,881    | 5,665,568  | (6,045,088) | 1,598,371  | (1,098,021) | (30,436,393) | 3,061,444  | (256,165)  | \$ 1,430,428  |

(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  |             |              |             |             |             |             |             |             |              |
|---------------------------------------------------------|--------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
|                                                         | 2014         | 2015        | 2016         | 2017        | 2018        | 2019        | 2020        | 2021        | 2022        | 2023         |
| <b>Other Financing Sources (Uses)</b>                   |              |             |              |             |             |             |             |             |             |              |
| Transfers In                                            | \$ 3,811,100 | 6,344,645   | 5,645,481    | 7,446,611   | 8,645,967   | 9,012,590   | 14,790,122  | 7,608,804   | 10,657,479  | \$ 9,115,294 |
| Transfers Out                                           | (6,033,054)  | (8,393,296) | (22,280,745) | (8,673,650) | (9,681,896) | (9,637,590) | (8,134,098) | (6,777,904) | (9,694,720) | (8,604,414)  |
| Proceeds from Bonds                                     | 9,250,000    | -           | 10,135,000   | -           | -           | -           | -           | -           | -           | -            |
| Special Obligation Bonds Issuance                       | -            | -           | -            | -           | -           | 12,500,000  | 13,860,000  | 3,520,000   | -           | -            |
| Refunding Bonds Issuance                                | -            | -           | -            | 4,545,000   | 4,650,000   | -           | -           | -           | -           | -            |
| Payment to Refunding Bond Escrow Agent                  | -            | -           | -            | -           | (4,533,614) | -           | -           | (3,435,000) | -           | -            |
| Note Payable Issuance                                   | -            | -           | -            | -           | -           | -           | 1,622,420   | -           | -           | -            |
| HUD Loan Proceeds                                       | -            | -           | -            | -           | -           | 3,000,000   | -           | -           | -           | -            |
| Capital Lease / Financed Purchase Proceeds              | -            | -           | 1,394,045    | -           | -           | -           | -           | -           | -           | -            |
| Proceeds from Sale of Capital Assets                    | 440,249      | 34,612      | 48,702       | 120,566     | 200,083     | 114,484     | 229,585     | 49,577      | 90,854      | 1,915,888    |
| Total Other Financing Sources (Uses)                    | 7,468,295    | (2,014,039) | (5,057,517)  | 3,438,527   | (719,460)   | 14,989,484  | 22,368,029  | 965,477     | 1,053,613   | 2,426,768    |
| Net Change in Fund Balances                             | \$ 2,365,787 | (1,273,158) | 608,051      | (2,606,561) | 878,911     | 13,891,463  | (8,068,364) | 4,026,921   | 797,448     | \$ 3,857,196 |
| Capital Asset Expenditures                              | \$ 233,768   | 3,779,066   | 1,256,121    | 3,114,656   | 2,215,006   | 4,703,199   | 11,911,756  | 818,065     | 1,417,561   | \$ 5,016,712 |
| Debt Service as a Percentage of Noncapital Expenditures | 27.2%        | 8.6%        | 8.0%         | 15.4%       | 7.5%        | 7.5%        | 23.0%       | 9.6%        | 8.4%        | 6.9%         |

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

| Fiscal<br>Year<br>Ended<br>June 30 | Assessed Real Property  |                        | Assessed Personal Property |            | Less:<br>Tax-Exempt<br>Real Property | Total Taxable<br>Assessed<br>Value | Total<br>Direct<br>Tax<br>Rate | Estimated<br>Actual<br>Tax Value* | Assessed<br>Value as a<br>Percentage of<br>Actual Value |
|------------------------------------|-------------------------|------------------------|----------------------------|------------|--------------------------------------|------------------------------------|--------------------------------|-----------------------------------|---------------------------------------------------------|
|                                    | Residential<br>Property | Commercial<br>Property | Motor<br>Vehicles          | Other      |                                      |                                    |                                |                                   |                                                         |
| 2014                               | \$ 113,473,414          | 7,768,510              | 9,268,400                  | 9,233,508  | 217,040                              | \$ 139,526,792                     | 103.0                          | \$ 2,178,614,148                  | 6.4%                                                    |
| 2015                               | 113,122,699             | 7,373,620              | 11,365,480                 | 9,671,332  | 189,490                              | 141,343,641                        | 105.0                          | 2,180,337,371                     | 6.5%                                                    |
| 2016                               | 113,476,606             | 7,324,060              | 12,496,157                 | 10,351,108 | 123,000                              | 143,524,931                        | 105.0                          | 2,160,480,729                     | 6.6%                                                    |
| 2017                               | 111,225,265             | 8,000,230              | 12,579,360                 | 9,102,398  | 117,500                              | 140,789,753                        | 105.0                          | 2,247,052,360                     | 6.3%                                                    |
| 2018                               | 116,057,323             | 7,807,410              | 13,051,170                 | 9,363,943  | 123,230                              | 146,156,616                        | 105.0                          | 2,165,300,607                     | 6.7%                                                    |
| 2019                               | 126,985,041             | 8,097,060              | 11,945,999                 | 8,827,515  | 105,620                              | 155,749,995                        | 104.4                          | 2,515,521,271                     | 6.2%                                                    |
| 2020                               | 128,978,895             | 9,023,470              | 11,623,717                 | 8,954,085  | 36,740                               | 158,543,427                        | 104.4                          | 2,528,267,939                     | 6.3%                                                    |
| 2021                               | 129,086,505             | 7,932,900              | 11,379,351                 | 17,088,871 | 38,770                               | 165,448,857                        | 104.4                          | 2,513,335,073                     | 6.6%                                                    |
| 2022                               | 132,597,408             | 10,802,710             | 11,479,035                 | 17,316,047 | 41,800                               | 172,153,400                        | 104.4                          | 2,558,228,195                     | 6.7%                                                    |
| 2023                               | \$ 140,981,220          | 10,014,200             | 12,112,688                 | 16,845,882 | -                                    | \$ 179,953,990                     | 104.4                          | \$ 2,769,605,011                  | 6.5%                                                    |

Source: Spartanburg County Assessor & Auditor's Office

Notes: Property in the City was reassessed for fiscal year 2018. Tax rates are per \$1,000 of assessed value.

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

|                               | Fiscal Year |        |        |        |        |        |        |        |        |        |
|-------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | 2014        | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   |
| <b>City Direct Rates:</b>     |             |        |        |        |        |        |        |        |        |        |
| Basic Rate                    | 103.00      | 105.00 | 105.00 | 105.00 | 105.00 | 104.40 | 104.40 | 104.40 | 104.40 | 104.40 |
| Total Direct Rate             | 103.00      | 105.00 | 105.00 | 105.00 | 105.00 | 104.40 | 104.40 | 104.40 | 104.40 | 104.40 |
| <b>County Rates:</b>          |             |        |        |        |        |        |        |        |        |        |
| Spartanburg County            | 73.20       | 74.40  | 74.40  | 74.40  | 74.40  | 72.10  | 72.10  | 72.10  | 74.10  | 73.60  |
| <b>School District Rates:</b> |             |        |        |        |        |        |        |        |        |        |
| School District #7            | 280.50      | 286.80 | 286.80 | 296.80 | 296.80 | 296.80 | 296.80 | 296.80 | 296.80 | 297.30 |
| <b>Sewer District Rates:</b>  |             |        |        |        |        |        |        |        |        |        |
| Spartanburg Sewer District    | 7.50        | 7.50   | 7.50   | 8.90   | 8.90   | 8.60   | 8.60   | 8.60   | 8.60   | 8.60   |

Source: Spartanburg County Tax Auditor's Office

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

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**PRINCIPAL PROPERTY TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

**UNAUDITED**

| <b>Taxpayer</b>              | <b>2023</b>                           |             |                                                               | <b>2014</b>                           |             |                                                               |
|------------------------------|---------------------------------------|-------------|---------------------------------------------------------------|---------------------------------------|-------------|---------------------------------------------------------------|
|                              | <b>Taxable<br/>Assessed<br/>Value</b> | <b>Rank</b> | <b>Percentage of<br/>Total Taxable<br/>Assessed<br/>Value</b> | <b>Taxable<br/>Assessed<br/>Value</b> | <b>Rank</b> | <b>Percentage of<br/>Total Taxable<br/>Assessed<br/>Value</b> |
| Duke Energy Corp             | \$ 8,089,388                          | 1           | 4.5%                                                          | \$ 3,769,160                          | 1           | 2.7%                                                          |
| Yeomans Charles L III et al  | 5,732,326                             | 2           | 3.2%                                                          | 2,776,360                             | 2           | 2.0%                                                          |
| Bellsouth Telecommunications | 5,173,904                             | 3           | 2.9%                                                          | 1,749,110                             | 4           | 1.3%                                                          |
| ERP Hillcrest LLC            | 2,833,917                             | 4           | 1.6%                                                          | 1,607,020                             | 5           | 1.2%                                                          |
| Yeomans Charles L III et al  | 2,327,430                             | 5           | 1.3%                                                          |                                       |             |                                                               |
| J M Smith Corporation        | 2,135,438                             | 6           | 1.2%                                                          | 1,340,790                             | 6           | 1.0%                                                          |
| White Oak Manor Inc          | 1,989,764                             | 7           | 1.1%                                                          | 817,060                               | 10          | 0.6%                                                          |
| Inland Western Spartanburg   | 1,891,670                             | 8           | 1.1%                                                          | 2,146,130                             | 3           | 1.5%                                                          |
| Suso 4 Dorman LP             | 1,655,654                             | 9           | 0.9%                                                          |                                       |             |                                                               |
| Denny's Corporation          | 1,582,277                             | 10          | 0.9%                                                          | 849,910                               | 9           | 0.6%                                                          |
| SSK Land, LLC                |                                       |             |                                                               | 1,230,600                             | 7           | 0.9%                                                          |
| East Main Redevelopment, LLC |                                       |             |                                                               | 1,115,760                             | 8           | 0.8%                                                          |
| Totals                       | <u>\$ 33,411,768</u>                  |             | <u>18.6%</u>                                                  | <u>\$ 17,401,900</u>                  |             | <u>12.5%</u>                                                  |

Source: Spartanburg County Tax Auditor's Office

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

| Fiscal<br>Year<br>Ended<br>June 30 | Adjustments to<br>Original Tax          |                                         | Adjusted Tax                            |                                         | Collected within the Fiscal<br>Year of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------------------|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                    | Original Tax<br>Levy for<br>Fiscal Year | Original Tax<br>Levy for<br>Fiscal Year | Adjusted Tax<br>Levy for<br>Fiscal Year | Adjusted Tax<br>Levy for<br>Fiscal Year | Amount                                          | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 2014                               | \$ 13,753,040                           | 618,220                                 | 14,371,260                              | \$ 13,527,427                           | 94.1%                                           | \$ 490,068            | \$ 14,017,495                         | 97.5%                     |                       |
| 2015                               | 14,910,487                              | (69,405)                                | 14,841,082                              | 14,025,397                              | 94.5%                                           | 532,891               | 14,558,288                            | 98.1%                     |                       |
| 2016                               | 15,132,219                              | (62,101)                                | 15,070,118                              | 14,131,766                              | 93.8%                                           | 579,001               | 14,710,767                            | 97.6%                     |                       |
| 2017                               | 14,638,993                              | 143,931                                 | 14,782,924                              | 14,276,230                              | 96.6%                                           | 552,064               | 14,828,294                            | 100.3%                    |                       |
| 2018                               | 14,619,678                              | 726,767                                 | 15,346,445                              | 14,264,062                              | 92.9%                                           | 534,520               | 14,798,582                            | 96.4%                     |                       |
| 2019                               | 14,245,807                              | 1,269,974                               | 15,515,781                              | 15,428,590                              | 99.4%                                           | 319,147               | 15,747,737                            | 101.5%                    |                       |
| 2020                               | 15,934,154                              | 284,861                                 | 16,219,015                              | 15,902,557                              | 98.0%                                           | 607,601               | 16,510,158                            | 101.8%                    |                       |
| 2021                               | 16,490,467                              | 782,394                                 | 17,272,861                              | 17,056,357                              | 98.7%                                           | 422,172               | 17,478,529                            | 101.2%                    |                       |
| 2022                               | 17,923,603                              | 49,276                                  | 17,972,879                              | 17,448,126                              | 97.1%                                           | 475,195               | 17,923,321                            | 99.7%                     |                       |
| 2023                               | \$ 18,220,108                           | 567,089                                 | 18,787,197                              | \$ 18,085,129                           | 96.3%                                           | \$ 460,823            | \$ 18,545,952                         | 98.7%                     |                       |

Source: Spartanburg County Auditor's Office

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

| Fiscal<br>Year<br>Ended<br>June 30 | Governmental Activities |            |                     |                       | Business-Type Activities |           |                |                     | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income | Per<br>Capita |
|------------------------------------|-------------------------|------------|---------------------|-----------------------|--------------------------|-----------|----------------|---------------------|--------------------------------|-------------------------------------|---------------|
|                                    | General                 |            | Other<br>Bonds/Debt | Financed<br>Purchases | General                  |           | Other<br>Bonds | Promissory<br>Notes |                                |                                     |               |
|                                    | Obligation<br>Bonds     |            |                     |                       | Obligation<br>Bonds      |           |                |                     |                                |                                     |               |
| 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%                                | 892           |
| 2017                               | 5,280,000               | 20,428,814 |                     | 5,474,154             | -                        | -         |                | -                   | 31,182,968                     | 3.8%                                | 823           |
| 2018                               | 5,275,000               | 18,137,675 |                     | 6,452,966             | -                        | -         |                | -                   | 29,865,641                     | 3.6%                                | 796           |
| 2019                               | 4,900,000               | 31,280,000 |                     | 7,023,043             | -                        | -         |                | -                   | 43,203,043                     | 5.3%                                | 1,148         |
| 2020                               | 4,515,000               | 31,782,420 |                     | 7,247,798             | -                        | -         |                | 15,000,000          | 58,545,218                     | 6.4%                                | 1,565         |
| 2021                               | 4,120,000               | 28,549,262 |                     | 5,151,221             | -                        | -         |                | 15,000,000          | 52,820,483                     | 5.6%                                | 1,364         |
| 2022                               | 3,710,000               | 25,114,894 |                     | 5,846,502             | -                        | -         |                | 15,000,000          | 49,671,396                     | 5.0%                                | 1,293         |
| 2023                               | \$ 3,290,000            | 22,444,535 |                     | 7,499,176             | -                        | -         |                | 15,000,000          | \$ 48,233,711                  | 4.8%                                | \$ 1,250      |

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**

| <b>Fiscal<br/>Year<br/>Ended<br/>June 30</b> | <b>General<br/>Obligation<br/>Bonds</b> | <b>Less: Amounts<br/>Available in<br/>Debt Service<br/>Funds</b> | <b>Total</b> | <b>Percentage of<br/>Estimated<br/>Actual Taxable<br/>Value of<br/>Property</b> | <b>Per<br/>Capita</b> |
|----------------------------------------------|-----------------------------------------|------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------|-----------------------|
| 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%                                                                            | 141                   |
| 2019                                         | 4,900,000                               | N/A                                                              | 4,900,000    | 0.2%                                                                            | 130                   |
| 2020                                         | 4,515,000                               | N/A                                                              | 4,515,000    | 0.2%                                                                            | 121                   |
| 2021                                         | 4,120,000                               | N/A                                                              | 4,120,000    | 0.2%                                                                            | 106                   |
| 2022                                         | 3,710,000                               | N/A                                                              | 3,710,000    | 0.1%                                                                            | 97                    |
| 2023                                         | \$ 3,290,000                            | N/A                                                              | \$ 3,290,000 | 0.1%                                                                            | \$ 85                 |

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, 2023**

**UNAUDITED**

| <b>Governmental Unit</b>                                                         | <b>Governmental<br/>Activities<br/>Debt<br/>Outstanding</b> | <b>Estimated<br/>Percentage<br/>Applicable</b> | <b>Estimated<br/>Share of<br/>Overlapping<br/>Debt</b> |
|----------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------|
| <b>County:</b>                                                                   |                                                             |                                                |                                                        |
| General County Purpose                                                           | \$ 72,230,559                                               | 20%                                            | \$ 14,446,112                                          |
| <b>School District:</b>                                                          |                                                             |                                                |                                                        |
| School District 7                                                                | 221,618,445                                                 | 58%                                            | 128,538,698                                            |
| School District 6                                                                | 9,245,000                                                   | 16%                                            | 1,479,200                                              |
| <b>Sewer District:</b>                                                           |                                                             |                                                |                                                        |
| Spartanburg Sanitary Sewer District<br>(Area-City is 45% of Sewer District Area) | \$ 132,430,000                                              | 23%                                            | 30,458,900                                             |
| Subtotal, Overlapping Debt                                                       |                                                             |                                                | <u>174,922,910</u>                                     |
| City of Spartanburg Direct Debt                                                  |                                                             |                                                | <u>33,233,711</u>                                      |
| Total Direct and Overlapping Debt                                                |                                                             |                                                | <u><u>\$ 208,156,621</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   |            |            |            |            |            |            |            |            |               |
|-----------------------------------------------------------------------|---------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
|                                                                       | 2014          | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       | 2022       | 2023          |
| Debt Limit                                                            | \$ 11,522,923 | 11,668,270 | 11,852,614 | 11,623,959 | 12,053,308 | 12,820,779 | 13,044,253 | 13,596,688 | 14,133,051 | \$ 14,757,098 |
| Total Net Debt Applicable to Debt Limit                               | 6,180,000     | 5,890,000  | 5,590,000  | 5,280,000  | 5,275,000  | 4,900,000  | 4,515,000  | 4,120,000  | 3,710,000  | 3,290,000     |
| Legal Debt Margin                                                     | \$ 5,342,923  | 5,778,270  | 6,262,614  | 6,343,959  | 6,778,308  | 7,920,779  | 8,529,253  | 9,476,688  | 10,423,051 | \$ 11,467,098 |
| Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit | 53.6%         | 50.5%      | 47.2%      | 45.4%      | 43.8%      | 38.2%      | 34.6%      | 30.3%      | 26.3%      | 22.3%         |

Legal Debt Margin Calculation for Fiscal Year 2023

|                                               |               |
|-----------------------------------------------|---------------|
| Assessed Value*                               | \$179,953,990 |
| Plus: Merchant's Inventory                    | 4,509,740     |
| Total Assessed Value                          | 184,463,730   |
| Debt Limit (8% of Total Assessed Value)       | 14,757,098    |
| Amount of Debt Applicable to Debt Limit:      |               |
| Total Bonded Debt                             | 3,290,000     |
| Total Amount of Debt Applicable to Debt Limit | 3,290,000     |
| Legal Debt Margin                             | \$ 11,467,098 |

Source: \* Spartanburg County Auditor's Office

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

CITY OF SPARTANBURG, SOUTH CAROLINA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

| Fiscal<br>Year<br>Ended<br>June 30 | **COP/Special Obligation Bonds |              |            |          |                           | Tax Increment Bonds            |                             |              |            |          | Revenue Bonds |                                |                             |              |            |      |
|------------------------------------|--------------------------------|--------------|------------|----------|---------------------------|--------------------------------|-----------------------------|--------------|------------|----------|---------------|--------------------------------|-----------------------------|--------------|------------|------|
|                                    | Hospitality<br>Tax             | Debt Service |            | Coverage | Tax<br>Increment<br>Funds | Less:<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |            | Coverage | Revenue       | Less:<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |            |      |
|                                    |                                | Principal    | Interest   |          |                           |                                |                             | Principal    | Interest   |          |               |                                |                             | Principal    | Interest   |      |
| 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     |               |                                |                             |              |            |      |
| 2019                               | 5,347,735                      | 1,605,000    | 368,883    | 2.71     | 2,538,427                 | N/A                            | 2,538,427                   | 540,000      | 90,048     | 4.03     |               |                                |                             |              |            |      |
| 2020                               | 4,958,735                      | 1,930,000    | 522,366    | 2.02     | 402,762                   | N/A                            | 402,762                     | 550,000      | 77,952     | 0.64     |               |                                |                             |              |            |      |
| 2021^                              | 5,382,932                      | 1,870,000    | 658,206    | 2.13     | 330,277                   | N/A                            | 330,277                     | 560,000      | 65,632     | 0.53     |               |                                |                             |              |            |      |
| 2022                               | 6,221,488                      | 2,040,106    | 562,552    | 2.39     | 362,021                   | N/A                            | 362,052                     | 575,000      | 53,088     | 0.58     |               |                                |                             |              |            |      |
| 2023                               | \$ 6,934,452                   | 2,085,359    | \$ 519,395 | 2.66     | \$ 412,101                | N/A                            | \$ 412,101                  | 585,000      | \$ 40,208  | 0.66     |               |                                |                             |              |            |      |

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.

\* During fiscal year 2017, the City refinanced Series 2010 debt. See notes for further information. The City "netted" the Bond Principal Amount for this schedule.  
^ During fiscal year 2021, the City refinanced the Series 2016 B bonds with the Series 2021 B bonds. 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**

| <b>Fiscal Year</b> |    | <b>Franchise Fees</b> | <b>CPW Payments</b> |    | <b>Totals</b> |
|--------------------|----|-----------------------|---------------------|----|---------------|
| 2014               | \$ | 3,507,611             | 1,200,000           | \$ | 4,707,611     |
| 2015               |    | 3,553,294             | 1,100,000           |    | 4,653,294     |
| 2016               |    | 3,466,527             | 1,000,000           |    | 4,466,527     |
| 2017               |    | 3,448,870             | 1,000,000           |    | 4,448,870     |
| 2018               |    | 3,535,159             | 1,000,000           |    | 4,535,159     |
| 2019               |    | 3,660,671             | 1,021,000           |    | 4,681,671     |
| 2020               |    | 3,661,603             | 1,040,399           |    | 4,702,002     |
| 2021               |    | 3,340,752             | 1,064,328           |    | 4,405,080     |
| 2022               |    | 3,609,709             | 1,079,229           |    | 4,688,938     |
| 2023               | \$ | 3,721,878             | 1,112,685           | \$ | 4,834,563     |

**CITY OF SPARTANBURG, SOUTH CAROLINA**

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

**LAST TEN FISCAL YEARS**

**UNAUDITED**

| <b>Fiscal Year</b> | <b>Total Initial<br/>Equalized<br/>Assessed<br/>Value</b> | <b>Total<br/>Equalized<br/>Assessed<br/>Value</b> | <b>Excess of<br/>Total<br/>Equalized<br/>Assessed<br/>Value over<br/>Initial<br/>Equalized<br/>Assessed<br/>Value</b> | <b>Total Millage<br/>Rate</b> | <b>Incremental<br/>Tax Revenues</b> | <b>Franchise<br/>Fees<br/>Received</b> | <b>Total<br/>Incremental<br/>Tax Revenues<br/>and<br/>Franchise<br/>Fees</b> |
|--------------------|-----------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------------|----------------------------------------|------------------------------------------------------------------------------|
| 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                             | 4,353,159                              | 4,750,190                                                                    |
| 2019               | 657,060                                                   | 1,604,686                                         | 947,626                                                                                                               | 483                           | 388,422                             | 4,681,671                              | 5,070,093                                                                    |
| 2020               | 657,060                                                   | 1,645,244                                         | 988,184                                                                                                               | 482                           | 327,762                             | 4,701,942                              | 5,029,704                                                                    |
| 2021               | 657,060                                                   | 1,645,244                                         | 988,184                                                                                                               | 482                           | 330,277                             | 4,405,080                              | 4,735,357                                                                    |
| 2022               | 657,060                                                   | 1,837,209                                         | 1,180,149                                                                                                             | 484                           | 362,052                             | 4,688,938                              | 5,050,990                                                                    |
| 2023               | \$ 657,060                                                | 1,810,420                                         | \$ 1,153,360                                                                                                          | 484                           | \$ 412,101                          | 4,834,563                              | \$ 5,246,664                                                                 |

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

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

| <b>Fiscal<br/>Year<br/>Ended<br/>June 30</b> | <b>(1)<br/>Population</b> | <b>(2)<br/>Personal<br/>Income</b> | <b>(2)<br/>Per Capita<br/>Personal<br/>Income</b> | <b>(3)<br/>Median<br/>Age</b> | <b>(4)<br/>School<br/>Enrollment</b> | <b>(5)<br/>Unemployment<br/>Rate</b> |
|----------------------------------------------|---------------------------|------------------------------------|---------------------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| 2014                                         | 37,647                    | \$ 781,589,367                     | \$ 20,761                                         | 34.7                          | 8,072                                | 6.3%                                 |
| 2015                                         | 37,525                    | 755,866,075                        | 20,143                                            | 36.5                          | 8,218                                | 6.9%                                 |
| 2016                                         | 37,867                    | 789,829,886                        | 20,858                                            | 35.7                          | 8,223                                | 5.7%                                 |
| 2017                                         | 37,876                    | 827,666,352                        | 21,852                                            | 35.3                          | 7,969                                | 4.2%                                 |
| 2018                                         | 37,498                    | 822,331,140                        | 21,930                                            | 35.4                          | 8,234                                | 3.5%                                 |
| 2019                                         | 37,644                    | 911,361,240                        | 24,210                                            | 35.0                          | 8,068                                | 3.5%                                 |
| 2020                                         | 37,399                    | 940,884,042                        | 25,158                                            | 35.0                          | 7,641                                | 10.1%                                |
| 2021                                         | 38,732                    | 990,377,240                        | 25,570                                            | 35.0                          | 7,574                                | 5.8%                                 |
| 2022                                         | 38,401                    | 1,007,027,824                      | 26,224                                            | 34.9                          | 8,162                                | 5.7%                                 |
| 2023                                         | 38,584                    | \$ 1,088,608,976                   | \$ 28,214                                         | 35.5                          | 8,249                                | 6.3%                                 |

Data Sources:

- (1) U. S. Census Bureau
- (2) U. S. Census Bureau; 2014-2018, 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**

| <b>Employer</b>                           | <b>2023</b>                    |             |                                                    | <b>2014</b>                    |             |                                                    |
|-------------------------------------------|--------------------------------|-------------|----------------------------------------------------|--------------------------------|-------------|----------------------------------------------------|
|                                           | <b>Number of<br/>Employees</b> | <b>Rank</b> | <b>Percentage of<br/>Total City<br/>Employment</b> | <b>Number of<br/>Employees</b> | <b>Rank</b> | <b>Percentage of<br/>Total City<br/>Employment</b> |
| Spartanburg Regional                      | 9,648                          | 1           | 25.01%                                             | 6,044                          | 1           | 15.55%                                             |
| Spartanburg County                        | 1,515                          | 2           | 3.93%                                              | 1,359                          | 2           | 4.02%                                              |
| Spartanburg School District #7            | 1,335                          | 3           | 3.46%                                              | 1,267                          | 3           | 3.32%                                              |
| QS1 Headquarters                          | 475                            | 4           | 1.23%                                              | 543                            | 6           | 1.38%                                              |
| Wofford College                           | 421                            | 5           | 1.09%                                              | 450                            | 7           | 1.17%                                              |
| City of Spartanburg*                      | 410                            | 6           | 1.06%                                              | 451                            | 8           | 1.23%                                              |
| Spartanburg Hospital for Restorative Care | 300                            | 7           | 0.78%                                              |                                |             |                                                    |
| PricewaterhouseCoopers                    | 260                            | 8           | 0.67%                                              | 274                            | 10          | 0.73%                                              |
| Denny's Corporate Office                  | 250                            | 9           | 0.65%                                              |                                |             |                                                    |
| Advance America, Inc.                     | 233                            | 10          | 0.60%                                              | 371                            | 9           | 0.88%                                              |
| American Credit Acceptance                |                                |             |                                                    | 756                            | 5           | 2.09%                                              |
| Walmart                                   |                                |             |                                                    | 634                            | 4           | 1.85%                                              |
| Totals                                    | <u>14,847</u>                  |             | <u>38.48%</u>                                      | <u>12,149</u>                  |             | <u>32.22%</u>                                      |

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**

| <b>Fiscal Year</b> | <b>Number of Units</b> | <b>Commercial Building Permit Value (A)</b> | <b>Number of Units</b> | <b>Residential Building Permit Value (A)</b> | <b>Commercial</b> | <b>Residential</b> |
|--------------------|------------------------|---------------------------------------------|------------------------|----------------------------------------------|-------------------|--------------------|
| 2014               | 8                      | \$ 8,173,029                                | 22                     | \$ 4,101,418                                 | 970,853,186       | \$ 978,736,467     |
| 2015               | 12                     | 6,749,544                                   | 19                     | 2,539,928                                    | 978,602,988       | 966,613,994        |
| 2016               | 18                     | 132,213,281                                 | 24                     | 4,568,776                                    | 953,322,989       | 969,678,243        |
| 2017               | 18                     | 25,422,584                                  | 62                     | 9,638,567                                    | 1,011,254,028     | 1,075,833,644      |
| 2018               | 16                     | 28,351,094                                  | 120                    | 12,742,091                                   | 943,321,763       | 1,007,252,889      |
| 2019               | 16                     | 23,141,392                                  | 89                     | 13,260,335                                   | 1,047,022,632     | 1,129,205,534      |
| 2020               | 15                     | 80,782,435                                  | 98                     | 13,027,615                                   | 1,034,544,853     | 1,150,516,780      |
| 2021               | 58                     | 91,186,149                                  | 147                    | 26,789,492                                   | 1,022,125,186     | 1,174,597,771      |
| 2022               | 31                     | 213,013,386                                 | 226                    | 39,252,697                                   | 1,054,717,987     | 1,216,885,850      |
| 2023               | 14                     | \$ 61,135,746                               | 112                    | \$ 21,063,493                                | 1,225,121,840     | \$ 1,266,722,513   |

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 |      |      |      |      |      |      |      |      |      |
|---------------------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                                       | 2014        | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Governmental Activities               |             |      |      |      |      |      |      |      |      |      |
| Finance and Administrative Services   | 13          | 13   | 13   | 14   | 15   | 13   | 14   | 14   | 14   | 14   |
| Community Development                 | 29          | 31   | 28   | 32   | 31   | 37   | 11   | 15   | 14   | 18   |
| Parks, Recreation, and Special Events | 15          | 13   | 15   | 16   | 17   | 27   | 20   | 43   | 28   | 44   |
| Policy Formulation and Administration | 32          | 32   | 34   | 32   | 31   | 33   | 65   | 53   | 59   | 53   |
| Public Safety                         | 212         | 218  | 226  | 211  | 245  | 222  | 216  | 213  | 224  | 211  |
| Public Works                          | 73          | 73   | 69   | 69   | 78   | 79   | 70   | 64   | 61   | 59   |
| Business-Type Activities              |             |      |      |      |      |      |      |      |      |      |
| Parking Enterprise                    | 2           | 1    | 1    | 1    | 1    | 1    | 1    | 5    | 9    | 4    |
| Airport                               | 9           | 9    | 7    | 7    | 6    | 8    | 7    | 6    | 7    | 7    |
| Total                                 | 385         | 390  | 393  | 382  | 424  | 420  | 404  | 413  | 416  | 410  |

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.

CITY OF SPARTANBURG, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

UNAUDITED

| Function/Program                    | Fiscal Year |         |         |         |         |         |         |         |         |         |
|-------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                     | 2014        | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    |
| Finance and Administrative Services |             |         |         |         |         |         |         |         |         |         |
| Business Licenses Issued            | 4,950       | 4,975   | 5,595   | 5,940   | 5,674   | 5,607   | 5,192   | 4,955   | 4,113   | 4,934   |
| Courtesy Summons Issued             | 478         | 485     | 358     | 506     | 446     | 269     | 383     | 609     | 299     | 507     |
| Development Services                |             |         |         |         |         |         |         |         |         |         |
| Building Permits Issued             | 2,691       | 2,863   | 3,526   | 3,860   | 4,727   | 3,927   | 4,377   | 4,525   | 4,723   | 3,928   |
| Building Inspections Conducted      | 4,073       | 3,641   | 3,723   | 5,457   | 6,868   | 7,220   | 7,557   | 8,607   | 8,941   | 10,816  |
| Policy Formulation and Management   |             |         |         |         |         |         |         |         |         |         |
| Judicial Cases                      | 10,776      | 13,031  | 10,636  | 7,603   | 8,212   | 7,170   | 4,895   | 2,424   | 5,214   | 4,614   |
| Police Department                   |             |         |         |         |         |         |         |         |         |         |
| Calls for Service                   | 74,867      | 81,499  | 80,011  | 77,269  | 64,461  | 52,395  | 70,906  | 70,531  | 69,962  | 75,108  |
| Physical Arrests                    | 5,361       | 3,874   | 4,185   | 3,616   | 3,571   | 3,249   | 1,883   | 3,023   | 3,133   | 2,724   |
| Traffic Violations                  | 8,276       | 11,264  | 8,920   | 6,509   | 6,830   | 7,020   | 4,804   | 2,568   | 5,345   | 4,265   |
| Fire Department                     |             |         |         |         |         |         |         |         |         |         |
| Emergency Responses                 | 2,220       | 2,261   | 2,508   | 2,569   | 3,214   | 3,194   | 3,384   | 3,470   | 3,072   | 3,316   |
| Fires Extinguished                  | 156         | 152     | 193     | 184     | 198     | 171     | 194     | 161     | 356     | 270     |
| Inspections                         | 1,510       | 1,520   | 1,900   | 2,021   | 1,873   | 2,174   | 1,392   | 141     | 1,571   | 475     |
| Public Works                        |             |         |         |         |         |         |         |         |         |         |
| Roads Maintained (miles)            | 187         | 187     | 187     | 187     | 187     | 186     | 186     | 186     | 186     | 190     |
| Refuse Collection (tons)            | 9,319       | 9,610   | 10,309  | 10,640  | 11,053  | 11,465  | 11,274  | 12,158  | 12,235  | 11,444  |
| Yard Waste Collection (tons)        | 7,911       | 6,585   | 7,034   | 4,725   | 5,328   | 5,470   | 5,630   | 7,726   | 7,088   | 4,682   |
| Recycling Collection (tons)         | 1,222       | 1,215   | 1,205   | 3,447   | 3,196   | 3,723   | 4,929   | 1,183   | 3,335   | 3,917   |
| Transit                             |             |         |         |         |         |         |         |         |         |         |
| Passengers per Year                 | 487,579     | 457,758 | 432,168 | 397,546 | 390,364 | 390,364 | 324,857 | 284,517 | 256,358 | 266,004 |
| Parking                             |             |         |         |         |         |         |         |         |         |         |
| Garages                             | 4           | 4       | 4       | 4       | 4       | 4       | 4       | 4       | 4       | 4       |
| Parking Lots                        | 5           | 5       | 5       | 5       | 7       | 7       | 7       | 7       | 7       | 7       |
| Total Public Spaces                 | 3,011       | 3,011   | 3,011   | 3,011   | 3,044   | 3,096   | 3,096   | 3,121   | 3,121   | 3,121   |
| Airport                             |             |         |         |         |         |         |         |         |         |         |
| Fuel Gallons Sold                   | 148,561     | 211,589 | 251,862 | 293,034 | 297,990 | 262,476 | 246,183 | 107,667 | 380,401 | 362,585 |
| Hours of Aircraft Maintenance       | 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 2013 through 2021 then based on May 1st - April 30th.

\* 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 |      |      |      |      |      |      |      |      |      |
|--------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                          | 2014        | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Community Development    |             |      |      |      |      |      |      |      |      |      |
| Traffic Signals          | 132         | 133  | 133  | 133  | 132  | 132  | 132  | 132  | 132  | 149  |
| Public Safety - Police   |             |      |      |      |      |      |      |      |      |      |
| Police Stations          | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Patrol Units             | 74          | 122  | 66   | 54   | 108  | 63   | 68   | 83   | 69   | 124  |
| Public Safety - Fire     |             |      |      |      |      |      |      |      |      |      |
| Fire Station             | 5           | 5    | 5    | 5    | 5    | 5    | 5    | 5    | 5    | 5    |
| Fire Trucks              | 10          | 10   | 10   | 10   | 11   | 9    | 9    | 9    | 9    | 9    |
| Public Works             |             |      |      |      |      |      |      |      |      |      |
| Streets (in Miles)       | 187         | 187  | 187  | 187  | 187  | 186  | 186  | 186  | 186  | 190  |
| Collection/Refuse Trucks | 28          | 24   | 14   | 11   | 25   | 16   | 41   | 42   | 41   | 30   |
| Parks and Recreation     |             |      |      |      |      |      |      |      |      |      |
| Parks Acreage            | 301         | 301  | 301  | 301  | 316  | 317  | 287  | 287  | 287  | 287  |
| Parks                    | 24          | 24   | 24   | 24   | 26   | 27   | 30   | 30   | 30   | 30   |
| Ball fields              | 9           | 9    | 9    | 9    | 9    | 9    | 9    | 9    | 9    | 9    |
| Swimming Pools           | 1           | 1    | 1    | 1    | 1    | 1    | 3    | 3    | 3    | 3    |
| Community Centers        | 2           | 2    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| Solid Waste              |             |      |      |      |      |      |      |      |      |      |
| Collection/Refuse Trucks | 28          | 24   | 14   | 11   | 11   | 16   | 24   | 24   | 24   | 30   |
| Transit                  |             |      |      |      |      |      |      |      |      |      |
| Passenger Buses          | 12          | 12   | 12   | 11   | 11   | 11   | 11   | 11   | 11   | 11   |
| Parking                  |             |      |      |      |      |      |      |      |      |      |
| Garages                  | 4           | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| Airport                  |             |      |      |      |      |      |      |      |      |      |
| Community Hangars        | 4           | 4    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 2    |
| Maintenance Hangars      | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| T-Hangars                | 46          | 46   | 46   | 46   | 46   | 46   | 46   | 46   | 46   | 46   |

Sources: Various City departments.

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

**CITY OF SPARTANBURG, SOUTH CAROLINA****SCHEDULE OF STATE APPROPRIATIONS****LAST TEN FISCAL YEARS****UNAUDITED**

| <b>Fiscal<br/>Year</b> | <b>Local Government<br/>Fund</b> | <b>Merchants<br/>Inventory</b> | <b>Accommodations<br/>Tax</b> | <b>Manufacturing<br/>Tax</b> | <b>Total</b> |
|------------------------|----------------------------------|--------------------------------|-------------------------------|------------------------------|--------------|
| 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                   | 791,466                          | 694,796                        | 32,922                        | 5,763                        | 1,524,947    |
| 2018                   | 798,466                          | 694,796                        | 38,875                        | 6,400                        | 1,538,537    |
| 2019                   | 836,020                          | 694,796                        | 39,550                        | 6,380                        | 1,576,746    |
| 2020                   | 877,558                          | 694,796                        | 40,443                        | 8,553                        | 1,621,350    |
| 2021                   | 894,378                          | 694,796                        | 28,714                        | 9,496                        | 1,627,384    |
| 2022                   | 877,499                          | 694,796                        | 39,489                        | 9,867                        | 1,621,651    |
| 2023                   | \$ 919,067                       | 694,796                        | 44,507                        | 24,119                       | \$ 1,682,489 |

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

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**HOSPITALITY FEES COLLECTED**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

**ANNUAL HOSPITALITY FEES COLLECTED**

| <b>Fiscal Year</b> | <b>Collections</b> | <b>Increase (Decrease)<br/>in Collections Over Prior<br/>FY</b> | <b>Percentage<br/>Change</b> |
|--------------------|--------------------|-----------------------------------------------------------------|------------------------------|
| 2014               | \$ 3,937,132       | \$ 139,363                                                      | 3.54%                        |
| 2015               | 4,213,130          | 275,998                                                         | 6.55%                        |
| 2016               | 4,556,811          | 343,681                                                         | 7.54%                        |
| 2017               | 4,787,349          | 230,538                                                         | 4.82%                        |
| 2018               | 5,041,502          | 254,153                                                         | 5.04%                        |
| 2019               | 5,336,684          | 295,182                                                         | 5.53%                        |
| 2020               | 4,956,934          | (379,750)                                                       | -7.66%                       |
| 2021               | 5,380,981          | 424,047                                                         | 7.88%                        |
| 2022               | 6,221,488          | 1,264,554                                                       | 13.51%                       |
| 2023               | \$ 6,934,452       | \$ 712,964                                                      | 10.28%                       |

**MONTHLY HOSPITALITY FEES COLLECTED**

| <b>Month</b> | <b>Fiscal Year<br/>2022 Fees</b> | <b>Fiscal Year<br/>2023 Fees</b> | <b>Percentage<br/>Change</b> |
|--------------|----------------------------------|----------------------------------|------------------------------|
| July         | \$ 499,464                       | \$ 494,978                       | -0.91%                       |
| August       | 462,104                          | 520,385                          | 11.20%                       |
| September    | 480,713                          | 561,475                          | 14.38%                       |
| October      | 505,052                          | 574,288                          | 12.06%                       |
| November     | 483,688                          | 539,729                          | 10.38%                       |
| December     | 528,305                          | 610,355                          | 13.44%                       |
| January      | 468,747                          | 577,270                          | 18.80%                       |
| February     | 469,909                          | 542,093                          | 13.32%                       |
| March        | 620,572                          | 660,374                          | 6.03%                        |
| April        | 549,606                          | 589,221                          | 6.72%                        |
| May          | 632,076                          | 656,190                          | 3.67%                        |
| June         | 521,252                          | 608,094                          | 14.28%                       |
| <b>TOTAL</b> | <b>\$ 6,221,488</b>              | <b>\$ 6,934,452</b>              | <b>10.28%</b>                |

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**TOP TEN HOSPITALITY FEES COLLECTED**

**LAST THREE FISCAL YEARS**

**UNAUDITED**

| <b>Collector</b>                                            | <b>Fiscal Year 2021<br/>Collections</b> | <b>Fiscal Year 2022<br/>Collections</b> | <b>Fiscal Year 2023<br/>Collections</b> |
|-------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| National chain restaurant                                   | \$ 146,024                              | 217,345                                 | \$ 391,491                              |
| Locally owned restaurant                                    | 116,768                                 | 155,437                                 | 192,652                                 |
| National chain restaurant                                   | 108,021                                 | 147,921                                 | 177,691                                 |
| National chain restaurant                                   | 100,607                                 | 119,483                                 | 138,280                                 |
| National chain restaurant                                   | 95,483                                  | 110,674                                 | 135,894                                 |
| National chain restaurant                                   | 93,271                                  | 110,397                                 | 135,680                                 |
| National chain restaurant                                   | 78,681                                  | 106,344                                 | 130,054                                 |
| National chain restaurant                                   | 70,573                                  | 88,039                                  | 117,077                                 |
| National chain restaurant                                   | 69,170                                  | 79,630                                  | 103,511                                 |
| National chain restaurant                                   | 66,851                                  | 79,054                                  | 86,922                                  |
| <b>Totals</b>                                               | <b>\$ 945,449</b>                       | <b>1,214,323</b>                        | <b>\$ 1,609,252</b>                     |
| Percent of Total Fiscal Year<br>Hospitality Fee Collections | 17.57%                                  | 19.52%                                  | 23.21%                                  |

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**HOSPITALITY FEE PROJECTED COLLECTIONS**

**NEXT FIVE FISCAL YEARS**

**UNAUDITED**

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|                                       | <b>Fiscal Year</b> |             |             |             |              |
|---------------------------------------|--------------------|-------------|-------------|-------------|--------------|
|                                       | <b>2024</b>        | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b>  |
| Projected Hospitality Fee Collections | \$ 6,934,452       | 6,934,452   | 6,934,452   | 6,934,452   | \$ 6,934,452 |
| Debt Service on Parity Bonds          | 1,681,425          | 1,678,791   | 810,827     | 813,474     | 810,276      |
| Debt Service on Series 2019 Bonds     | \$ 943,133         | 939,520     | 940,068     | 939,759     | \$ 938,569   |
| Projected Debt Service Coverage       | 2.64               | 2.65        | 3.96        | 3.96        | 3.97         |

## CITY OF SPARTANBURG, SOUTH CAROLINA

## HOSPITALITY FEE FUNDING

## LAST EIGHT FISCAL YEARS

## UNAUDITED

|                                         | Fiscal Year         |                  |                  |                  |                  |                  |                  |                     |
|-----------------------------------------|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
|                                         | 2016                | 2017             | 2018             | 2019             | 2020             | 2021             | 2022             | 2023                |
| <b>Revenues</b>                         |                     |                  |                  |                  |                  |                  |                  |                     |
| Hospitality Fee Collections             | \$ 4,551,064        | 4,776,238        | 5,041,501        | 5,337,341        | 4,956,934        | 5,380,981        | 6,221,488        | \$ 6,934,452        |
| Sunday Alcohol Permits                  | 1,650               | 4,100            | 951              | 11,050           | 1,801            | 1,951            | 602              | -                   |
| Interest                                | 5,748               | 11,112           | 16,473           | 28,448           | 26,024           | 2,421            | 2,470            | 46,152              |
| <b>Total Revenues</b>                   | <b>4,558,462</b>    | <b>4,791,450</b> | <b>5,058,925</b> | <b>5,376,839</b> | <b>4,984,759</b> | <b>5,385,353</b> | <b>6,224,560</b> | <b>6,980,604</b>    |
| <b>Expenditures</b>                     |                     |                  |                  |                  |                  |                  |                  |                     |
| Parity Debt Service                     | 1,129,697           | 1,970,188        | 1,970,112        | 1,973,882        | 2,357,315        | 2,619,806        | 2,609,258        | 2,604,756           |
| Discretionary Expenditures              | 580,936             | 522,345          | 543,380          | 535,500          | 567,123          | 186,176          | 587,322          | 448,600             |
| Miscellaneous Expenditures              | -                   | (1,200)          | 3,000            | 657              | -                | -                | -                | -                   |
| Transfer to Capital Projects Fund       | 178,877             | 187,768          | 268,191          | 209,293          | 465,245          | -                | -                | -                   |
| Transfer to General Fund                | 1,555,629           | 1,802,486        | 2,153,941        | 2,611,842        | 2,478,467        | 2,486,794        | 2,703,000        | 3,000,000           |
| Transfer to Miscellaneous Grant Fund    | -                   | 5,425            | 7,547            | -                | -                | -                | -                | -                   |
| Transfer to Special Events Fund         | 76,200              | 76,200           | 75,000           | 75,000           | 51,200           | -                | 279,608          | 282,787             |
| Transfer to Parking Facility Corp. Fund | 538,020             | -                | -                | -                | -                | -                | -                | -                   |
| Transfer to Airport Facility Corp. Fund | 211,980             | -                | -                | -                | -                | -                | -                | -                   |
| <b>Total Expenditures</b>               | <b>4,271,339</b>    | <b>4,563,212</b> | <b>5,021,171</b> | <b>5,406,174</b> | <b>5,919,350</b> | <b>5,292,776</b> | <b>6,179,188</b> | <b>6,336,143</b>    |
| <b>Change in Fund Balance</b>           | <b>287,123</b>      | <b>228,238</b>   | <b>37,754</b>    | <b>(29,335)</b>  | <b>(934,591)</b> | <b>92,577</b>    | <b>45,372</b>    | <b>644,461</b>      |
| Fund Balance, Beginning of Year         | 1,826,557           | 2,113,680        | 2,341,918        | 2,379,672        | 2,350,337        | 1,415,746        | 1,508,323        | 1,553,695           |
| <b>Fund Balance, End of Year</b>        | <b>\$ 2,113,680</b> | <b>2,341,918</b> | <b>2,379,672</b> | <b>2,350,337</b> | <b>1,415,746</b> | <b>1,508,323</b> | <b>1,553,695</b> | <b>\$ 2,198,156</b> |



## CITY OF SPARTANBURG, SOUTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

| Program                                                        | Assistance Listing Number | Grant / Contract Number | Expenditures     | Expenditures to Subrecipients |
|----------------------------------------------------------------|---------------------------|-------------------------|------------------|-------------------------------|
| <b>DEPARTMENT OF HOUSING / URBAN DEVELOPMENT</b>               |                           |                         |                  |                               |
| Direct:                                                        |                           |                         |                  |                               |
| CDBG Entitlement Grant, 42nd                                   | 14.218                    | B-16-MC-45-0001         | \$ 32,730        | \$ 20,609                     |
| CDBG Entitlement Grant, 44th                                   | 14.218                    | B-18-MC-45-0001         | 4,943            | 183                           |
| CDBG Entitlement Grant, 45th                                   | 14.218                    | B-19-MC-45-0004         | 24,959           | 18,767                        |
| CDBG Entitlement Grant, 46th                                   | 14.218                    | B-20-MC-45-0006         | 94,409           | 5,064                         |
| CDBG Entitlement Grant, 47th                                   | 14.218                    | B-21-MC-45-0004         | 88,428           | 29,788                        |
| CDBG Entitlement Grant, 48th                                   | 14.218                    | B-22-MC-45-0004         | 358,741          | 77,682                        |
| COVID-19 - CDBG-CV                                             | 14.218                    | B-20-MW-45-004          | 181,959          | 115,477                       |
| CDBG - Entitlement Grants Cluster                              |                           |                         | 786,169          | 267,570                       |
| Home Program Year 2020                                         | 14.239                    | M-20-45-0207            | 92,500           | -                             |
| Home Program Year 2021                                         | 14.239                    | M-21-45-0207            | 22,916           | -                             |
| Subtotal 14.239                                                |                           |                         | 115,416          | -                             |
| Lead Based Paint Hazard Control                                | 14.900                    | N/A                     | 321,073          | -                             |
| <b>TOTAL DEPARTMENT OF HOUSING / URBAN DEVELOPMENT</b>         |                           |                         | <b>1,222,658</b> | <b>267,570</b>                |
| <b>DEPARTMENT OF HOMELAND SECURITY</b>                         |                           |                         |                  |                               |
| Pass Through City of Anderson:                                 |                           |                         |                  |                               |
| Upstate Regional Type III Incident Management Team             | 97.067                    | 9SHP13                  | 1,289            | -                             |
| <b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>                   |                           |                         | <b>1,289</b>     | <b>-</b>                      |
| <b>DEPARTMENT OF JUSTICE</b>                                   |                           |                         |                  |                               |
| Direct:                                                        |                           |                         |                  |                               |
| COVID-19 - Spartanburg Coronavirus Emergency Response          | 16.034                    | 2020-BD-BX-0099         | 415              | -                             |
| Highland CBCR                                                  | 16.817                    | 2020-BJ-BX-0004         | 89,031           | -                             |
| Equitable Sharing Program                                      | 16.922                    | N/A                     | 14,861           | -                             |
| Pass Through SC Department of Public Safety:                   |                           |                         |                  |                               |
| Law Enforcement to Assist Victims                              | 16.575                    | 1V22025                 | 46,428           | -                             |
| <b>TOTAL DEPARTMENT OF JUSTICE</b>                             |                           |                         | <b>150,735</b>   | <b>-</b>                      |
| <b>DEPARTMENT OF TRANSPORTATION</b>                            |                           |                         |                  |                               |
| Direct:                                                        |                           |                         |                  |                               |
| Federal Aviation Administration:                               |                           |                         |                  |                               |
| Airport Improvement Program (AIP)                              | 20.106                    | 3-45-0051-25            | 3,411            | -                             |
| Airport Improvement Program (AIP)                              | 20.106                    | 3-45-0051-30            | 104,192          | -                             |
| Subtotal 20.106                                                |                           |                         | 107,603          | -                             |
| Operating Assistance                                           | 20.507                    | SC 2018-045-00          | 2,175            | -                             |
| Operating Assistance                                           | 20.507                    | SC 2019-032-00          | 241,953          | -                             |
| Operating Assistance                                           | 20.507                    | SC 2019-034-00          | 86,383           | -                             |
| Operating Assistance                                           | 20.507                    | SC 2023-014-00          | 718,906          | -                             |
| COVID-19 - Operating Assistance                                | 20.507                    | SC 2022-016-01          | 23,421           | -                             |
| Federal Transit Cluster                                        |                           |                         | 1,072,838        | -                             |
| Transit Administration Metropolitan Planning                   | 20.505                    | N/A                     | 50,000           | -                             |
| Pass Through SC Department of Highway Planning & Construction: |                           |                         |                  |                               |
| Mary Black Foundation Rail Trail Extension                     | 20.205                    | N/A                     | \$ 541,140       | \$ -                          |

(Continued)

## CITY OF SPARTANBURG, SOUTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

| Program                                                        | Assistance<br>Listing<br>Number | Grant / Contract<br>Number | Expenditures        | Expenditures to<br>Subrecipients |
|----------------------------------------------------------------|---------------------------------|----------------------------|---------------------|----------------------------------|
| <b>DEPARTMENT OF TRANSPORTATION (CONTINUED)</b>                |                                 |                            |                     |                                  |
| Pass Through SC Department of Public Safety:                   |                                 |                            |                     |                                  |
| Office of Highway Safety and Justice Programs                  | 20.600                          | PT-2022-HS-08-22           | \$ 13,747           | \$ -                             |
| Office of Highway Safety and Justice Programs                  | 20.600                          | PT-2023-HS-08-23           | 19,132              | -                                |
|                                                                |                                 | Highway Safety Cluster     | 32,879              | -                                |
| <b>TOTAL DEPARTMENT OF TRANSPORTATION</b>                      |                                 |                            | <b>1,804,460</b>    | <b>-</b>                         |
| <b>APPALACHIAN REGIONAL COMMISSION</b>                         |                                 |                            |                     |                                  |
| Pass Through SC Department of Highway Planning & Construction: |                                 |                            |                     |                                  |
| Mary Black Foundation Rail Trail Extension                     | 23.003                          | SC-18417                   | 271,799             | -                                |
| <b>TOTAL APPALACHIAN REGIONAL COMMISSION</b>                   |                                 |                            | <b>271,799</b>      | <b>-</b>                         |
| <b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                 |                                 |                            |                     |                                  |
| Pass Through Mary Black Foundation                             |                                 |                            |                     |                                  |
| Addressing Teen Pregnancy in South Carolina                    | 93.297                          | TPIAH000119-01-00          | 71,785              | -                                |
| <b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>           |                                 |                            | <b>71,785</b>       | <b>-</b>                         |
| <b>GRAND TOTALS</b>                                            |                                 |                            | <b>\$ 3,522,726</b> | <b>\$ 267,570</b>                |

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, 2023**

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**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, 2023. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

**B. – BASIS OF ACCOUNTING**

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

**C. – RELATIONSHIP TO THE FINANCIAL STATEMENTS**

Federal award expenditures are generally reported in the City’s financial statements as expenditures in the General Fund and special revenue funds for all federal programs and as expenses in the enterprise funds and when loan proceeds are received/made in the special revenue funds.

**D. – MATCHING COSTS**

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

**E. – INDIRECT COST RATE**

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





# Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spartanburg, South Carolina (the "City"), as of and for the year ended June 30, 2023, 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, 2023.

#### Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

#### Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City's Responses to Findings**

*Governmental Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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 City'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 Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
December 21, 2023



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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Spartanburg, South Carolina's (the "City") compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Cauley, LLP*

Greene Finney Cauley, LLP  
Mauldin, South Carolina  
December 21, 2023

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2023

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**2022-001: PROCUREMENT**

**Condition:** During our testing of non-payroll expenditures for the City's federal grant programs, we noted that the City was not always complying with its Procurement Code and its purchasing policies and procedures ("Regulations").

**Criteria:** All expenditures for the City's federal grant programs should be processed in accordance with the City's Regulations.

**Context, Cause and Effect:** There were several instances where the City created purchase orders after invoices were received from vendors. There were expenditures where the appropriate City personnel did not properly document their review and approval. There were recurring purchases that the City treated as exempt from its Regulations; however, the category of these purchases were not specifically listed as an approved exemption in the City's most recent Procurement Code. Contracts did not always include the necessary clauses required by federal grants and contract documentation required by the City's Guidelines was not always available.

**Status:** The City ensured that the procurement policies were followed for the year ended June 30, 2023.

**2022-002: RECORDING BALANCE SHEET ITEMS**

**Condition:** It was noted that the City had failed to properly reconcile and record balance sheet amounts for receivables, accounts payable, accrued liabilities, and deferred revenue.

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

**Context, Cause and Effect:** We noted that the City had initially over-accrued expenditures to fiscal year 2022 by recording too much retainage payable for a construction project, by not reversing out a refund of retirement expenditures, and by recording the purchase of vehicles that were not received nor paid for until July 2022. There were other system updates and some smaller corrections made by the City when recording accruals that were not noticed until we inquired about them. The City revised these items once these items were discussed with the Finance personnel. We also noted that the City had initially recorded receivables that amounted to over a month of hospitality tax collections which is greater than the City's policy to accrue back only one month of receipts (as there is usually one month's lag from the billing for monthly hospitality tax payments and the time of collection). Finance personnel reviewed and revised the accrual after we inquired about the method for recording the accrued receivable. For the City's other liability and deferred revenue accounts, we noted several instances where Finance personnel had not reviewed and reconciled these accounts to the related customer deposit balances or specific grant program activity for the year. There were several entries recorded to reconcile balances for the activity that occurred during the year and to remove balances that could not be supported with appropriate documentation.

**Response:** The City has addressed the specific instances noted above but additional items were identified in the audit for the year ended June 30, 2023. See the current year financial statement finding #2023-001 for more details.

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2023

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**Major Program**

**Federal Agency: U.S. Department of Transportation**

**Federal Transportation Administration Grants Cluster: Assistance Listing Number 20.507**

**FAIN: SC-2019-032-00, SC 2019-034-00, SC 2020-026-00, SC 2020-016-01**

**Repeat Comment from Prior Year? No**

**2022-003: PROCUREMENT**

**Questioned Costs**  
**\$0**

**Condition:** During our testing of non-payroll expenditures, we noted that the City was not always complying with its Regulations.

**Criteria:** All expenditures for the City's federal grant programs should be processed in accordance with the City's Regulations.

**Context, Cause and Effect:** There were several instances where the City created purchase orders after invoices were received from vendors. There were expenditures where the appropriate City personnel did not properly document their review and approval. There were recurring purchases that the City treated as exempt from its Regulations; however, the category of these purchases were not specifically listed as an approved exemption in the City's most recent Procurement Code. Contract documentation required by the City's Guidelines was not always available.

**Response:** The City ensured that the procurement policies were followed for the year ended June 30, 2023.

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

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Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes        No

Significant deficiencies identified that are not  
considered to be material weaknesses?

                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:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|-------------------------------------------|
| 14.218                              | CDBG - Entitlement Grants Cluster         |
| 20.507                              | Federal Transit Cluster                   |

Dollar threshold used to distinguish between type A and type B programs:

  \$       750,000

Auditee qualified as low-risk auditee?

       Yes          X   No

CITY OF SPARTANBURG, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

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Section II – Current Year Financial Statement Findings

**2023-001: RECORDING BALANCE SHEET ITEMS**

**Condition:** It was noted that the City had failed to properly reconcile and record balance sheet amounts for receivables, accounts payable, accrued liabilities, and deferred revenue.

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

**Context, Cause and Effect:** We noted that the City had initially over-accrued expenditures to fiscal year 2023 by recording too much retainage payable for a construction project. Additionally, there was one instance where a construction project was not recorded for work that was performed in June 2023 but not paid until July 2023. The City revised these items once these items were discussed with the Finance personnel. We also noted that the City had initially failed to record revenue related to a reimbursement for work performed on the TK Gregg Center and for use of the facility. These amounts had been recorded in deferred revenue and were not properly recognized as revenue during 2023. Finance personnel reviewed and revised the accrual after we inquired about the method for recording the accrued receivable.

**Recommendation:** We recommend that the City develop and implement appropriate internal controls and accounting procedures to ensure that all balance sheet activity is properly reconciled and recorded in a timely manner.

**Response:** The City agrees with this finding and will adhere to the corrective action plan on page 186 in this audit report.

**2023-002: CAPITAL ASSETS**

**Condition:** In connection with the City's review of its capital asset account balances, the City discovered it had inadvertently not disposed (had not recorded the removal of the capital asset) of some real property that had been sold or donated back in the early 2000s. The City corrected this error by reflecting a prior period adjustment of approximately \$2,896,000 in its governmental activities which decreased its net investment in capital assets (component of net position). The depreciation for the Spartanburg Recreational Facilities corporation had been booked twice.

**Criteria:** All capital assets should be properly reflected in the City's financial statements.

**Context, Cause and Effect:** During fiscal year 2023, the City discovered it still included land on its capital asset listing that had been disposed of in previous years. As a result, a prior period adjustment was recorded to properly remove these amounts from its capital asset balances. Also the depreciation for the Spartanburg Recreational Facilities Corporation was inadvertently recorded twice. This was corrected once it was brought to the attention of the finance personnel.

**Recommendation:** We recommend that the City develop and implement appropriate internal controls to ensure that all capital asset activity is properly recorded.

**Response:** The City agrees with this finding and will adhere to the corrective action plan on page 186 in this audit report.

Section III – Current Year Federal Award Findings and Questioned Costs

No matters to report.



**City of Spartanburg**  
**Finance Department**  
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Spartanburg, SC 29304  
Phone: 864-596-2059  
Fax: 864-596-2424  
[www.cityofspartanburg.org](http://www.cityofspartanburg.org)

**CITY OF SPARTANBURG, SOUTH CAROLINA**

**CORRECTIVE ACTION PLAN**

**YEAR ENDED JUNE 30, 2023**

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**Section II – Financial Statement Findings**

**Finding:** 2023-001

**Contact Person:** Dennis Locke, Finance Director, [dlocke@cityofspartanburg.org](mailto:dlocke@cityofspartanburg.org)

**Corrective Action:** The City will ensure that all significant balance sheet accounts are properly recorded and reflected on the City's financial statements in the appropriate accounting period.

**Proposed Completion Date:** Prior to June 30, 2024

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**Finding:** 2023-002

**Contact Person:** Dennis Locke, Finance Director, [dlocke@cityofspartanburg.org](mailto:dlocke@cityofspartanburg.org)

**Corrective Action:** The City will ensure that assets are disposed of in the appropriate accounting period and that depreciation is correctly recorded.

**Proposed Completion Date:** Prior to June 30, 2024

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**Section III – Federal Award Findings and Questioned Costs**

No findings noted.







## **REQUEST FOR CITY COUNCIL ACTION**

**TO:** Mayor and Members of City Council

**FROM:** Robert Coler, Attorney

**SUBJECT:** Resolution to Proclaim and Declare Juneteenth as a City Holiday

**DATE:** January 18, 2024

**BACKGROUND:**

Juneteenth is a day of profound weight and power, a day to reflect upon the horrible toll of slavery and ponder the capacity to heal, hope, and emerge from one of our nations darkest moments with purpose and resolve. Juneteenth, in its celebration of freedom, should be a day recognized as a City Holiday.

**ACTION REQUESTED:** City Council to approve the resolution to proclaim and declare Juneteenth a City Holiday.

## **RESOLUTION**

### **TO PROCLAIM AND DECLARE JUNETEENTH AS A CITY HOLIDAY**

**WHEREAS**, on June 19, 1865, more than two years after President Lincoln signed the Emancipation Proclamation, enslaved Americans in Galveston, Texas, finally received word that they were free from bondage; and

**WHEREAS**, as those who were formerly enslaved were recognized for the first time as citizens, Black Americans came to commemorate Juneteenth with celebrations across the country, building new lives and a new tradition that we honor today; and

**WHEREAS**, Juneteenth is a day of profound weight and power, a day to reflect upon the horrible toll of slavery and ponder the capacity to heal, hope, and emerge from one of our nations darkest moments with purpose and resolve; and

**WHEREAS**, City Council finds that Juneteenth, in its celebration of freedom, is a day that should be recognized as a City holiday.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND MEMBERS OF COUNCIL OF THE CITY OF SPARTANBURG, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:**

Section 1. There shall be henceforth a paid City holiday on one day each year to celebrate Juneteenth. The day shall be selected by City Council, in its wisdom, each year at the time they set their annual schedule of City holidays and all City offices and operations, except essential services, shall be closed in observance thereof.

Section 2. This Resolution shall become effective upon the date of enactment.

DONE AND RATIFIED this 22<sup>th</sup> day of January, 2024.

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MAYOR

ATTEST:

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CITY CLERK

APPROVED AS TO FORM:

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CITY ATTORNEY



## REQUEST FOR CITY COUNCIL ACTION

**TO:** Mayor and Members of City Council

**FROM:** Robert Coler, Attorney

**SUBJECT:** Resolution to update the City Manager and City Attorney's annual compensation.

**DATE:** January 17, 2024

**BACKGROUND:** Council met in Executive Session on January 4, 2024 in regards to the annual performance review of the City Manager and City Attorney. The attached resolution authorizes the City Manager and Mayor to approve an updated annual salary for the City Manager and City Attorney.

**ACTION REQUESTED:** City Council to approve the resolution updating the salary of the City Manager and City Attorney.

**BUDGET AND FINANCIAL DATA:**

## **RESOLUTION**

### **TO UPDATE THE ANNUAL SALARY OF THE CITY MANAGER AND CITY ATTORNEY PURSUANT TO RECENT PERFORMANCE REVIEWS AND THE CITY'S RECENTLY COMPLETED COMPENSATION ANALYSIS**

**WHEREAS**, the City Manager and City Attorney report directly to and serve at the pleasure of City Council; and

**WHEREAS**, City Council traditionally sets the employment terms, including annual compensation, of the City Manager and City Attorney; and

**WHEREAS**, City Council historically and customarily conducts an annual performance review of the City Manager and City Attorney; and

**WHEREAS**, City Council last conducted an annual performance review and updated the annual compensation of the City Attorney and City Manager in early 2022; and

**WHEREAS**, in January of 2024, City Council conducted a review of the City Attorney and City Manager's performance for the period since their 2022 performance review; and

**WHEREAS**, the City's Human Resources department commissioned a compensation study for all employment positions within the City (hereinafter the "Compensation Study"), which was completed and implemented via compensation updates for nearly all employment positions within the City, excepting the City Manager and City Attorney, in July of 2023; and

**WHEREAS**, City Council now deems it appropriate and desires to update the City Manager and City Attorney's annual compensation based upon its most recent performance review and in light of the Compensation Study; and

**WHEREAS**, the updated compensation for the City Manager and City Attorney noted below is within the compensation parameters of the Compensation Study for each employment position.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND MEMBERS OF COUNCIL OF THE CITY OF SPARTANBURG, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:**

Section 1. The City Manager is authorized to approve an update to the City Attorney's annual salary setting it at \$166,293.00 per year effective January 1, 2024.

Section 2. The Mayor is authorized to approve an update to the City Manager's annual salary setting it at \$200,000 per year effective January 1, 2024.

DONE AND RATIFIED this 22<sup>th</sup> day of January 2024.

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MAYOR

ATTEST:

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CITY CLERK

APPROVED AS TO FORM:

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CITY ATTORNEY



## REQUEST FOR CITY COUNCIL ACTION

**TO:** Mayor and Members of City Council

**FROM:** Robert Coler, Attorney

**SUBJECT:** Ordinance to transfer ownership of a parcel of land to the Commission of Public Works

**DATE:** January 17, 2024

**BACKGROUND:** In 1965, a parcel of land located in the vicinity of Rainbow Lake Road in Spartanburg County was deeded to the City of Spartanburg. The parcel of land is located next to other parcels of land owned and controlled by the Commission of Public Work as part of their water system operations. It appears from a review of the history of the matter, the parcel of land should have been deeded to the Commission of Public Works (the “Commission”). The attached ordinance will authorize the City Manager to transfer ownership of the parcel of land to the Commission.

**ACTION REQUESTED:** City Council to approve the ordinance authorizing the City Manager to transfer ownership of the parcel of land to the Commission of Public Works.

**BUDGET AND FINANCIAL DATA:**

AN ORDINANCE

AUTHORIZING THE CITY MANAGER TO TRANSFER OWNERSHIP OF PROPERTY LOCATED ON SPARTANBURG WATER WORKS ROAD, BEARING TAX MAP PARCEL NUMBER 2-23-00-011.00 TO THE COMMISSION OF PUBLIC WORKS FOR THE CITY OF SPARTANBURG

WHEREAS, the parcel of land identified as Tax Map Parcel Number 2-23-00-011.00, located at the end of Spartanburg Water Works Road in an unincorporated portion of Spartanburg County and consisting of approximately 277 acres (hereinafter the "Parcel") was deeded to the City of Spartanburg on or about September 20, 1965; and

WHEREAS, it appears, after diligent research, that it was always intended that the Commission of Public Works for the City of Spartanburg own and control the Parcel; and

WHEREAS, City Council deems is appropriate and desires to transfer ownership of the Parcel to the Commission of Public Works for the City of Spartanburg.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND MEMBERS OF COUNCIL OF THE CITY OF SPARTANBURG, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

Section 1. The City of Spartanburg is hereby authorized to transfer ownership of that particular parcel of land located at the end of Spartanburg Water Works Road in an unincorporated section of Spartanburg County, and identified as tax map parcel 2-23-00-011.00, to the Commission of Public Works for the City of Spartanburg. Furthermore, City Council hereby authorizes the City Manager to execute any documents necessary to accomplish the transfer of the herein identified parcel of land on terms and conditions materially consistent with those terms and conditions set forth during the presentation of this Ordinance to City Council.

Section 2 This Ordinance shall become effective upon the date of enactment.

DONE AND RATIFIED this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

First Reading: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Second Reading: \_\_\_\_ / \_\_\_\_ / \_\_\_\_