

SIGNIFICANT REVENUE OVERVIEW

The following section provides a description and analysis of all significant revenues sources used in the FY 2008/09 Budget. Revenues are organized by General Fund and all Other Funds.

GENERAL FUND

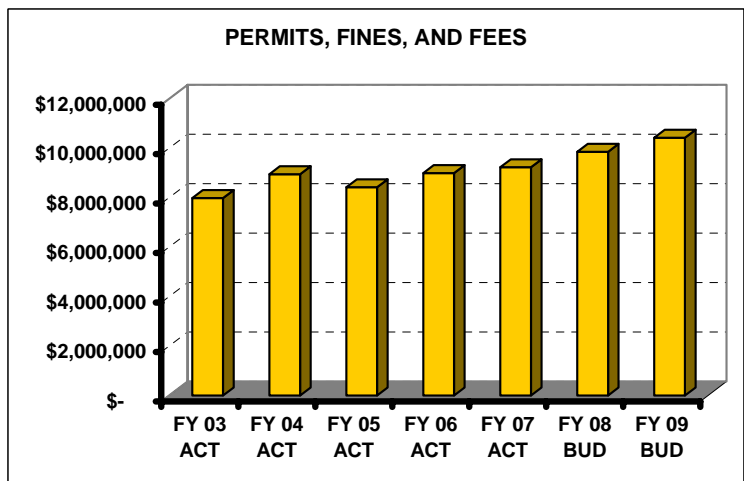
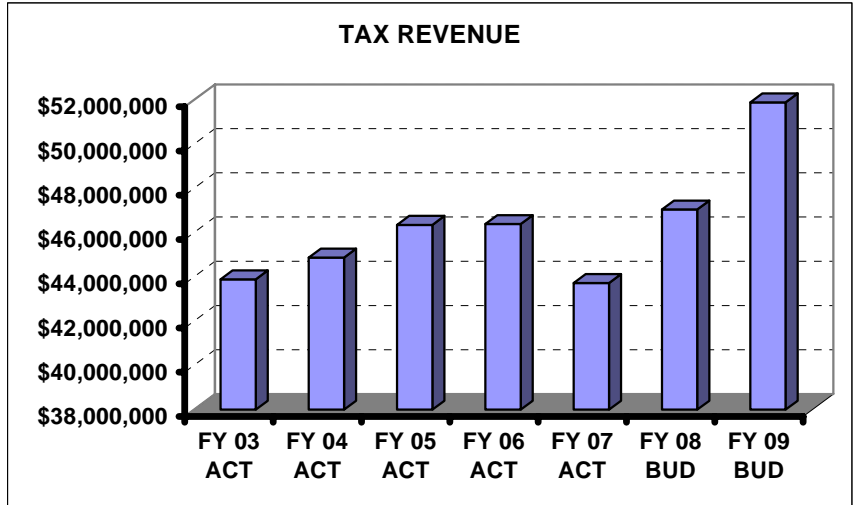
Taxes

Revenue is derived from the levy of taxes on personal tangible property and real property, as well as delinquent tax collections. Property taxes are estimated by taking the total assessed value of property, multiplied by the current millage rate then multiplied by a collection rate.

Tax revenue includes real, personal and delinquent property tax. New tax reform law was voter-approved in 2007 for implementation in 2008. Part of this reform includes the capping of property tax growth at 15%. In turn, the county is allowed to increase its previous year's general operating tax levy by the Consumer Price Index (CPI)—2.80% and by population increase (2.09%). For the FY 2008/09 budget, it is estimated that the tax base will grow 10.2 percent (10.2%). This is a property reappraisal year for Spartanburg County. Every five years, all real property is reappraised. South Carolina Code of Laws requires that all real property be reappraised every five years and adjusted to current market value to ensure fairness in the taxation process. Although no property will increase in value more than 15%, it is estimated that the property tax base will increase by 6.7 percent (6.7%) excluding new construction. A tax rollback calculation is also necessary in a property reappraisal year. Although the millage tax rate is not officially available until November, it is estimated that last year's property tax rate of 48.1 mils will be rolled back 2.2 mils to 45.9 mils. The CPI and population growth is added to the 45.9 mils for a total new tax rate of 48.1 mils. The reappraised tax base is added to the new construction tax base, and the new millage rate is applied. As a result of these efforts, as well as a continued emphasis on delinquent tax collection, property tax revenue is estimated to be \$51.9 million, a 10% increase over last fiscal year. The next reappraisal will occur in 2013.

Permits, Fines, and Fees

Permit fees are collected for the review and issuance of permits for mobile homes, new buildings, building renovations, billboards, development standards, grading, septic tanks and junk yards. Permit Fees total \$977,000, and represent a one percent (.75%) increase over last fiscal year.



**SPARTANBURG COUNTY, SOUTH CAROLINA
FY 2008/09 ADOPTED OPERATING BUDGET**

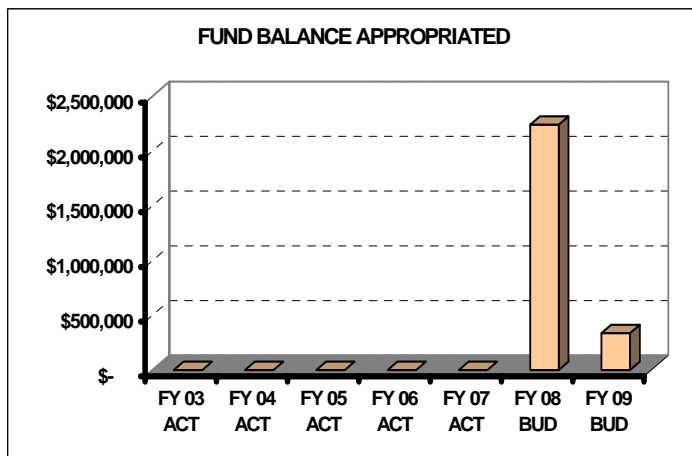
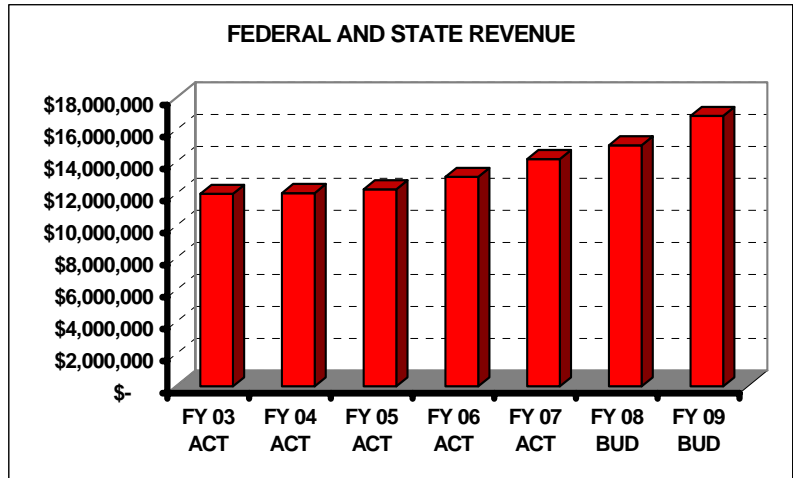
Fines are received from the Magistrate Court and the Clerk of Court. These fines total \$3,725,000, and represent a 5.7 percent (5.7%) increase over last fiscal year.

Fees are collected for subdivision platting, Register of Deeds activities, Probate Court, Clerk of Court, Public Defender, Master-In-Equity Court, vital statistics, Department of Motor Vehicle tags issued by the Treasurer, and other miscellaneous activities. Fees total \$5,719,000, and represent an increase of seven percent (7%) over last fiscal year.

State and Federal Sources

State revenues include appropriations for the Local Government Distribution, Public Defender activities, and reimbursement for election, veterans' affairs and other miscellaneous activities. The Local Government Distribution is budgeted at \$15,659,000, a thirteen (13%) increase over FY 2007/08.

Federal revenues include payment of grant indirect costs reimbursements. Total State and Federal Sources are \$16,890,000 or 15% more than FY 2007/08.

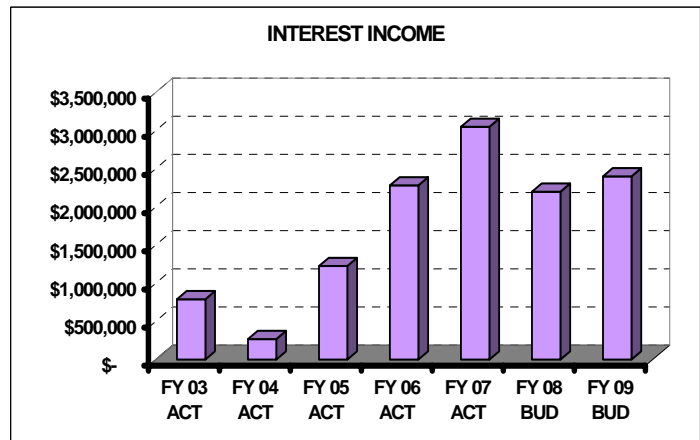


Fund Balance Appropriated

It is estimated that \$605,000 will be unexpended in the current fiscal year and carried forward. \$204,000 is being unreserved and transferred to the Capital Projects Fund to fund the replacement of Roads and Bridges equipment and vehicles, and other General Fund owned vehicles scheduled for replacement, as well as, funding to establish the General Fund Vehicle and Replacement reserve for future replacements. A planned \$472,350 contribution to fund balance is budgeted.

Interest Income

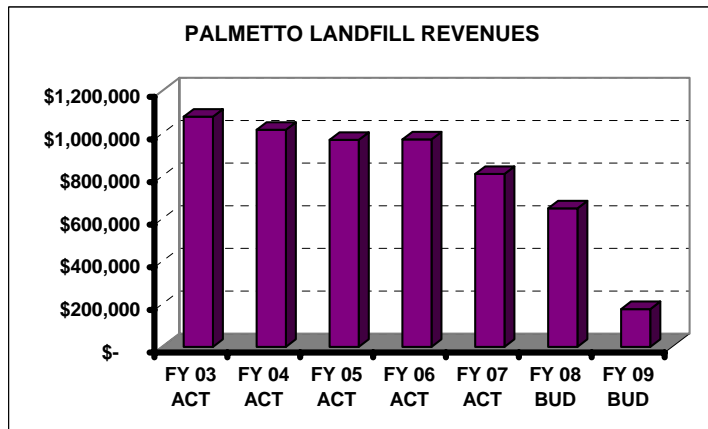
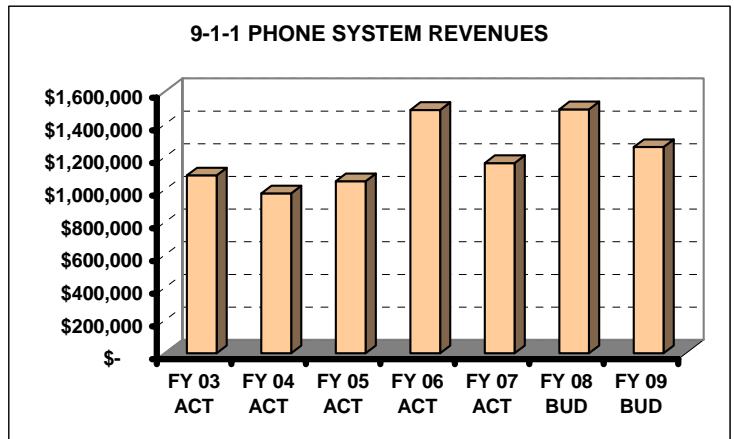
Interest earnings represent revenue earned on investments of idle county money. In FY 2001/02, interest earning accounted for only 1.27% of General Fund revenues. This figure dropped to 0.37% in FY 2003/04, which was a reflection of the low interest rates set by the Federal Reserve to help reinvigorate the national economy. A downturn in earnings is projected, and in FY2008/09, interest income will constitute 3% of General Fund revenues.



OTHER FUNDS

9-1-1 Phone System Revenues

Revenues are received from state and federal charges imposed on telephone subscribers and can only be used for the costs associated with the operations of the emergency 9-1-1 system. The state monthly wire line surcharge is \$0.50, and is set by County Council. The federal monthly wire line surcharge is currently \$1.50. For FY 2008/09 it is anticipated that revenue from these two sources will total \$1,262,000, a decrease of 15% from FY 2007/08.

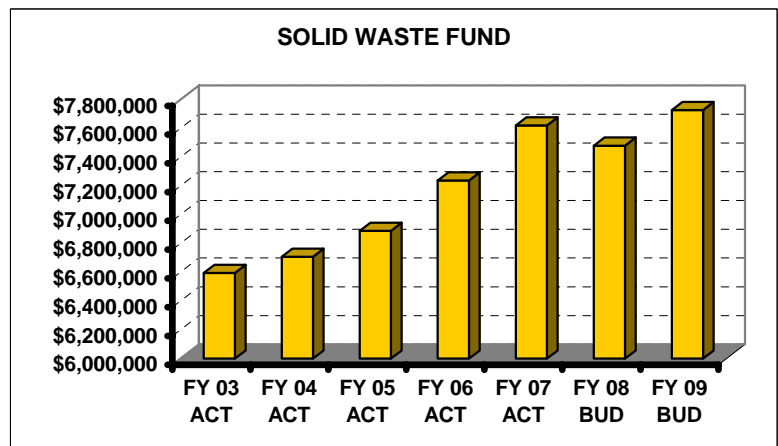


Palmetto Landfill Revenues

For a number of years, the Palmetto Landfill has generated revenue from a one dollar (\$1) per ton of solid waste received host fee agreement. As capacity at this site is close to being reached, revenue generated from expected tonnage decreases. The ability for this site to generate revenue is expected to occur in FY 2009/10. Revenue is estimated at \$176,900 from a high of \$1,113,000 million in FY 2001/02.

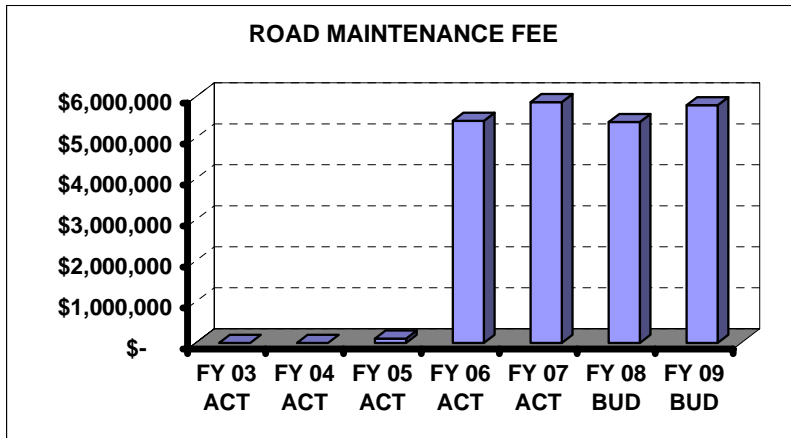
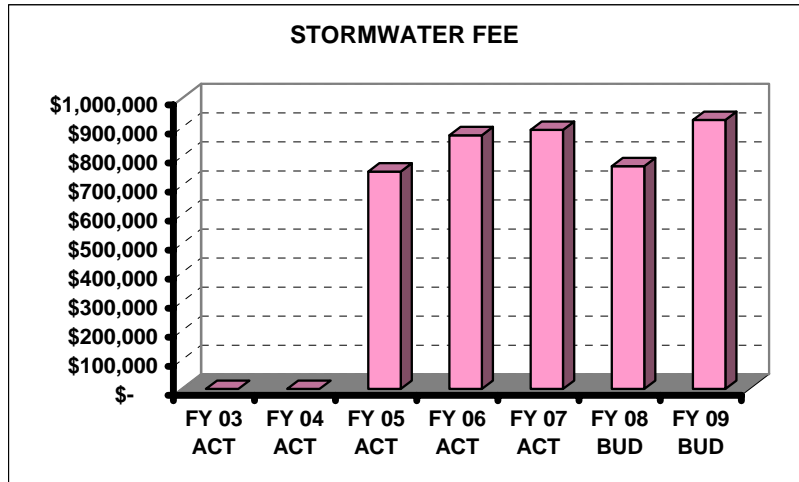
Solid Waste Fund Revenues

A number of different revenue sources contribute to the total revenue received in the Solid Waste Management Fund including: Recycling Sales (estimated \$560,000 in FY 2008/09); State Tire Disposal Fee (\$108,000); Tipping Fees (\$1,170,000); and Contract Fees (\$250,000). The majority of the revenue received comes from the annual fee levied on households in Spartanburg County. That fee is currently forty-seven dollars (\$47) and generates \$5.5 million. As population in the county continues to grow, these revenues will increase proportionally. Since FY 2001/02, revenues have increased approximately 21% based on FY 2008/09 projections. The bar chart to the right shows annual revenue from the annual fee levied on households in the county for solid waste operations.



**SPARTANBURG COUNTY, SOUTH CAROLINA
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Stormwater Fund Revenues On July 1, 2005, a (one) 1 mil tax levy was imposed on all taxable property in Spartanburg County to comply with the National Pollution Discharge Elimination System (NPDES II) general permit program. As property value continues to increase, the revenue generated from this modest source will increase. FY 2008/09 revenues are estimated at \$926,400, or 20% more than revenue budgeted in FY 2007/08. A portion of this revenue, \$404,844, is reserved for future projects.



Road Maintenance Fee

On July 1, 2006, a twenty-five dollar (\$25) per vehicle fee was imposed to implement a road maintenance and improvement program to significantly enhance the safety and quality of the County's transportation infrastructure. Aside from any portion of these funds directed to municipalities for funding their municipal road maintenance and transportation needs, resources are used exclusively for specified road and bridge improvement projects and the expanded resurfacing program. In FY

2008/09, several public safety projects including bridge replacement, road widening, and intersection improvements will be funded through this fee. There has been no significant change in the number of vehicles owned and taxed since the program's inception, keeping revenue flat. This fee generates \$5.8 million for needed capital infrastructure projects.

Hospitality Tax

Spartanburg County's 2% Local Hospitality Tax on prepared meals and beverages became effective January 1, 2008. The Local Hospitality Tax provides a dedicated source of revenue and an appropriate and efficient means of funding tourist-related infrastructure and capital improvement projects. It is the Council's intent to enhance the County's appeal to tourists through further development of the County as a destination for tourist related activities. Spartanburg County's Local Hospitality Tax became effective January 1, 2008, and is estimated to generate \$2,402,000 in FY 09.