

SIGNIFICANT REVENUE OVERVIEW

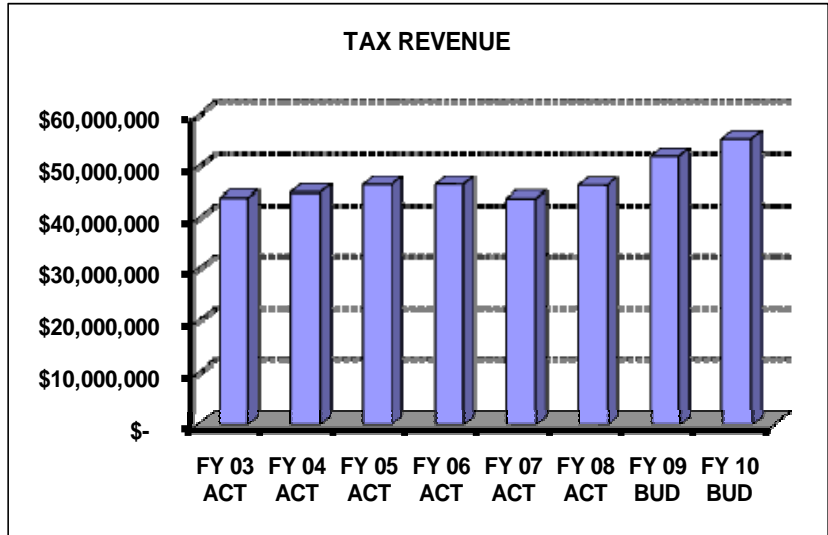
The following section provides a description and analysis of all significant revenues sources used in the FY 2009/10 Budget. Revenues are organized by General Fund and all Other Funds.

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 (Act 388) and implemented in 2008. Part of this reform includes the capping of property tax growth at 15% at the five-year reappraisal intervals. Last fiscal year was a reappraisal year, and the tax base reflected a 10.2% growth. The next reappraisal will occur in 2013. Under Act 388, the county is allowed to increase its previous year's general operating tax levy by the Consumer Price Index (CPI)-3.8% and by its population increase (2%). For the FY 2009/10 budget, it is estimated that the Tax base will grow 1.5%.

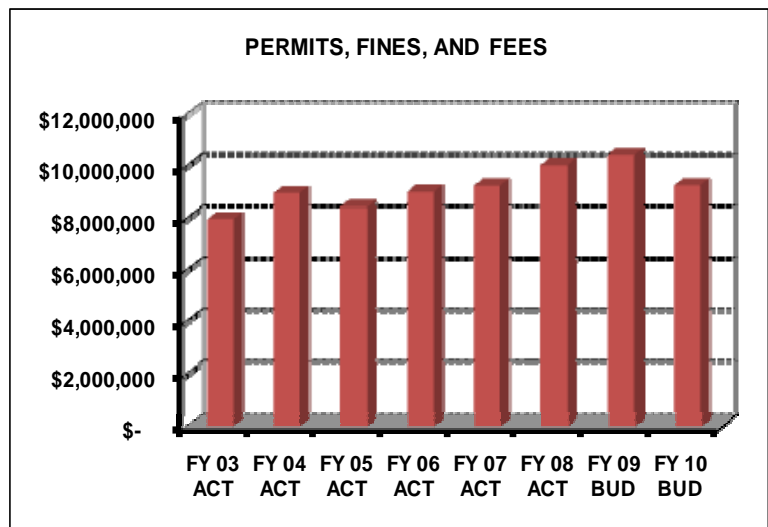


Property tax revenue, including delinquent tax collections, is budgeted at \$55,368,000 or 65% of all General Fund revenues. In FY 2008/09, taxes represented 58% of all General Fund revenues. These percent changes are important and reflect the impact of overall revenue shortfalls the County is facing this fiscal year.

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 \$776,000 and represent a 20% decrease from last year directly related to the local economy.

Fines are received from the Magistrate Court and the Clerk of Court. These fines total \$3,450,000 and represent a 7% decrease from last fiscal year to reflect current year-end estimates.

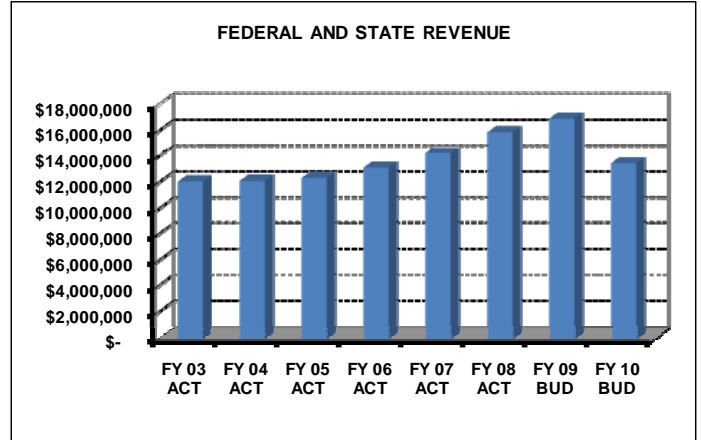


**SPARTANBURG COUNTY, SOUTH CAROLINA
FY 2009/10 RECOMMENDED OPERATING BUDGET**

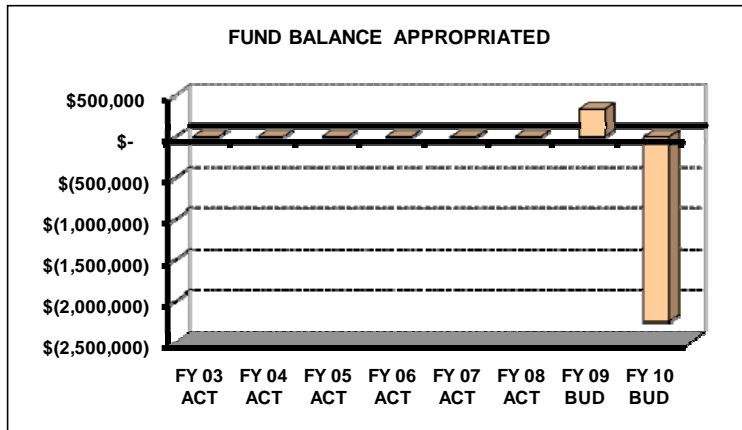
Fees are collected for subdivision platting, Register of Deeds activities, Probate Court, Clerk of Court, Public Defender, Master-In-Equity Court, vital statistics, Department of Motor Vehicles tags issued by the Treasurer, and other miscellaneous activities. Fees total \$5,012,500, and represent a 12% decrease from last fiscal year to reflect FY 08/09 projections and the local economy.

State and Federal Sources

State revenues include appropriations for the Local Government Distribution, Public Defender activities, and reimbursement for election, Veteran's Affairs and other miscellaneous activities. The Local Government Distribution is budgeted at \$12,394,000, a 20% decrease from budgeted FY 09. The state twice reduced the planned revenue distribution in FY 08. The state's final budget is not yet approved, and the Local Government Fund's fate has not sealed as of this printing. This once very stable revenue source has been the subject of much debate at the state level and may be reduced further.



Federal revenues include payment of grant indirect costs reimbursements. Total State and Federal Sources are \$222,780, or 32% less than FY 09 because of reduced grant activity in General Fund.



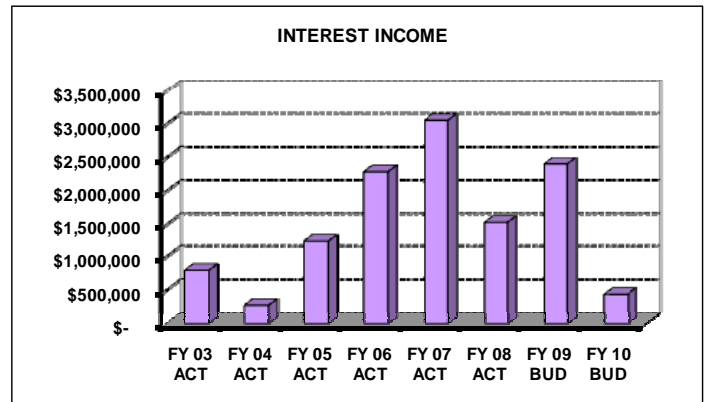
Fund Balance Appropriated

It is estimated that there will be no carry forward dollars available at the conclusion of FY 08/09. \$250,000 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 \$2.5 million contribution to fund balance is budgeted to

stabilize available fund balance and position the County to react positively to unplanned revenue and cost changes in the future.

Interest Income

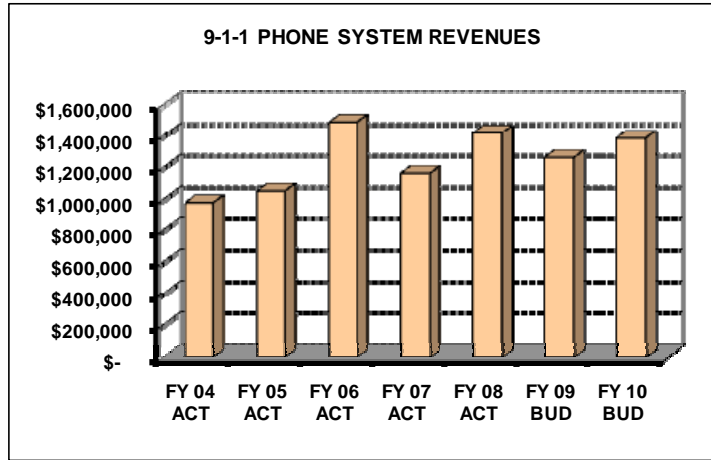
Interest earnings represent revenue earned on investments of idle county money. Interest rates have dropped to historical levels, even those experienced in FY 02 through FY 06 which is an effort by the Federal Reserve to help reinvigorate the national economy. A downturn in earnings is projected, and in FY 09/10, interest income will constitute less than .005% of General Fund revenues. Actual interest earned in FY 08 was \$1.5 million compared to the \$430,000 budgeted for the new fiscal year.



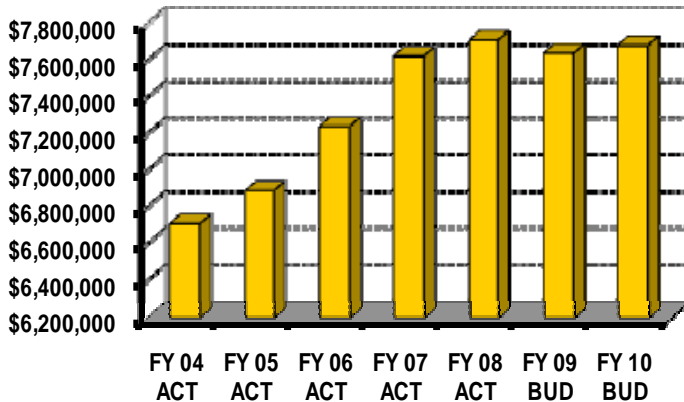
OTHER FUNDS

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 09/10, it is anticipated that revenue from these two sources will total \$1,386,000, an increase of 20% over FY 08/09. The increase is attributable to wireless communication.



SOLID WASTE FEE



Solid Waste Fund Revenue

A number of different revenue sources contribute to the total revenue received in the Solid Waste Management Fund including: Recycling Sales (estimated \$650,000 in FY 09/10); State Tire Disposal Fee (\$110,000); Tipping Fees (\$1,170,000); and Contract Fees (\$200,000). 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 \$5.55 million. As population in the county continues to grow, these revenues will increase proportionally. Since FY 02, revenues

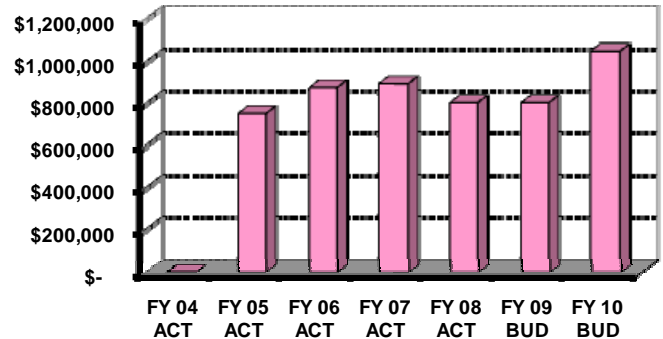
have increased approximately 21% based on FY 09/10 projections. The bar chart to the left shows annual revenue from the annual fee levied on households in the county for solid waste operations.

Stormwater Fund Revenues

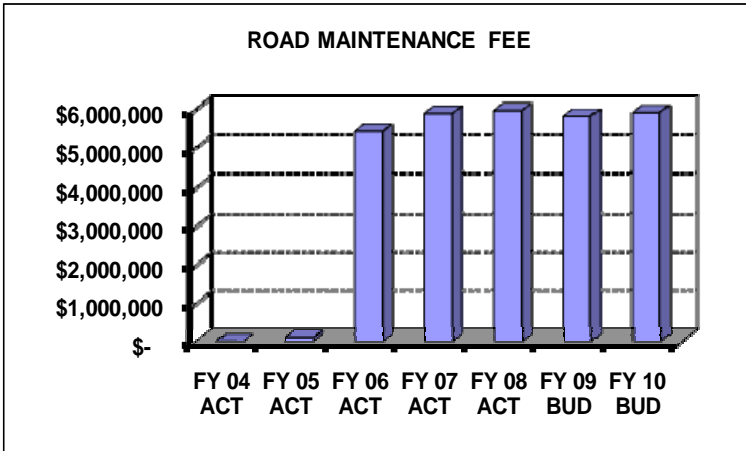
On July 1, 2005, a (one) 1 mil tax levy was imposed on all taxable property in Spartanburg County to comply with the National Pollution Discharge Elimination System (NPDES II) general permit program. As property value continues to increase, the revenue generated from this modest source will increase. FY 09/10 revenues are estimated at \$1,048,000 or 19% more than revenue budgeted in FY 08/09.

A portion of this revenue, \$302,777, is reserved for future projects.

STORMWATER FEE



**SPARTANBURG COUNTY, SOUTH CAROLINA
FY 2009/10 RECOMMENDED OPERATING BUDGET**



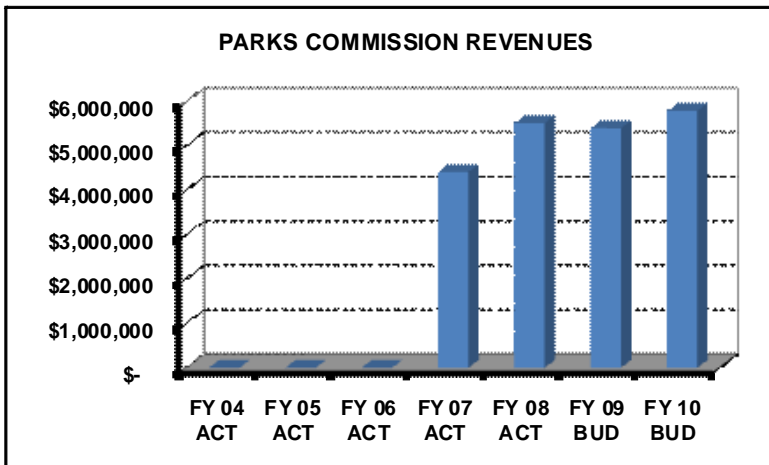
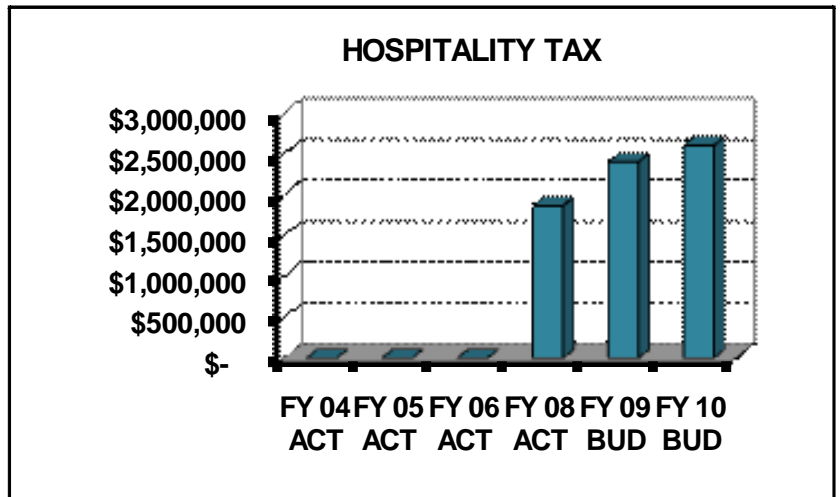
Road Maintenance Fee

On July 1, 2006, a \$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 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 \$5.9 million for needed capital infrastructure projects.

Hospitality Tax

Spartanburg County 2% Local Hospitality tax on prepared meals and beverages became effective January 1, 2008. The Local Hospitality Tax provides 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 of 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 \$2,600,000 in FY 2009/10.



Parks and Recreation

A Parks and Recreation Commission was created in FY 2006/07, along with a new Special Revenue Fund. Recreation activities were previously budgeted in the General Fund. Revenue is received from millage approved by County Council, along with user fees and other miscellaneous activities. Millage generated \$3.8 million in FY 2007/08; approximately \$4.5 million in FY 2008/09; and the FY 09/10 budgeted estimate is approximately \$5 million. Taxes represent 89% of Parks and Recreation revenue.