

SIGNIFICANT REVENUE OVERVIEW

The following section provides a description and analysis of all significant revenues sources used in the FY 2010/11 Budget. Revenues are organized by General Fund and all Other Funds.

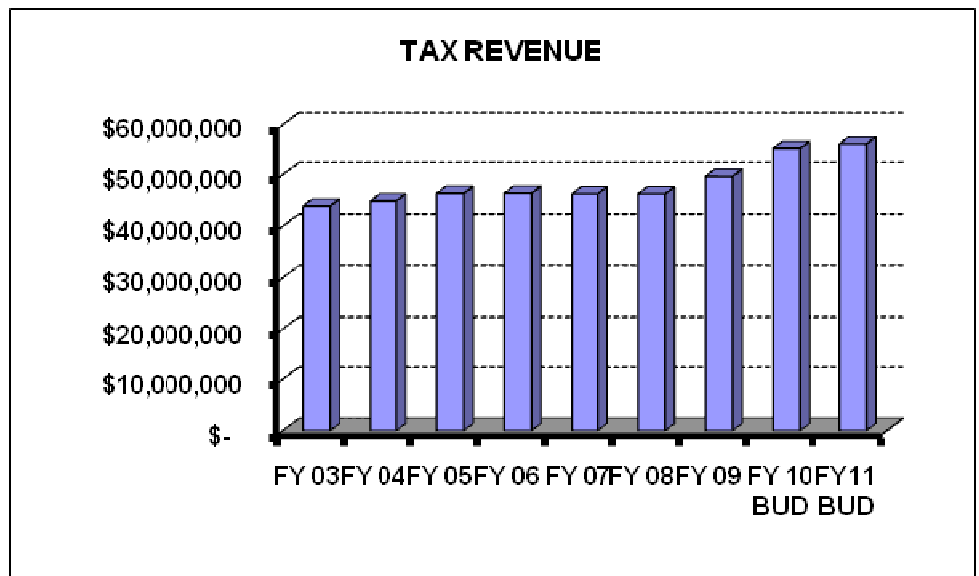
GENERAL FUND

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.

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. Tax year

2009 was a reappraisal year, and the tax base reflected growth of 10.2%. 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) (0%) and by its population increase (1.5%). For the FY 2010/11 budget, it is estimated that the Tax base will not change.

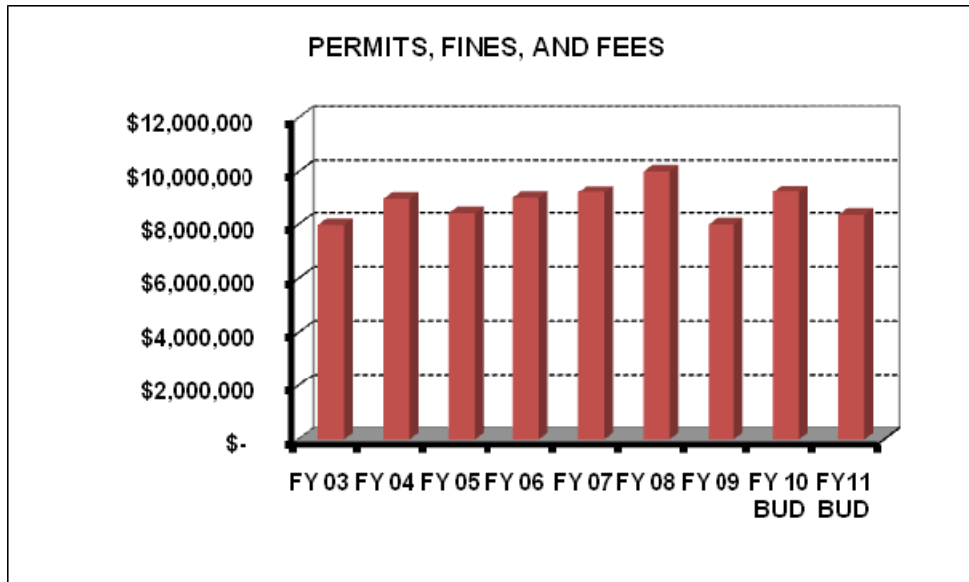


Property tax revenue, including delinquent tax collections, is budgeted at \$52,227,622 or 64% of all General Fund revenues. In FY 2008/09, taxes represented 58% of all General Fund revenues, and in FY 2009/10 it was 65%. These percent changes are important and reflect the impact of overall revenue shortfalls the County is facing resulting from the recession.

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 \$440,500 and represent a 43% 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 \$3,151,000 and represent an 8.7% decrease from last fiscal year to reflect prior year actual collections and current year-end estimates.

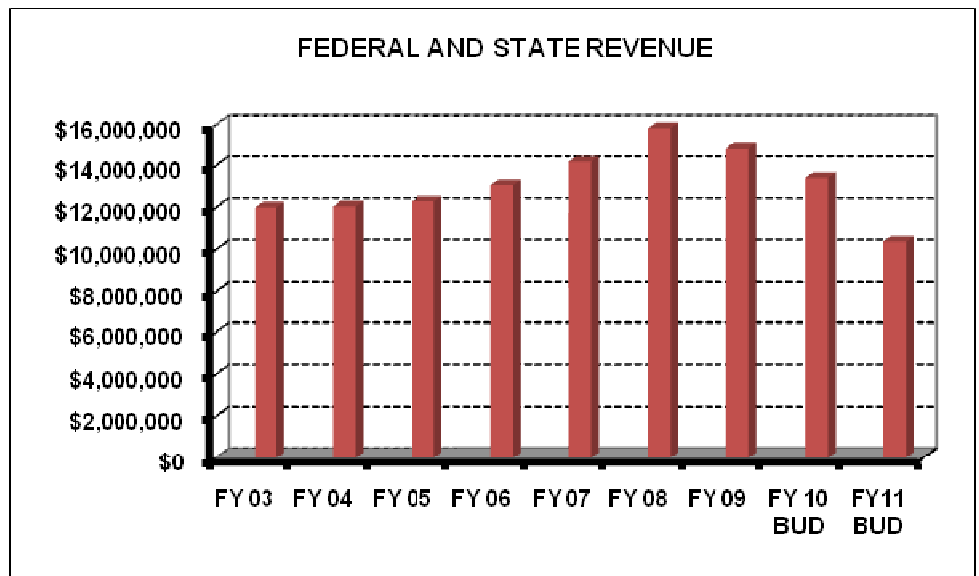


Fees are collected for subdivision platting, Register of Deeds activities, Probate Court, Clerk of Court, Public Defender, Master-In-Equity Court, vital statistics, Department of Motor Vehicles tags issued by the Treasurer, and other miscellaneous activities. Fees total \$4,761,900, and represent a 5% decrease from last fiscal year to reflect actual collections. A new False Alarm Ordinance is expected to be implemented in the new fiscal year and will generate revenue until the compliance

stage is reached. Cost recovery is an important aspect of any fee structure, and a comprehensive analysis of all fees is underway.

State and Federal Sources

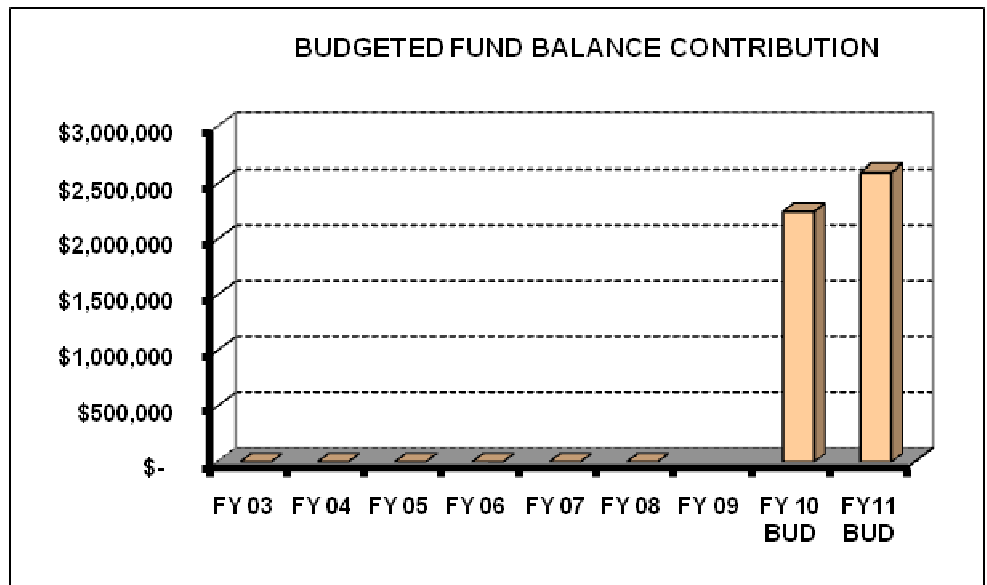
State revenues include appropriations for the Local Government Distribution, Public Defender activities, and reimbursement for election, Veteran's Affairs and other miscellaneous activities. The Local Government Distribution is budgeted at \$10,102,000, an 18.5% decrease from budgeted FY 2009/10. This once very stable revenue source has been the subject of much debate and funding reductions over the past three years. The downward trend began with the passage of Act 388. The County is now at 1998 funding levels.



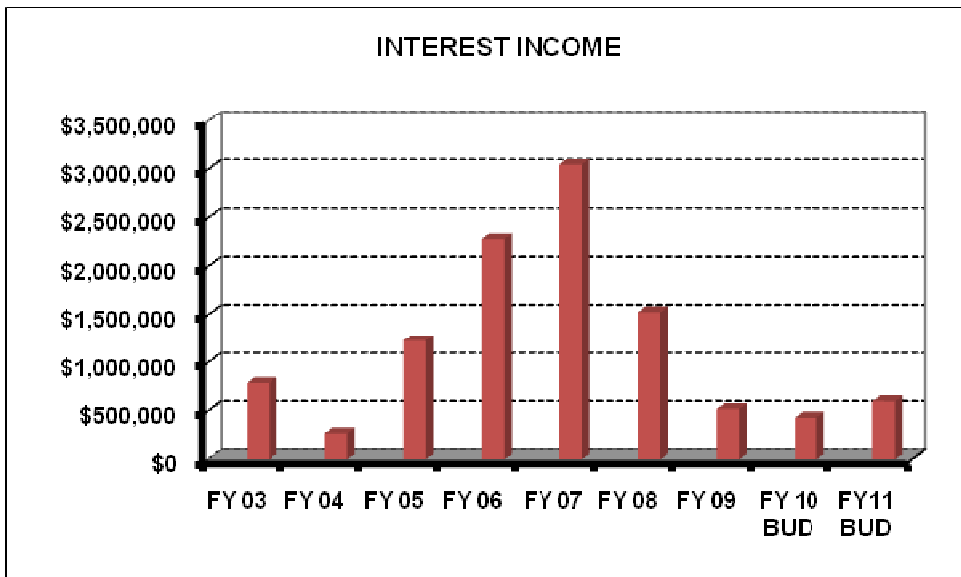
Federal revenues include payment of grant indirect costs reimbursements. Total Federal Sources are \$175,000, or 21% less than FY 2009/10 because of reduced grant activity.

Fund Balance Appropriated

It is estimated that there will be no carry forward dollars available at the conclusion of FY 2009/10. \$642,071 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, a contribution of \$240,071 to fund balance for the General Fund Vehicle and Replacement reserve for future replacements.



A planned \$3 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

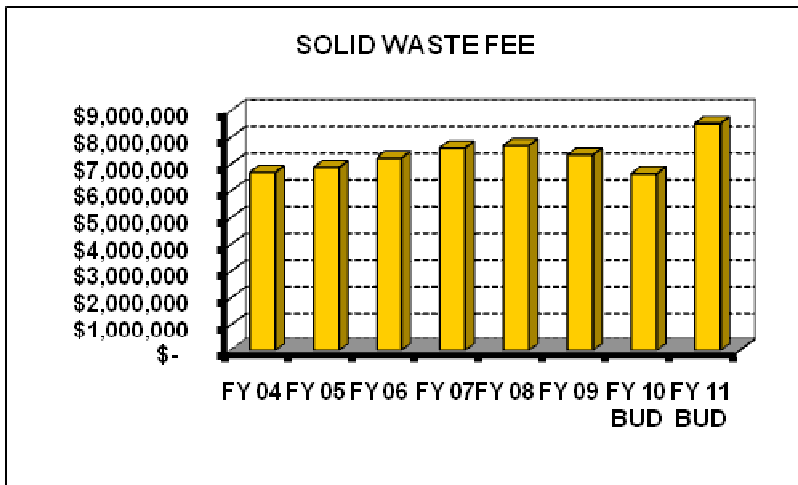
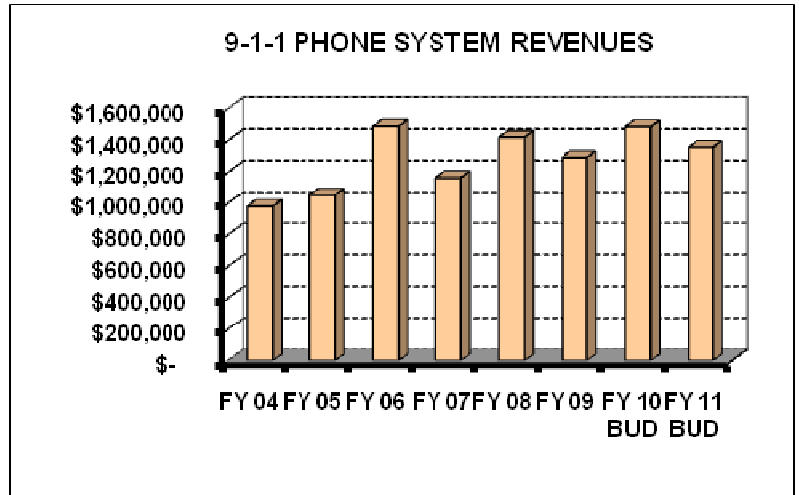
Interest earnings represent revenue earned on investments of idle county money. Interest rates have dropped to historical levels, even lower than the levels experienced in FY 02 through FY 06, which is an effort by the Federal Reserve to help reinvigorate the national economy. A continued downturn in earnings is projected. In FY 2010/11, taxing entities will be asked to help shoulder costs of credit card service charges. Because bank charges offset

dollars posted to interest earnings, an increase of \$400,000 is projected.

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 FY2010/11, it is anticipated that revenue from these two sources will total \$1,185,000, a decrease of 15% over FY 2009/10 budget estimates. The decrease is attributable to fewer land lines and more wireless communication.



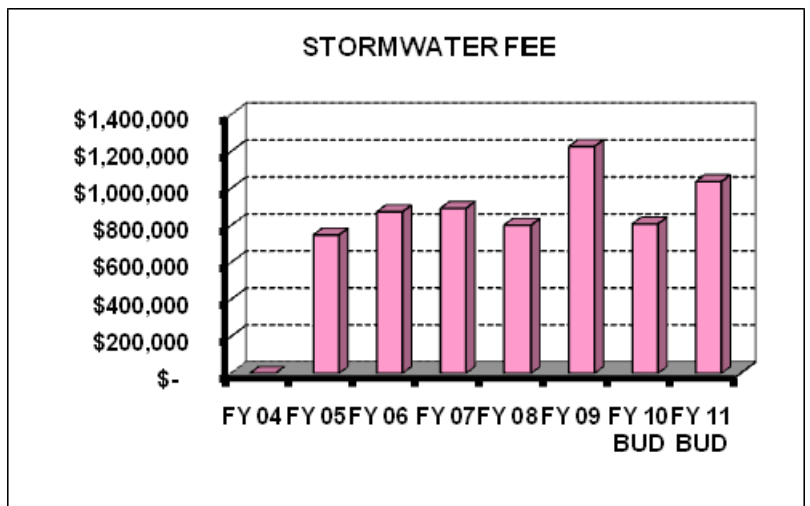
Solid Waste Fund Revenue

A number of different revenue sources contribute to the total revenue received in the Solid Waste Management Fund including: Recycling Sales (estimated \$400,000 a 38% decrease); State Tire Disposal Fee (\$90,000, an 18% decrease); Tipping Fees (\$1,150,000, a 1.7% decrease); and Contract Fees (\$240,000, a 20% increase). The majority of the revenue received comes from the annual fee levied on households in Spartanburg County and is shown in the bar chart to the left. That fee is currently forty-seven dollars (\$47) and generates \$5.55 million.

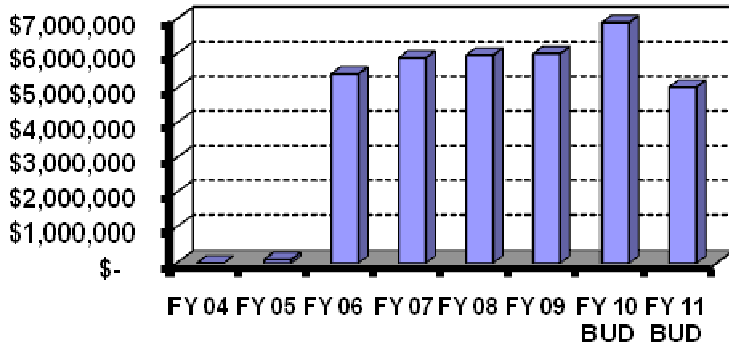
As population in the county continues to grow, these revenues will increase proportionally.

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. The County remits a share of this tax to the City of Spartanburg and Greer for their independent contribution to this effort. FY 2010/11 revenues are estimated at \$1,974,000 or 7% less than budgeted in FY 2009/10.



ROAD MAINTENANCE FEE



Road Maintenance Fee

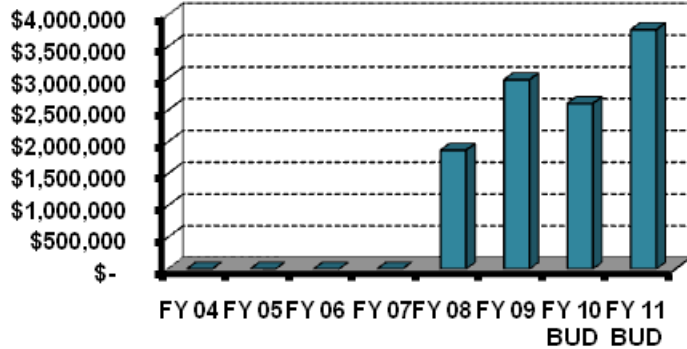
On July 1, 2006, a \$25 per vehicle fee was imposed to implement a road maintenance and improvement program to significantly enhance the safety and quality of the County's transportation infrastructure. Aside from any portion of these funds directed to municipalities for funding their municipal road maintenance and transportation needs, resources are used exclusively for specified road and bridge improvement projects and the expanded resurfacing program. In FY 2010/11, 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.

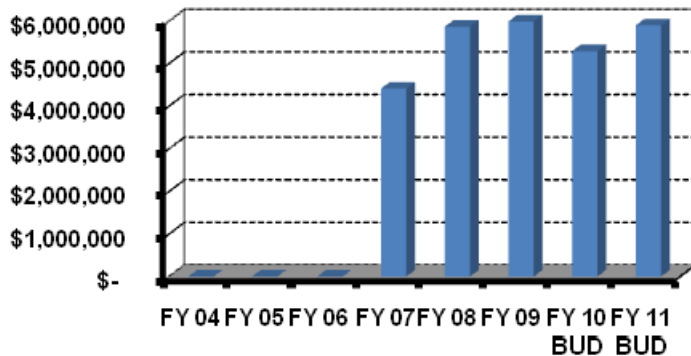
Hospitality Tax

Spartanburg County'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. It is estimated to generate \$2,900,000 in FY 2010/11, an 11% increase based on actual collection history.

HOSPITALITY TAX



PARKS COMMISSION REVENUES



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 General Fund. Revenue is received from millage approved by County Council, along with user fees and miscellaneous activities. Millage generated \$4.48 million in FY 2007/08; approximately \$4.24 million in FY 2008/09; and the FY 2009/10 budgeted estimate is approximately \$5 million. The millage will be increased in accordance to provisions in Act 388—Consumer Price Index (CPI) at 0% and population increase at 1.5%. \$208,000 will

be transferred from the Hospital Tax Fund to support new park operations.