



CITY OF CAYCE

MAYOR
ELISE PARTIN

MAYOR PRO-TEM
JAMES E. JENKINS

COUNCIL MEMBERS
TARA S. ALMOND
PHIL CARTER
EVA CORLEY

CITY MANAGER
REBECCA VANCE

ASSISTANT CITY MANAGER
SHAUN M. GREENWOOD

**City of Cayce
Regular Council Meeting
Tuesday, January 5, 2016
6:00 p.m. – Cayce Tennis and Fitness Center – 1120 Fort Congaree Trail
www.cityofcayce-sc.gov**

I. Call to Order

- A. Invocation and Pledge of Allegiance
- B. Approval of Minutes
December 1, 2015 Regular Meeting
December 16, 2015 Public Hearing and Special Meeting

II. Public Comment Regarding Items on the Agenda

III. Presentations

- A. Presentation of Whole Sole Awards
- B. Presentation by Mr. Robert Milhous of the City of Cayce FY14/15
Comprehensive Annual Financial Report

IV. Ordinances

- A. Discussion and Approval of Master Bond Ordinance 2016-01 Collapsing and Terminating an Amended and Restated Indenture of Trust in Order to Provide for the Issuance and Sale of Water and Sewer System Revenue Bonds of the City of Cayce, South Carolina, and Other Matters Relating Thereto - First Reading
- B. Discussion and Approval of Ordinance 2016-02 Providing for the Issuance and Sale of Water and Sewer System Refunding Revenue Bonds, to be Designated Series 2016, in the Principal Amount of Not Exceeding Fifteen Million Dollars (\$15,000,000), of the City of Cayce, South Carolina, and Other Matters Relating Thereto – First Reading
- C. Discussion and Approval of Ordinance 2016-03 Amending Section 6.10-3 (“Development Standards”) of the Zoning Ordinance of the City of Cayce - First Reading
- D. Discussion and Approval of Ordinance 2016-04 Annexing Property Located at the Corner of Ninth Street and F Avenue (TMS# 004675-01-004(P)) and Properties Located at Still Hopes Drive (TMS# 004675-01-007 and TMS# 04675-01-005(P)) into the City Limits Under the Provisions of South Carolina Code Section 5-3-150(3) – First Reading

V. Other

- A. Discussion and Approval for Funding of Electrical Upgrades for Cayce Public Safety Department

VI. City Manager's Report

VII. Committee Matters

- A. Approval to enter the following approved Committee Minutes into the City's Record

Board of Zoning Appeals – November 16, 2015
Planning Commission – November 16, 2015

- B. Annual Appointment of Council Members to City Foundations

VIII. Council Comments

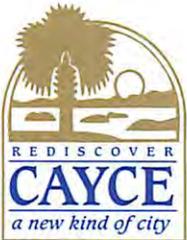
IX. Executive Session

- A. Receipt of legal advice relating to claims and potential claims by the City and other matters covered by the attorney-client privilege
- B. Discussion of negotiations incident to proposed contractual arrangements with Lexington County
- C. Receipt of legal advice regarding Utility debt refinancing
- D. Personnel Matter – City Manager's Annual Evaluation and Salary Review

X. Possible Actions by Council in follow up to Executive Session

XI. Adjourn

SPECIAL NOTE: Upon request, the City of Cayce will provide this document in whatever form necessary for the physically challenged or impaired.



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CITY OF CAYCE Regular Council Meeting December 1, 2015

The December Regular Council Meeting was held this evening at 6:00 p.m. at the Cayce Tennis and Fitness Center. Those present included Mayor Elise Partin, Council Members Tara Almond, Phil Carter, Eva Corley, and James Jenkins. City Manager Rebecca Vance, Assistant City Manager Shaun Greenwood, Municipal Clerk Mendy Corder, Municipal Treasurer Garry Huddle, City Attorney Danny Crowe, Director of Utilities Blake Bridwell, and Chief Charles McNair were also in attendance.

Mayor Partin asked if members of the press and the public were duly notified of the Council Meeting in accordance with the FOIA. Ms. Corder confirmed they were notified.

Call to Order

Mayor Partin called the meeting to order. Council Member Carter gave the invocation. Mayor Partin introduced Cayce Public Safety Officer Mandy Fournier to lead the assembly in the Pledge of Allegiance. Officer Fournier served in the United States Coast Guard for 4 ½ years and earned the rank E4 as a Petty Officer 3rd Class. Officer Fournier was assigned to the "Aids to Navigation" Team in Miami, Florida. She was later assigned to the United States Coast Guard Cutter Oak in Charleston. She conducted Search and Rescues, aids to navigations and immigration control in Charleston. Officer Fournier received a Team Commendation Award, a Sea Service Ribbon, a Unit Commendation and a Global War on Terrorism Service Medal.

Approval of Minutes

Council Member Jenkins made a motion to approve the November 18, 2015 Regular Council Meeting minutes as written. Council Member Almond seconded the motion which was unanimously approved by roll call vote.

Public Comment Regarding Items on the Agenda

No one signed up for Public Comment.

Presentations

A. Presentation of Whole Sole Awards

Mayor Partin invited Lt. Tom Steinbring, Sgt. Austal Youmans, Sgt. Jimmy Gleaton, Sgt. John Reese, Sgt. Paul Dufault, Fire Fighter Nate Haskett, Public Safety

Officer Jacob Harlow and Public Safety Officer John Maynard to join her in front of the assembly. Mayor Partin explained that Lt. Steinbring nominated the City's Swift Water Rescue Team for the City's Whole Sole Award for their dedication to duty in the performance of countless water rescues during the floods in October. In the nomination Lt. Steinbring wrote that the team greatly assisted in the rescue of several stranded motorists and the safe evacuation of citizens from their residence when required. The team faced harsh life threatening obstacles while placing themselves in harm's way for the purpose of preserving life. One such event was captured by a news photographer and broadcasted on national news which showed the rescue of two motorists in raging flood waters at Bluff Road and I-77. A video was played for the assembly showing City of Cayce Public Safety personnel performing this swift water rescue.

Mayor Partin explained that the team sacrificed five days away from their families and their own property to provide support for another jurisdiction that was struggling from the floods. Their commitment to the welfare of the citizens of Cayce and surrounding jurisdictions exemplifies their willingness to go above and beyond the normal call of duty, for the preservation of others.

Mayor Partin stated that Lt. Steinbring was also nominated for the Whole Sole Award. The nomination states that Lt. Steinbring took on the task of assembling and training a swift water rescue team for the City's Public Safety Department. He took the initiative to become an instructor for swift water rescue as well as purchasing the equipment for the department to have the ability to provide this service to the citizens which frequent the Congaree River. This training and equipment became paramount to search and rescue operations during the flooding of the midlands at the beginning of October 2015. Lt. Steinbring coordinated the response and recovery operations that were conducted within the City of Cayce and neighboring jurisdictions during the flooding. His team made national news when they rescued a man from his vehicle along Bluff Road at I-77.

Mayor Partin stated Lt. Steinbring worked extensive hours to make sure the citizens and Public Safety personnel were safe and had all the assistance needed to make it through the flooding. Lt. Steinbring worked those hours of operations with the understanding he is an exempt employee and he would not be compensated for his effort. That by no means impeded his dedication to complete the task. Furthermore, the Cayce Department of Public Safety was requested by the Columbia/Richland Fire Service to provide boats and swift water rescue standby operation at Station 22 (Lower Richland Fire Station). Lt. Steinbring again with no hesitation led the operation for the five (5) day standby at station 22. During the five (5) day operation he worked multiple 24 hour shifts with the understanding he may again not be compensated for his efforts.

Mayor Partin thanked all the Whole Sole Award recipients for their years of loyalty, their dedication and hard work during the floods.

B. Presentation of City's Holiday Card Contest Winners

Mayor Partin explained that the City started a new Holiday tradition by inviting Lexington County School District 2 elementary and middle school students to participate in a Holiday Card Contest. Each student submitted a drawing of a card and the chosen winner's card will be used as the City's official card for that year. The winner receives a framed picture of his or her card and a \$100 Walmart gift card. Four students were chosen to receive honorable mention certificates.

Mayor Partin announced that the winner of the Holiday Card contest was Marques Dante X-Avier Hudson from Pine Ridge Middle School. Tyler Dasher from Pine Ridge Middle School, Carlie Elliott from Busbee Creative Arts Academy, Oscar Emmanuel Ortega Lopez from Pine Ridge Middle School and Jade Robinson from Busbee Creative Arts Academy were chosen as the honorable mention recipients. Mayor and Council thanked each student for their participation.

C. Approval of 2016 Council Meeting Dates

South Carolina state law requires a municipality to make public the dates of Council Meetings at the beginning of each calendar year and provide Council with a suggested schedule. Mayor Partin stated that the Regular Council Meetings are the first Tuesday of the month. She explained that Council tentatively schedules a second Council Meeting each month for the third Wednesday of the month at 5pm. In June 2016 the Special Council Meeting will be held the fourth Wednesday of the month since the third Wednesday would fall the week following the Regular Council Meeting.

Council Member Corley made a motion to approve the Council Meeting dates as submitted. Council Member Almond seconded the motion which was unanimously approved by roll call vote.

Resolutions and Ordinances

A. Consideration and Approval of Resolution Approving Multijurisdictional Alcohol Enforcement Unit Agreement

Council Member Carter asked if the approval of the multijurisdictional agreements are done annually. Mayor Partin affirmed that they were done annually. Council Member Almond made a motion to approve the Resolution. Council Member Corley seconded the motion which was unanimously approved by roll call vote.

B. Discussion and Approval of Ordinance 2015-15 Amending the City Code to Add a New Article IV ("Rental, Non-Owner Occupied and Unoccupied Property Regulations") to Chapter 10 ("Buildings and Building Regulations")

- First Reading

Mayor Partin explained that the Ordinance and program were created at the request of the City's residents. It addresses properties that are rental, non-owner occupied or unoccupied properties in the City. The Ordinance requires the owners of these properties to register with the City and provide a local responsible party that can be contacted in the case of violations or emergencies. Mayor Partin stated that 41% of the homes in Cayce are rental homes and apartments.

Ms. Vance explained that the goal of the program is to maintain neighborhood integrity by adopting a property registration Ordinance that requires single-family, duplex, triplex and quadraplex rental, non-owner occupied and unoccupied properties to be registered with the City. The registration process helps prevent problems and improves communication among neighborhoods, property owners and the City.

Ms. Vance stated that the Ordinance allows the City to revoke the permit for a landlord that does not comply with this Ordinance or that has 3 or more code or other violations on their property within a year. There is currently no fee proposed for this registration but any property found in violation of this ordinance will be assessed a \$100.00 late fee per year for failing to register. Council Member Carter asked if the late fee would apply to the owner of the property or the renter. Ms. Vance explained that it would apply to the owner of the property and for each property the owner fails to register.

Ms. Vance explained that the permits will be valid from January 1st to December 31st with a grace period extending to April 15th. She stated that any property not registered by April 15th will be considered late and penalties will apply. These dates directly mirror the existing business license program for the City.

Ms. Vance stated that the Ordinance will give staff tools to address some of the rental properties in the City that residents feel are not being maintained and the renters are not being respectful of the property. Ms. Vance explained that if the program begins to take a lot of staff time a person may need to be hired to run the program.

Council Member Almond made a motion to approve the Ordinance on First Reading. Council Member Jenkins seconded the motion which was unanimously approved by roll call vote.

- C. Discussion and Approval of Ordinance 2015-13 Amending Article 7 ("Conditional Use and Special Exception Regulations") of the Zoning Ordinance of the City of Cayce – Second Reading

Council Member Almond made a motion to approve the Ordinance on Second Reading. Council Member Corley seconded the motion which was unanimously approved by roll call vote.

D. Discussion and Approval of Ordinance 2015-14 Re-Establishing a Temporary Moratorium on Certain Requests for Revenue from the City's Local Hospitality Tax Account – Second Reading

Ms. Vance stated that when the City first implemented the Hospitality Tax, Council decided to create an Ordinance approving a one year moratorium limiting the expenditures of Hospitality Tax funds. Staff and Council agreed that the first year's revenue should be focused on inside City projects. Ms. Vance explained that Staff is requesting to renew the moratorium for another year. She stated that the City currently has plenty of needs and extending the moratorium for one year would meet the best interest of the City.

Council Member Almond made a motion to approve the Ordinance on Second Reading. Council Member Corley seconded the motion which was unanimously approved by roll call vote.

Other

A. Discussion and Approval of Hospitality Tax Fund Request – River Alliance Phase 4 12KHP Interpretive Program

Ms. Vance stated that the City of Cayce received a request from the River Alliance for the Interpretive Program for Phase 4 of the 12,000 Year History Park. She explained that the amount requested is larger than the usual amount requested since over 20,000 artifacts found in the Park are to be transported and stored at the University of South Carolina. Students at the University will catalog each artifact electronically. The requested amount will also fund volunteer recruitment and training, develop Fort Congaree theme module, produce interpretive package content and graphics, and begin development of Prehistoric Mississippian and Natural Resources theme modules.

Council Member Jenkins made a motion to approve the request. Council Member Carter seconded the motion which was unanimously approved by roll call vote.

City Manager's Report

Ms. Vance stated that the property owner whose request caused staff to realize that a special exception needed to be added to the Zoning Ordinance is applying for the special exception at the December 21, 2015 Board of Zoning Appeals meeting. She explained that this is a month earlier than planned so hopefully they will have the baseball fields built soon.

Ms. Vance stated that staff was recently notified that the City will receive approximately \$29,000 in Hazard Mitigation funds for Phase I of the Riverwalk. She reminded Council that staff applied for these funds in 2014 to move the trail and do some stabilization of the bank. She stated Phase 3 of the Riverwalk should be opening the next day. This phase of the Riverwalk has been a challenge since it is lower than the other phases of the Riverwalk.

Ms. Vance stated that the Thomas Newman Boat landing was damaged during the flooding and will cost approximately \$300,000 to repair. This damage was included in the list submitted to FEMA of items that need to be repaired. She explained that the City does own the boat landing and DNR has agreed to help the City with whatever portion that FEMA monies does not cover to repair. Ms. Vance stated that staff wants to improve the boat landing by adding better lighting and security cameras.

Ms. Vance stated there is less than a hundred feet of line left to replace on the Highway 321 water line replacement project. She explained it will take at least a month to get the project permitted and open.

Ms. Vance stated that the economic development consultant that the City hired will be in town soon to tour the City. The consultant's research and plan for the City should be submitted to staff by mid-January.

Ms. Vance stated that Parks staff has had to rent a tractor with a brush on the front of it to remove the mud and silt from the pathways in the Riverwalk after the recent floodings. She explained that the cost to rent this piece of equipment is \$1,300 a week. Staff has researched the cost to purchase a similar tractor and the cost is \$25,000. This tractor also has an attachment that can pick up large trees off the trail. Currently if a tree falls on the Riverwalk staff does not have adequate equipment to move the fallen tree and can only cut the tree and move it to the edge of the trail. She explained that the tractor will be paid for with monies from the History Park Fund.

Committee Matters

A. Appointments and Reappointments

Mayor Partin stated that there is one open position on the Consolidated Board of Appeals. Mr. Travis Basnett has submitted a potential member application for this Board. She explained that members who serve on this Board must be either an Engineer, Contractor, Architect or Design Professional. Mr. Basnett meets this requirement.

Council Member Almond made a motion to appoint Mr. Basnett to the Consolidated Board of Appeals. Council Member Corley seconded the motion which was unanimously approved by roll call vote.

Council Comments

Council Member Corley updated the assembly on the schedule for the upcoming Christmas in Cayce events. She stated that the Woman's Club of Cayce is hosting the annual Tree Lighting Ceremony on December 3rd at 6pm, this event kicks off the holiday events for the City. She stated that the Museum's Christmas Traditions is Saturday December 5th and they are doing some new events this year. The Greater Cayce West Columbia Holiday Parade of Lights is Saturday, December 12th.

Executive Session

- A. Receipt of legal advice relating to claims and potential claims by the City and other matters covered by the attorney-client privilege
- B. Receipt legal advice regarding possible Utility debt refinancing
- C. Discussion of negotiations incident to possible acquisition of property for a new water tank

Council Member Almond made a motion to move into Executive Session. Council Member Corley seconded the motion which was unanimously approved by roll call vote.

Possible Actions by Council in follow up to Executive Session

Council Member Carter recused himself from Executive Session during discussion of Item IX.C. since there was a potential conflict of interest on his part.

Item IX. C.

Council Member Almond made a motion to authorize the City Manager to execute any documents necessary to consummate the purchase of properties for the new water tank. Council Member Corley seconded the motion which was approved by roll call vote. Council Member Carter abstained from voting.

Adjourn

There being no further business, Mayor Partin made a motion to adjourn the meeting. Council Member Corley seconded the motion which was unanimously approved by roll call vote. The meeting adjourned at 7:42 p.m.

Elise Partin, Mayor

ATTEST:

Mendy C. Corder, Municipal Clerk

RECUSAL STATEMENT

Member Name: PHILLIP CARTER

Meeting Date: DECEMBER 1, 2015

Agenda Item: Section IX Number C

Topic: NEGOTIATIONS INCIDENT TO POSSIBLE ACQUISITION OF
PROPERTY FOR A NEW WATER TANK

The Ethics Act, SC Code §8-13-700, provides that no public official may knowingly use his office to obtain an economic interest for himself, a family member of his immediate family, an individual with whom he is associated, or a business with which he is associated. No public official may make, participate in making, or influence a governmental decision in which he or any such person or business has an economic interest. Failure to recuse oneself from an issue in which there is or may be conflict of interest is the sole responsibility of the council member (1991 Op. Atty. Gen. No. 91-37). A written statement describing the matter requiring action and the nature of the potential conflict of interest is required.

Justification to Recuse:

Professionally employed by or under contract with principal

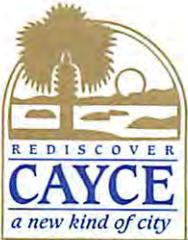
Owns or has vested interest in principal or property

Other: _____

DECEMBER 1, 2015
Date

Phillip Carter
Member Signature

Approved by Parliamentarian: Mandy Cady



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CITY OF CAYCE Public Hearing and Special Council Meeting December 16, 2015

A Public Hearing was held at 5:00 p.m. at the Cayce Tennis and Fitness Center to obtain public comment on a proposed late fee related to a residential rental, non-owner occupied and unoccupied property registration program. Those present included Mayor Elise Partin, Council Members Tara Almond, Phil Carter, Eva Corley, and James Jenkins, City Manager Rebecca Vance, Assistant City Manager Shaun Greenwood and Mendy Corder, Municipal Clerk. Mayor Partin asked if members of the press and the public were duly notified of the Public Hearing in accordance with the FOIA. Ms. Corder confirmed they were notified.

Opening Statement

Mayor Partin stated that in accordance with State Law, the establishment of new fees requires a Public Hearing. She explained that the proposed late fee is related to the property registration program that was created at the request of the City's Neighborhood Leader's Group. It addresses properties that are rental, non-owner occupied or unoccupied properties in the City. It requires the owners of these properties to register with the City and provide a local responsible party that can be contacted in the case of violations or emergencies.

Mayor Partin explained that the Ordinance also allows the City to revoke the permit for a landlord that does not comply with this Ordinance or that has three or more code or other violations on their property within a year. There is currently no fee proposed for this registration but any property found in violation of this Ordinance will be assessed a \$100.00 late fee per year for failing to register. The permits will be valid from January 1st to December 31st with a grace period extending to April 15th. Any property not registered by April 15th will be considered late and penalties will apply. Mayor Partin stated that these dates directly mirror the existing business license program for the City.

Mayor Partin stated that staff will be asking City residents to help ensure that all properties that fall under those definitions are registered. The goal of the program is to maintain neighborhood integrity by adopting a property registration Ordinance that requires single-family, duplex, triplex and quadraplex rental, non-owner occupied and unoccupied properties to be registered with the city. The registration process helps prevent problems and improves communication among neighborhoods, property owners and the City.

Public Testimony

No one from the public in attendance offered any public testimony or comment.

Close Hearing

Mayor Partin closed the public hearing noting that no public comment was received.

Call to Order

The Special Council Meeting immediately followed the Public Hearing at 5:05 p.m. at the Cayce Tennis and Fitness Center. Those present included Mayor Elise Partin, Council Members Tara Almond, Phil Carter, Eva Corley, and James Jenkins. City Manager Rebecca Vance, Assistant City Manager Shaun Greenwood and Municipal Clerk Mendy Corder were also in attendance. Mayor Partin asked if members of the press and the public were duly notified of the Council Meeting in accordance with the FOIA. Ms. Corder confirmed they were notified.

Mayor Partin called the meeting to order. Council Member Almond gave the invocation and Mayor Partin lead the assembly in reciting the Pledge of Allegiance.

Public Comments Regarding Items on the Agenda

Ms. Corder advised that no one had signed up for Public Comment.

Ordinances and Other

- A. Discussion and Approval of Ordinance 2015-15 Amending the City Code to Add a New Article IV ("Rental, Non-Owner Occupied and Unoccupied Property Regulations") to Chapter 10 ("Buildings and Building Regulations") - Second Reading

Mr. Greenwood explained that the only change made to the Ordinance from first reading to second reading was the heading of Section 10-81. In the previous version the heading was titled Rental Property. He stated the title was changed to Rental, Non-Owner Occupied and Unoccupied Property for clarification as to when a permit is required.

Council Member Jenkins asked if the change to the Ordinance from first reading to second reading was publicized. Mayor Partin stated that changes can be made to an Ordinance from first reading to second reading. Ms. Vance explained that the Ordinance with the change to the heading was included in the agenda packet that is made available to the public and the media and placed on the City's website. Mr. Greenwood explained that the change was only to the header of that paragraph and not the body of the Ordinance. He said the header did not agree with the text of that section as a result it was changed so there would not be any confusion.

Council Member Corley made a motion to approve the Ordinance on second reading. Council Member Jenkins seconded the motion which was unanimously approved by roll call vote.

B. Discussion and Approval of RFP Award for Guignard Park Improvements

Ms. Vance stated that Council's approval was needed to accept the proposal from AOS Specialty Contractors, Inc for construction services for the Guignard Park Improvement Project, and to approve and execute a contract between the City of Cayce and AOS Specialty Contractors, Inc.

Ms. Vance explained that the City received \$250,000 in Land Water Conservation Funds from South Carolina Department of Parks, Recreation, and Tourism for park improvements in Guignard Park. She stated that the City's match for this project will come from TIF Funds. A request for proposals was placed in SCBO and on the City's website. Two firms responded, Digging Deep Construction and AOS Specialty Contractors, Inc. AOS was the lowest responsible responsive bidder with a base bid of \$463,098. Digging Deep Construction's bid was \$580,542. Research with the LLR concluded that AOS is eligible, and in good standing. There is a mandatory fourteen day protest period and final approval will not be authorized until this period has ended.

Ms. Vance stated that Parks staff has already begun the portion of the repairs in Guignard Park that the City agreed to perform. The bricks have been removed and will be put back in the park after construction since this was part of the deed restrictions when the park was given to the City. She stated that anyone interested in seeing the plans for the project could come by City Hall. The project is anticipated to take a few months and the park should be open by April 2016.

Mayor Partin asked if staff knew why there was such a gap in the totals of the two bids. Ms. Vance stated it could possibly be because AOS is already working on projects in the City so their mobilization would not be as costly. She stated AOS also does a lot more sidewalk projects. The City is currently working with Digging Deep Construction on the park project in Riverland Park.

Mr. Greenwood stated there was a significant difference between the two bids in the cost to repair the retaining wall in the creek in the park. He stated that the engineers on the project believe that AOS accurately portrayed the pricing. Council Member Carter asked if the total amount of the contract was mostly the cost of labor or the cost of materials. Mr. Greenwood stated he did not have the break out of costs with him but stated that the stabilization of the creek was the majority of the costs.

Council Member Carter asked if the fence surrounding the park was going to be replaced. Ms. Vance stated it would be replaced and staff is working with the Department of Transportation on options for replacing the current fence and the guardrail at Knox Abbott Drive and State Street. Council Member Carter asked if the City would receive an answer from the DOT before the project is finished. Mr. Greenwood stated the fence will be the last phase of the project so staff will have an answer from DOT before the project is complete. Council Member Jenkins asked if it was possible for DOT to fill in the ditch at the guardrail so there would not be such a steep fall. Mr. Greenwood stated that any time there is a heavy rain the bank erodes. He stated that currently DOT has bags of concrete stacked in the creek bed to shore it up.

Council Member Jenkins asked for clarification on who Mr. Greenwood was referring to earlier in the conversation regarding the highest bid. Mr. Greenwood explained that the engineer who designed the Guignard Park project felt that AOS's bid was closer to what they had expected the project to cost.

Council Member Almond made a motion to accept the proposal from AOS Specialty Contractors, Inc for construction services for the Guignard Park Improvement Project, and to authorize the City Manager to approve and execute a contract between the City of Cayce and AOS Specialty Contractors, Inc. Council Member Corley seconded the motion which was unanimously approved by roll call vote.

Council Comments

Council Member Jenkins asked about the status of two streetlights on Julius Felder that were currently not working. Ms. Corder stated she would call SCE&G to see when they are scheduled to be repaired.

Ms. Vance stated that the Employee Awards Breakfast was scheduled for January 20, 2016 from 8:30am to 10am at the Cayce Masonic Lodge.

Executive Session

- A. Receipt of legal advice relating to a claim and potential claim by the City and other matters covered by the attorney-client privilege

Mayor Partin stated there were not any items to be discussed in Executive Session.

Adjourn

There being no further business, Council Member Carter made a motion to adjourn the meeting. Council Member Almond seconded the motion which was unanimously approved by roll call vote. The meeting adjourned at 5:31 p.m.

Elise Partin, Mayor

ATTEST:

Mendy C. Corder, Municipal Clerk

Over the last four months, the Parks Department staff has shown a can-do spirit and strong will to go above and beyond to get the job done. With half of this department's employees having less than a year's experience, their performance has still been outstanding. During a season of unprecedented weather events, this team of employees has met and overcome each challenge they have faced.

In August, we received 6 inches of rain that flooded the Riverwalk Park, completely washing away a portion of phase 2. Also, Granby Gardens Park and Guignard Park received excessive damage from the rain. With the exception of the washed away portion of phase 2, the Parks staff removed all of the debris and made repairs to the remaining areas of the Riverwalk and the other parks within 4 days.

At the end of September, Parks staff dove in to help prepare for the Congaree Bluegrass Festival to be held at the Historic Columbia Speedway. In the course of 3 days they cut 15 acres of grass, raised the tree canopy and treated the grounds for ants and insects in preparation for the event. However, the event was cancelled due to a forecast for a historical rain fall event of 18 to 24 inches. At this time, they switched gears and began clearing drains and ditches in the City, removing some six to eight tons of debris over 3 days.

In October, as forecasted, we received the historical rains. The Congaree River crested at 31.8 ft. which put all of the Riverwalk and Timmerman Trail underwater. The damage was massive. The Parks staff, after seeing the workload ahead of them, received direction on how to proceed and got to work. They photographed and logged all of the damages, removed over 30 trees that had fallen or floated into the walkway, removed over 500 tons of silt, backfilled a 4 foot deep by 40 foot long area of walkway that was washed away, and used blowers and pressure washers to get phase 4 and Timmerman Trail open in six days and phase 1 and phase 3 open six days later. During this same time period, this team also managed to move three offices of furniture and the break room's furniture to Council Chambers for the start of the City Hall renovations.

After the massive flooding in early October, the Riverwalk and Timmerman Trail were open for one week prior to the river flooding again at 22 feet, forcing it to be closed. The Parks employees were upset but their spirits

were not broken. They waited for the river to recede and once again were able to get the Riverwalk Park and Timmerman Trail open in just five days.

In November Parks staff continued to move personnel and office furniture as the renovation of City Hall pushed forward. Additionally, they started to install new energy efficient LED lights for the City's holiday light displays. They also installed lights for all of the Christmas in Cayce Annual events, including the Cayce Historical Museum's Christmas Traditions and the Woman's Club Tree Lighting Ceremony. They worked long hours to have all of the major lighting done before Thanksgiving. And like clockwork the river rose once more to 18.4 feet, effectively closing phase 1 again. Parks staff was on the job and had phase 1 reopened within 3 days.

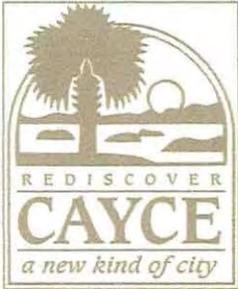
In the first days of December, Parks staff put the finishing touches on the holiday light displays and completed the tree and setup for the tree lighting ceremony. We enjoyed the work that was done and it was a pleasure to see all of our staff's efforts come to light. Our staff also prepared the float for the Parade of Lights and received an Honorable Mention for their efforts. As always, they also cleaned up the parade route on Monday.

Through all of the floods and extra duties, the Parks Department staff maintained a great attitude and drive to get it done, and not just get it done but done right. They took on extra duties, outside of their normal day to day responsibilities without question or hesitation. In the Parks Department we have a saying "You won't get paid a lot but you will laugh."

I would like to nominate the following employees for the Whole Sole Award: Virgil Dillon, Jeff Pruett, David Sharpe, Travis Stover, Michael Yates, Randy Tuten Jr., Kenny Reynolds, Brandon Barnette, William (Joe) Boyd, Camden Sheehan and Christopher (Dallas) Turner. I would also like to nominate Ricky Roof and Curtis Richardson of the Sanitation Department for assisting us with large piles of debris that would have taken days for our department to move, with direction from Thomas White they adjusted their schedule to fix ours.

Respectfully submitted,

James Denny



CITY OF CAYCE, SOUTH CAROLINA PAVING THE WAY FOR THE FUTURE



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2015

CITY OF CAYCE, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

WITH

REPORT OF INDEPENDENT AUDITOR

Issued by:
Finance Department

CITY OF CAYCE, SOUTH CAROLINA

CITY OF CAYCE, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

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CITY OF CAYCE, SOUTH CAROLINA

INTRODUCTORY SECTION

CITY OF CAYCE, SOUTH CAROLINA



CITY OF CAYCE

MAYOR
ELISE PARTIN

MAYOR PRO-TEM
JAMES E. JENKINS

COUNCIL MEMBERS
TARA S. ALMOND
PHIL CARTER
EVA CORLEY

CITY MANAGER
REBECCA VANCE

ASSISTANT CITY MANAGER
SHAUN M. GREENWOOD

December 12, 2015
Letter of Transmittal

To the Honorable Mayor, Members of City Council, and the Citizens of Cayce:

We are pleased to submit the Comprehensive Annual Financial Report of the City of Cayce, South Carolina for the Fiscal Year Ended June 30, 2015 (FY 2015). The report contains a comprehensive analysis of the City's financial position and activities for the period. This report is presented in three sections: 1) Introductory Section consisting of this transmittal letter, a listing of City officials, and the organization structure; 2) Financial Section, which consists of the independent auditor's report, management's discussion and analysis, basic financial statements, notes to the financial statements, required supplemental information along with detailed combining and individual fund statements; 3) Statistical Section, which contains pertinent financial and general information indicating trends for comparative fiscal periods.

Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Cayce. We believe the enclosed information is accurate in all material aspects, and that it is presented in a manner designed to fairly set forth the financial position and results of operation of the various funds of the government in accordance with accounting principles generally accepted in the United States of America (GAAP); and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. Management has established and maintains a system of internal control to provide for this assurance.

In accordance with Section 5-13-30 of the South Carolina Code of Laws, the City of Cayce's financial statements have been audited by the firm of Robert E. Milhous, C.P.A., P.A. and Associates. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The auditor's report in the Financial Section provides a discussion of the audit, procedures and their opinion. The independent auditor has rendered an unqualified opinion on the City of Cayce's financial statements for the year ended June 30, 2015 in that they are fairly presented in accordance with GAAP.

The Management's Discussion and Analysis Section of this report contains discussion on the City of Cayce's current financial activities for the year ended June 30, 2015.

Profile of the Government

The City of Cayce (the "City" or "Cayce") was incorporated in 1914 and is located along the Congaree River in Lexington and Richland counties in the central midlands of South Carolina. The City serves a population of approximately 12,951 and is empowered to levy a property tax on both real and personal property located within its corporate limits. It is also empowered by State Statute to extend its corporate limits by voluntary annexation, which occurs periodically when deemed appropriate by the City Council.

The City operates under a council-manager form of government. Policy making and legislative authority are vested with the City Council comprised of a mayor and four council members (elected from single member districts). The City Council is responsible, among other things, for passing ordinances, adopting a budget, hiring the City Manager and selecting the independent auditor to audit the financial statements. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the heads of the various departments.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. Such taxes are levied and collected by Lexington County and Richland County and remitted to the City.

The annual budget serves as the foundation for the City's financial planning and control. The South Carolina General Statutes require all governmental units to adopt a balanced budget by July 1st of each year for all funds for which an annual budget is required. Activities for the General Fund, and the Water and Sewer Utility Fund are budgeted annually. The annual budget is prepared by Fund and department. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriate amount) is established by department within an individual fund. The City Manager presents the proposed budget to Council for review, and approval. The City Manager may make transfers of appropriations within each fund. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated budget has been adopted. As demonstrated by the statements and schedules included in the financial section of this report as Required Supplementary Information, the City continues to meet its responsibility for sound financial management.

The City of Cayce provides a full range of services including police and fire protection, residential solid waste removal services, water and sewer services and recreational activities. The City operates under a July 1st to June 30th fiscal year. During the spring of each year, the budget process begins with department heads submitting requests and plans to the City Manager who is responsible for presenting the budget request to City Council. A detailed description of the budget process is included in the Notes to Budgetary Comparison of the Required Supplementary Information section in this report.

Legislative

The Mayor and four members of City Council are elected to staggered four year terms. Elections are held in November of even numbered years.

The Mayor and Council make policy and enact laws, rules and regulations in order to provide for future community and economic growth. Additionally, the Council provides the necessary support for the orderly and efficient operation of City services.

Council meetings are generally held at 6:00 p.m. on the first Tuesday of each month at Cayce City Hall, located at 1800 12th Street Ext.

You may write to any member of City Council at P.O. Box 2004, Cayce, South Carolina, 29171.

At June 30, 2015, elected officials were as follows:

MAYOR

Elise Partin

515 Lafayette Avenue, Cayce, SC 29033

Telephone: 361-8280

MEMBERS OF COUNCIL

District 1

Tara Almond

608 M Ave., Cayce, SC 29033

Telephone: 309-1564

District 2

James "Skip" Jenkins

2224 Lee St., Cayce, SC 29033

Telephone: 796-9049

District 3

Eva Corley

1907 Routon St., Cayce, SC 29033

Telephone: 479-0097

District 4

Timothy James

305 Moss Creek Dr., Cayce, SC 29033

Telephone: 796-4174

Factors Affecting Financial Condition

Accounting standards require management to prepare a narrative overview and analysis to accompany the basic financial statements. This narrative, entitled Management's Discussion and Analysis (the "MD&A"), is a part of the Financial Section of this report, contains a discussion of the City's current financial condition and activities for the year ended June 30, 2015, and can be found immediately following the Report of Independent Auditor.

However, the information presented in the MD&A and the basic financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The below section of the letter regards factors which affected the City's financial condition and operations thereto, and is designed to complement the MD&A as follows.

Local Economy

The City of Cayce is located near Columbia, South Carolina which is the state capital and is part of the greater Columbia Metropolitan area of South Carolina. This area has been experiencing stable economic conditions. The City and its neighbors, the cities of Columbia and West Columbia, have built a regional park system along the banks of the Congaree River. The portion located in the City is known as the Cayce Riverwalk Park and it is part of the Three Rivers Greenway project. The City has completed the Phase I extension of the park system that extends the Cayce Riverwalk Park to the "government locks" area that is approximately one mile further down the Congaree River. Phase II of the park extension is a half mile portion that has also been completed and extends the Riverwalk to the Riverland Park Subdivision. Phase III has completed construction and extends the Park from south of the City's raw water intake to the Thomas Newman Boat landing. The finale Phase was completed this year by connecting the Riverwalk Park to the Timmerman Trail and extending the park to I-77. This was a joint effort among several agencies that has also connected the park to the Tennis Complex that is in that area by the Lexington County Recreation and Aging Commission. SCANA Corp. has also connected their corporate headquarters to the Cayce Riverwalk through the Timmerman Trail for the enjoyment of their employees and visitors.

The Congaree River has always played a dominant role of strategic importance in Cayce's development from the early days when barge and boat traffic from the low country were a part of everyday commerce on the river. Cayce became an outpost for this trade. The Cayce Riverwalk Park includes a public nature park along the river with amenities such as lighted boardwalks and concrete walkways, picnic shelters, park benches, emergency call boxes and over-looks jutting out over the river with magnificent views of the Columbia skyline. Development on both sides of the river is a driving force in the continuing economic development of the City of Cayce. During the year ended June 30, 2004 the City issued a \$5,000,000 Tax Increment Financing Revenue Bond to obtain funds to develop a portion of the City to enhance economic development. Expanding the Cayce Riverwalk Park and connecting it with local commercial businesses, along with expanding and upgrading the regional wastewater treatment plant positions the City to participate in the continued economic growth that is occurring in the Columbia Metropolitan area.

Economic development on the 12th Street Extension corridor continues at a good pace. SCANA Corporation has completed various construction projects on their corporate headquarters campus and regional service campus. The value of the completed projects which includes the crew quarters/central stores, the two 24/7-call centers, the Transmission Operations Center, the Operations Support Center, Gas Operation Center, Radio Communication Center, Field Service Technical Storage Facility, Investment Recovery Facility, and Store Room Complex is approximately \$91.5 million.

Construction of the SCANA Corporate Headquarters on Saxe Gotha Drive has now been complete for four years. The SCANA project has increased tax and license revenues in the City budget over that same period. Already, spin-off construction for service business, retail, and restaurants is taking place. The city has reviewed and approved SCANA's Phase II master plan which includes high rise hotels, upscale restaurants, office parks, townhomes, apartment complexes, and a gated subdivision. The Lexington County Medical Park was finished this year adding to the areas master plan. The townhome project known as Otarre Point will be completed within the next fiscal year, adding 299 upscale townhomes, and plans have been received for a 100 unit Marriott Hotel.

Construction has also begun on Knox Abbott for a 224 unit upscale apartment complex and a Wal-Mart grocery store. Both will be completed within the next fiscal year. Plans have also been accepted for a 22 unit upscale housing development off of Laffayette Avenue.

In conjunction with that, a residential subdivision named Concord Park that has been under construction on Taylor Rd. and 12th St. since 2013 is seventy-five percent complete and will total 206 upscale single family residences. This subdivision is within a short distance to the Cayce Tennis and Fitness Complex that was constructed by the Lexington County Recreation and Aging Commission.

In addition, the Southern First Bank building at the corner of Knox Abbott Dr. and Axtell Dr. was completed in 2011. This four story \$10 million building headquarters Southern First Bank, a regional bank now located in Greenville, SC that has relocated its midlands operations to Cayce. This building is the first development in the proposed "The Brickworks" project that is being developed and built by Brickworks Associates, LLC. New construction associated with this project could total \$40 million and include 300,000 square feet of office, retail, and residential construction that will extend to the Congaree River and tie into the Cayce Riverwalk. Potential development of a hotel overlooking the Columbia skyline and Congaree River is also possible with this development.

Other known projects include the Saxe Gotha Industrial Park that Lexington County is constructing in the county abutting Cayce City Limits. The City of Cayce has agreements in place to provide water and sewer service to the industrial park. This 400 acre industrial park is being developed off of 12th Street and will extend almost to the 12th Street interchange of Interstate 77 at Exit 2. Lexington County has plans to expand 12th Street to four lanes and expand the industrial park to accommodate the expected growth.

As most know, Amazon has built a new distribution center within the Industrial Park and, though not within the City of Cayce, is having a beneficial impact on Cayce and the surrounding area. Nephron, a pharmaceutical company built within the Industrial Park, has also increased water sales for the City of Cayce and benefits the economy for the area.

Another major development to which the City is providing water and sewer service is the South Carolina State Farmer's Market. The farmer's market relocated from Bluff Rd. in Richland County (across the street from USC's William Brice Stadium) to Lexington County on US Highway 321 during the 2012 Fiscal Year and continues to experience small growth.

Long-Term Financial Planning

Revenue forecasts for the next several years suggests that new residential and commercial construction and continued economic growth throughout the City and region will keep pace with the operational needs of the various departments. To help provide the highest standards for our residents, the City Council did implement a Hospitality Tax that is being used for the upkeep and expansion of our Parks system.

The City finished the development of the Cayce Riverwalk Park on the Congaree River through the extension of the Parkway to I-77. The City partnered with the River Alliance, Department of Natural Resources, S C Parks Recreation and Tourism, Lexington County and SCANA Corp establishing the "12,000 Year History Park". This should continue to increase local economic development.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cayce for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. A CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Cayce has received a Certificate of Achievement for the last seven fiscal years. We believe our current report continues to conform with the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

The Community Rating System (CRS) is a voluntary program developed by the Federal Emergency Management Association (FEMA) to encourage communities to improve storm water and flood plain management that exceed the minimum National Flood Insurance Program requirements. During FY 10, the City began participating in this program and has achieved a Class 9 Rating, which awards residents of the community with a 5% discount on flood insurance premiums. The City continues to submit paperwork yearly which we hope will increase the discount.

Internal Control

The City's management appreciates the necessity for a comprehensive framework of internal control as defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). To that end, the City strives to maintain a control environment that supports continuous risk assessment, the proper

control activities, reliable and secure information and communication, and the appropriate monitoring to ensure the effectiveness and efficiency of operations, plus the reliability of financial reporting and compliance with applicable laws and regulations.

As part of the City's overall internal control environment, the City establishes specific administrative and accounting policies and procedures for its departments and personnel. Through the Finance Department, the City accounts for all of its financial activities via a comprehensive ledger system. Monthly reconciliation of accounts along with executive review of budget-to-actual reports are part of the City's routine control policies to ensure a high level of financial integrity as well as compliance with its budget, and applicable laws and regulations.

Budgetary and Accounting Policies

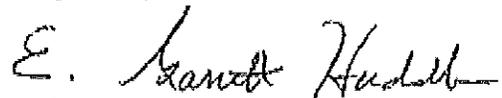
By June 30th of each year, the City enacts, through passage of an ordinance, a legal budget along with the establishment of property tax levy (millage) for the upcoming fiscal year. Annually, the City gathers information about assessed values of real and personal property located within the City limits. The total assessments are then applied to the applicable tax rates in order to determine estimated tax revenues. The City's 2014-2015 budget appropriated General fund expenditures based on estimated revenues for the fiscal year. The Water and Sewer Utility Fund (an Enterprise Fund) provides for budgeted expenses based on estimated revenues generated from rates charged for providing utility-related services to its customers. Annually, the City Council reviews its utility rates through a comprehensive assessment and analysis of its rate structure. The City operates its other funds under informal budgets established and monitored by the City Manager. Procedures associated with the development and passage of the annual budget is more fully described in the Notes to the Budgetary Comparison of the Required Supplementary Information section of this report.

The budgetary process and significant accounting policies of the City were consistent with the previous year and are more fully described in Note 1 to the financial statements. The City continues to budget actuarial effects associated with GASB #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; however, they are presently unfunded. The next scheduled actuarial valuation is FY 15. Disclosures related to actuarial valuations and accounting treatment of the benefit in effect at June 30, 2015 are described in Note 9.

Acknowledgements

The preparation of this report could not be accomplished without the dedicated endeavors of the Finance Department and our independent auditor (Bob Millhous and his staff). We would also like to express our appreciation to the staff of the City. Further appreciation is extended to the Mayor and City Council for their encouragement, assistance, and approval.

Respectfully submitted,



E. Garrett Huddle
City Treasurer



Government Finance Officers Association

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

Presented to

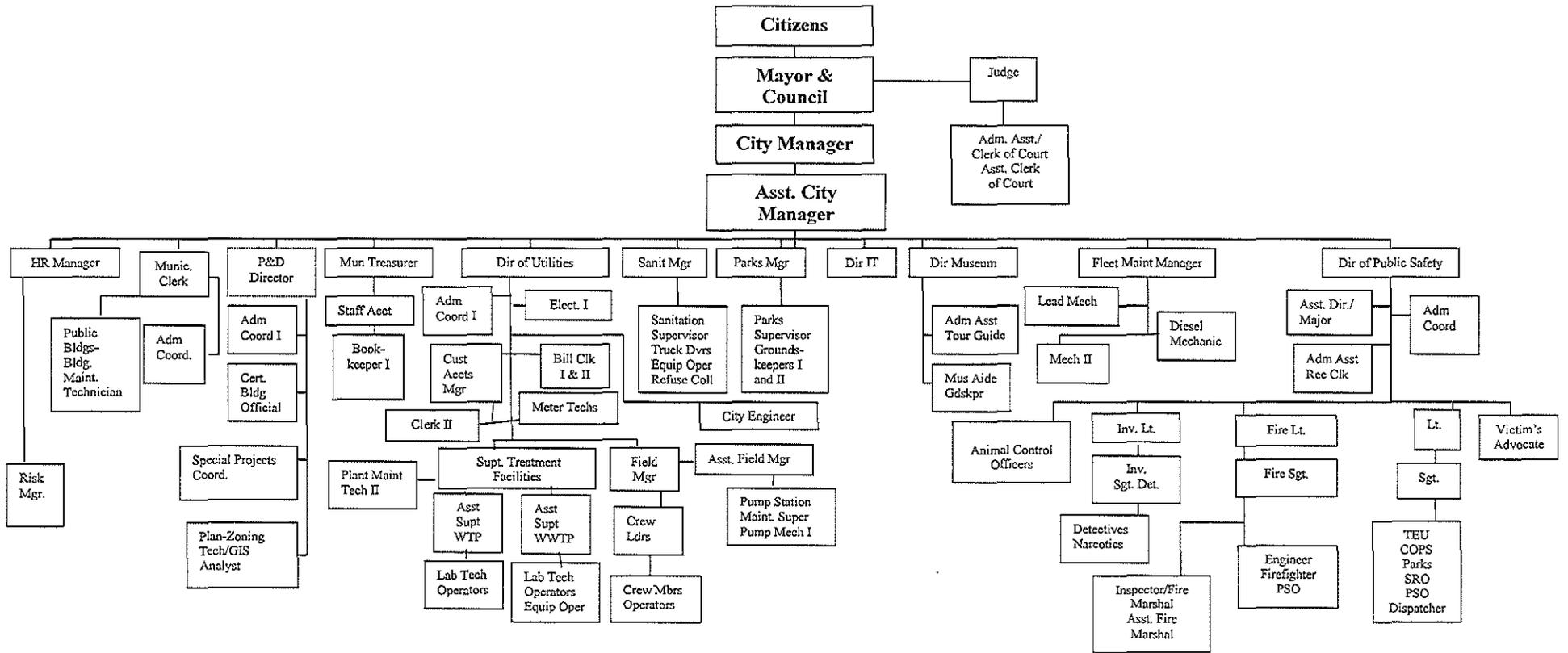
**City of Cayce
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**CITY OF CAYCE
ORGANIZATIONAL CHART
JUNE 30, 2015**



FINANCIAL SECTION

CITY OF CAYCE, SOUTH CAROLINA

REPORT OF INDEPENDENT AUDITOR

CITY OF CAYCE, SOUTH CAROLINA

ROBERT E. MILHOUS, C.P.A., P.A. & ASSOCIATES

A Professional Association Of

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

121 EXECUTIVE CENTER DRIVE, SUITE 206, COLUMBIA, SOUTH CAROLINA 29210
POST OFFICE BOX 1960, COLUMBIA, SOUTH CAROLINA 29202
FAX: (803) 216-9498

Columbia
Phone: (803) 772-5300

Myrtle Beach/Conway
Phone: (843) 488-5301

REPORT OF INDEPENDENT AUDITOR

The Honorable Mayor and Members of City Council
City of Cayce, South Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and aggregate remaining fund information of the City of Cayce, South Carolina (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

— CONTINUED —



Opinions

Unmodified opinion

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cayce, South Carolina, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in *Note 16* to the financial statements, the 2014 Governmental Activities, Business-type Activities and Proprietary Fund financial statements have been restated as a result of the City implementing a new GASB accounting standard. My opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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. I 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 inquires 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 obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, of the combining and individual fund financial statements and other financial schedules as listed in the table of contents as Other Financial Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Cayce, South Carolina.

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

Summarized Comparative Information

The prior year summarized comparative information presented in the individual fund financial statements and schedules has been derived from the City's 2014 audited financial statements, and in my report dated December 12, 2014, I expressed an unmodified opinion on those individual fund financial statements and schedules.

The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or any other form of assurance on this information.


December 11, 2015
Columbia, South Carolina

CITY OF CAYCE, SOUTH CAROLINA

**City of Cayce, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015**

This section of the City of Cayce, South Carolina's (the "City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Per the Government-wide *Statement of Net Position*, the City's total assets and deferred outflows at year end June 30, 2015 were \$162.8 million and exceeded total liabilities and deferred inflows by \$92.8 million. Of the total net position at June 30, 2015, there was an \$8.8 million deficit in unrestricted funds available to support short term operations of the City.

Per the Government-wide *Statement of Activities*, the City's total net position increased by \$13.0 million for the year ended June 30, 2015. The Governmental Activities resulted in a net increase of \$11.3 million, while the Business-type Activities contributed a positive net change in net position of \$1.7 million, which was substantially funded by capacity charges and other capital contributions recognized during the year.

The City restated fiscal year 2014 beginning net position to comply with a new accounting principle Governmental Accounting Standards Board Statement (GASB) No. 68 *Accounting and Financial Reporting for Pensions*. See Note 16 in the Notes to Financial Statements.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City's basic financial statements. Those financial statements have three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities and deferred inflows and deferred outflows, with the difference between the four 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 on the accrual basis of accounting when the underlying event gives rise to the change that 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., revenues receivable and earned but unused vacation leave).

Overview of the Financial Statements (continued)

Government-Wide Financial Statements (continued) - Both of the Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (i.e., *governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e., *business-type activities*). The “governmental activities” of the City include general government, finance, planning and community development, public safety, public works, parks and museum, garage, and support services. The “business-type” activities of the City include a Water and Sewer Utility Enterprise Fund. The Government-wide financial statements can be found immediately following the discussion and analysis.

Fund Financial Statements – The “Fund financial statements” provide a more detailed look at the City’s most significant activities. 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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. Most of the City’s governmental services are accounted for in the Governmental funds. However, unlike the Government-wide financial statements, these funds 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. The Governmental Fund financial statements can be found immediately following the ‘Government-wide’ financial statements.

Proprietary 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 water and sewer utility. Proprietary funds provide the same type of information and the same basis of accounting as the Government-wide financial statements business type activities, only in more detail. The basic Proprietary Fund financial statements can be found immediately following the ‘Governmental Fund’ financial statements.

Notes to Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the Government-wide and Fund financial statements.

Required Supplementary Information - The City adopts an annual appropriated budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget, and can be found in the section entitled “Required Supplementary Information”.

Other Financial Information - Following the basic financial statements, the notes to financial statements and the required supplementary information, this annual financial report also presents certain detail financial data of individual fund statements and schedules.

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, total assets plus deferred outflows of resources less liabilities, less deferred inflows of resources results in net position of \$92.8 million at the close of June 30, 2015.

Below is a 'condensed' Statement of Net Position at June 30, 2015, which depicts the major components of the City's assets, deferred outflows, liabilities and net position (with comparative amounts for June 30, 2014, as restated).

	Governmental Activities		Business-type Activities		Totals	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Assets and Deferred Outflows						
Cash and cash equivalents:						
Unrestricted	\$ 4,128,056	\$ 2,244,817	\$ 2,689,946	\$ 603,042	\$ 6,818,002	\$ 2,847,859
Restricted	2,884,688	1,842,819	12,198,579	11,704,810	15,083,267	13,547,629
Other current assets	1,236,562	532,374	3,920,193	5,360,055	5,156,755	5,892,429
Other assets, net of accumulated amortization	100,000	100,000	481,997	609,180	581,997	709,180
Capital assets, net of accumulated depreciation	11,939,735	6,045,615	121,818,748	123,322,210	133,758,483	129,367,825
Total assets	20,289,041	10,765,625	141,109,463	141,599,297	161,398,504	152,364,922
Deferred outflows of resources:						
Deferred outflows related to pensions	893,361	600,817	418,770	264,212	1,312,131	865,029
Losses on bond refundings	—	—	115,059	143,824	115,059	143,824
Total deferred outflows of resources	893,361	600,817	533,829	408,036	1,427,190	1,008,853
Total assets and deferred outflows	21,182,402	11,366,442	141,643,292	142,007,333	162,825,694	153,373,775
Liabilities, Deferred Inflows and Net Position						
Current liabilities	821,410	1,815,533	280,194	396,242	1,101,604	2,211,775
Current liabilities payable from restricted assets	458,144	634,181	3,316,185	4,425,069	3,774,329	5,059,250
Non-current liabilities	10,882,728	12,085,402	52,985,524	54,259,540	63,868,252	66,344,942
Total liabilities	12,162,282	14,535,116	56,581,903	59,080,851	68,744,185	73,615,967
Deferred inflows of resources:						
Deferred inflows related to pensions	901,218	—	393,193	—	1,294,411	—
Total deferred inflows of resources	901,218	—	393,193	—	1,294,411	—
Total liabilities, deferred inflows of resources	13,063,500	14,535,116	56,975,096	59,080,851	70,038,596	73,615,967
Net position:						
Net investment in capital assets	11,187,075	4,809,369	79,196,265	73,208,919	90,383,340	78,018,288
Restricted	2,900,003	2,329,686	8,302,471	11,443,354	11,202,474	13,773,040
Unrestricted (deficit)	(5,968,176)	(10,307,729)	(2,830,540)	(1,725,791)	(8,798,716)	(12,033,520)
Total net position	\$ 8,118,902	\$ (3,168,674)	\$ 84,668,196	\$ 82,926,482	\$ 92,787,098	\$ 79,757,808

Total net position equaled \$92.8 million at June 30, 2015 (and \$79.8 million at June 30, 2014), of which \$8.1 million (and \$3.2 million deficit in 2014) represents net position of the City's Governmental Activities, and \$84.7 million (and \$82.9 million in 2014) represents net position of the City's Business-type Activities after restatements.

Government-Wide Financial Analysis (continued)

By far the largest portion of the City's net position (\$90.4 million, or 97%) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Also a portion of the City's total net position, \$11.2 million, or 12.1% represents resources that are subject to external restrictions on how they may be used, which includes resources for the City's redevelopment district plan and related debt service (\$2.9 million of Governmental Activities), and restricted net position for debt service and capital projects (totaling \$8.3 million of the City's Business-type Activities) Water and Sewer Utility Fund. The remaining is a deficit in *unrestricted net position* (\$8.8 million), which if positive, may be required to meet the government's ongoing obligations to citizens and creditors. This deficit is a result of recording the net pension liability balance of \$13.6 million (plus deferred inflows of \$1.3 million, less deferred outflows of \$.9 million) in accordance with GASB #68.

Unrestricted net position in Governmental Activities resulted in a deficit totaling (\$5.9 million in 2015 (as compared to a deficit (\$10.3 million in 2014) primarily resulting from net pension liabilities.

Business-type Activities resulted in an unrestricted net position deficit totaling \$2.8 million in 2015 (as compared to a restated deficit of \$1.7 million in 2014). This decrease in 2015 was primarily due to recording net pension liabilities in accordance with GASB #68.

Before the restatements arising from implementing GASB #68, the City reported at June 30, 2014 unrestricted net position in its Governmental Activities a \$(821,906) deficit, and for its Business-type Activities a positive \$3.1 million.

Governmental Activities net position increased \$11.3 million in 2015 (as compared to \$897,863 in 2014), primarily due to new hospitality taxes, collection of business licenses, and capital grants and contributions. Business-type Activities total net position increased in 2015 by approximately \$1.7 million (and \$1.1 million in 2014) primarily due to system capacity charges and other capital contributions.

Government-Wide Financial Analysis (continued)

The City's components of changes in net position (condensed from the Statement of Activities) for FY 2015 and FY 2014, as restated, are illustrated in the following table:

	Governmental Activities		Business-type Activities		Totals	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Revenue						
Program Revenue:						
Charges for services	\$ 1,460,765	\$ 948,157	\$ 14,971,094	\$ 14,566,496	\$ 16,431,859	\$ 15,514,653
Operating grants and contributions	242,087	66,562	—	—	242,087	66,562
Capital grants and contributions	6,649,664	4,249	1,604,279	1,233,574	8,253,943	1,237,823
General revenue:						
Property taxes	3,786,956	3,783,478	—	—	3,783,478	3,783,478
Hospitality taxes	697,654	—	—	—	697,654	—
State shared and unallocated intergovernmental	501,191	469,679	—	—	501,191	469,679
Licenses and other	6,704,824	4,043,886	—	—	6,704,824	4,043,886
Other	392,699	596,103	34,450	14,426	427,149	610,529
Total revenue	<u>20,435,840</u>	<u>9,912,114</u>	<u>16,609,823</u>	<u>15,814,496</u>	<u>37,045,663</u>	<u>25,726,610</u>
Expenses						
General government	434,485	340,913	—	—	434,485	340,913
Information technology	85,962	92,887	—	—	85,962	92,887
Finance	56,868	61,747	—	—	56,868	61,747
Public safety	4,976,924	4,964,652	—	—	4,976,924	4,964,652
Public works	1,331,873	1,307,718	—	—	1,331,873	1,307,718
Planning and development	675,085	575,489	—	—	675,085	575,489
Parks and museum	636,000	669,385	—	—	636,000	669,385
Garage	243,925	245,638	—	—	243,925	245,638
Depreciation and amortization (unallocated)	651,325	671,572	—	—	651,325	671,572
Interest	55,817	84,250	—	—	55,817	84,250
Water and sewer utility	—	—	14,868,109	14,627,939	14,868,109	14,627,939
Total expenses	<u>9,148,264</u>	<u>9,014,251</u>	<u>14,868,109</u>	<u>14,627,939</u>	<u>24,016,373</u>	<u>23,642,190</u>
Changes in net position	<u>11,287,576</u>	<u>897,863</u>	<u>1,741,714</u>	<u>1,186,557</u>	<u>13,029,290</u>	<u>2,084,420</u>
Beginning net position, restated	<u>(3,168,674)</u>	<u>(4,066,537)</u>	<u>82,926,482</u>	<u>81,739,925</u>	<u>79,757,808</u>	<u>77,673,388</u>
Ending net position	<u>\$ 8,118,902</u>	<u>\$ (3,168,674)</u>	<u>\$ 84,668,196</u>	<u>\$ 82,926,482</u>	<u>\$ 92,787,098</u>	<u>\$ 79,757,808</u>

Government-Wide Financial Analysis (continued)

Net changes for net position in Governmental Activities had a total increase of \$11,287,576 in 2015 compared to an increase of \$860,717 in 2014. Net position in Business-type Activities resulted in an increase of \$1.7 million in 2015 compared to a \$1.2 million increase in 2014, primarily due to fewer capital contributions received from developers (deeded infrastructure plus impact/capacity fees).

Key Governmental Activities revenue highlights are as follows: Total Program Revenue equaled \$8.3 million in 2015 (as compared to \$1.0 million in 2014), primarily due to capital grants received for Parks and Recreation. General Revenues totaled \$12.1 million in 2015 and were up by \$3.2 million due to an increase in business licenses revenue and the new hospitality taxes.

Changes in Governmental Activities expenses between 2015 and 2014 (after restatements) resulted in the following: General Government administrative expenses increased by \$93,572 due to the transfer of one position from Planning and Development and increased legal costs. Planning and Development expenses increased by \$99,596 due to the NPDES phase II project expenses. Public Safety and Public Works had nominal increases (even after GASB #68 pension expense allocations). Parks expenses increased due to additional personnel costs. Street Lighting expenses increase due to an increase in electrical costs and new public lights being installed along Twelfth Street Extension and within the City.

Key Business-type Activity revenue highlights are as follows: Total Program Revenue charges for services increased by \$.4 million (or 2.8%) while capital grants and contributions increased by \$370,705. Expenses of operation and maintenance increased by \$341,378 (or 2.6%) due to the new wastewater treatment plant, septage and grease center and emergency repairs to the system.

Expenses and Program Revenues – Governmental Activities - Governmental expenses (totaling \$9.1 million in 2015) are funded in part by program-specific revenues of fees for services, grants and contributions. As shown below, Governmental Activities were overall funded by 91.3% 'program revenues', leaving 8.7% to be funded by 'general revenues'. From the Statement of Activities, the following table details this activity for the City.

	(Expenses)	Program Revenue	Net (Expense)	% Funded by Program Revenues	% Required to be Funded by General Revenues
General government	\$ (434,485)	\$ 149,968	\$ (284,517)	34.5%	65.4%
Information technology	(85,962)	—	(85,962)	—	100%
Finance	(56,868)	—	(56,868)	—	100%
Public safety	(4,976,924)	822,249	(4,154,675)	16.5%	83.5%
Public works	(1,331,873)	832,971	(498,902)	62.5%	37.5%
Planning and development	(675,085)	8,467	(666,618)	1.3%	98.7%
Parks and museum	(636,000)	6,538,861	5,902,861	100.0%	—
Garage	(243,925)	—	(243,925)	—	100%
Depreciation and amortization	(651,325)	—	(651,325)	—	100%
Interest	(55,817)	—	(55,817)	—	100%
Totals	\$ (9,148,264)	\$ 8,352,516	\$ (795,748)	91.3%	8.7%

Government-Wide Financial Analysis (continued)

As in prior years, depreciation and amortization expenses were not allocated to the City's functions due to non-detailed information available and are shown as a single line item in the Statement of Activities as "unallocated", while non-departmental service support expenses were allocated by function in 2015.

General Revenues by Source – Governmental Activities

As shown in a table on the preceding page, General Revenues funded the City's Governmental Activities by 88.7% in the following categories.

	<u>2015</u>	<u>2014</u>
Property taxes	\$ 3,786,956	\$ 3,783,478
Hospitality taxes	697,654	—
State shared revenue	501,191	469,679
Licenses and other	6,704,824	4,043,886
Miscellaneous	382,699	596,103
Total	<u>\$12,083,324</u>	<u>\$ 8,893,146</u>

Overall, the City experienced a 35.9% increase in General Revenues (or \$3,190,178 from 2014 to 2015) primarily due to a new hospitality tax and collection of prior year business licenses fees.

Expenses and Program Revenues – Business-type Activities - The City's Water and Sewer Utility Enterprise Fund that comprises its Business-type Activities is used for all resources associated with supplying water and providing sewage services to domestic, business and industrial customers within the City limits as well as some of the surrounding unincorporated areas of Lexington County. Operating revenues totaled \$15.0 million in 2015 (as compared to \$14.6 million in 2014) and includes water sales and connection fees of \$5.0 million plus \$8.9 million from sewer services and connection fees. Net operating income at year ended June 30, 2015, totaled \$1,477,908 (as compared to \$1,412,760 in 2014). Capacity charges, consisting primarily of system enhancement, capacity (impact) fees, and capital contributions from developers totaled \$1.6 million in 2015 (as compared to \$1.2 million in 2014). The number of sewer customers increased nominally from 11,595 for 2014 to 12,146 for 2015. The number of water customers had a small increase from 8,245 for 2014 to 8,436 for 2015. As stated earlier, the change in net position of the Water and Sewer Utility Fund (\$1.7 million) was primarily a result of increased charges for septage and grease pretreatment services, a decrease in interest costs, and an increase in capital grants and contributions from the State Revolving Fund for the Hwy 321 Waterline Replacement Project.

General Fund Financial Analysis and Budgetary Highlights

Of the City's Governmental Funds, the City's General Fund is the primary (and major) fund. As compared to 2014, actual General Fund revenues for 2015 increased by \$4,502,515 (or 51.3%), primarily due to a new hospitality tax, business licenses, grants and capital contributions. Actual General Fund expenditures, net of Utility Fund overhead allocations and capital outlay, totaled \$9,259,178, which was an increase from 2014's total of \$8,497,696, primarily due to an increase in capital outlay. The General Fund's 'final' budgeted revenues totaled \$9,864,140 and actual revenues achieved equaled \$13,283,372, or \$3,419,323 more than budget. The City had actual General Fund expenditures before Other Financing Sources (Uses) of \$9,259,178, compared to a 'final' budget of \$10,204,390 for a favorable budget to actual variance of \$945,212 for the fiscal year ended June 30, 2015.

General Fund Financial Analysis and Budgetary Highlights (continued)

Increases in the cost of gas, diesel fuel, electricity and natural gas contributed significantly to the over original budget expenditures in the General Fund for Public Safety and Public Works. Also, increased actual costs for insurance premiums and legal costs contributed to non-favorable original budget to actual variances in General Government department. The City's Non-department (Support Services) final budget included GASB #45-OPEB annual required contribution, and employee merit/Christmas bonus/COLA pool.

With continued pressures of state-mandated property tax millage 'caps', the City's final budget reflected a deficiency of estimated revenues over its appropriated expenditures before Other Financing Sources and Uses totaling (\$340,250). The General Fund's other financing sources budget included \$340,250 in 2015 from the General Fund portion of State Accommodations Taxes and proceeds from the Hospitality Tax transfers.

Details of the City's General Fund budget are shown in the section entitled "Required Supplementary Information" which follows the "Notes to Financial Statements" in this report. Below is a 'condensed' summary budget-to-actual table for fiscal year 2015 compared to 2014 actual amounts achieved.

General Fund	2015		Variances Favorable (Non- favorable)	2014
	Final Budget	Actual		Actual
Revenue				
Property taxes	\$ 2,911,541	\$ 2,935,332	\$ 23,791	\$ 2,948,366
Licenses and permits	5,023,434	6,969,845	1,946,411	4,182,122
Fines and forfeitures	235,250	329,068	93,818	268,380
State shared revenue	357,066	362,744	5,678	357,698
Current services	716,672	848,100	131,428	534,410
Grants and other	618,577	1,836,617	1,218,040	488,139
Interest income	1,600	1,666	66	1,742
Total revenue	9,864,140	13,283,372	3,419,232	8,780,857
Expenditures				
Current (<i>net of Utility Fund overhead allocations and capital outlay</i>):				
General government	372,284	418,861	(46,577)	335,743
Information technology	83,271	78,293	4,978	90,231
Finance	65,011	49,747	15,264	62,061
Public safety	5,757,756	4,972,902	784,854	5,014,048
Public works	1,335,177	1,309,947	25,230	1,289,663
Planning and community development	412,690	488,942	(76,252)	465,315
Parks and museum	734,452	662,474	71,978	637,554
Garage	258,919	237,940	20,979	249,836
Support services	171,230	26,476	144,754	15,601
Debt service	242,859	242,855	4	267,071
Capital outlay	770,741	770,741	—	70,573
Total expenditures	10,204,390	9,259,178	945,212	8,497,696
Excess (deficiency) of revenue over (under) expenditures	(340,250)	4,024,194	4,364,444	283,161
Other financing sources and (uses)	340,250	433,272	93,022	311,818
Net change in fund balance	\$ —	\$ 4,457,466	\$ 4,457,466	\$ 594,979

General Fund Financial Analysis and Budgetary Highlights (continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2015, the City's capital assets for its Governmental Activities totaled \$22.2 million, less accumulated depreciation of \$10.2 million for a net carrying value of \$11.9 million. For its Business-type Activities, total capital assets equaled \$156.9 million, less accumulated depreciation of \$35.1 million for a net carrying value of \$121.8 million. The City's capital assets includes land, buildings, utility system improvements, machinery and equipment, park facilities, vehicles and furniture. The City's significant capital asset acquisition for the Governmental Activities included new public safety vehicles, new financial software, and various park improvements. In addition to capital infrastructure and plant improvements for the Business-type Activities (Water and Sewer Utility Fund) the City continues to maintain a strong maintenance and replacement program for machinery and equipment. Additional information on the City's capital assets can be found in *Note 5* of this report.

Long-Term Debt - At the end of the current fiscal year, the City had total bonded indebtedness outstanding of its Governmental Activities of \$1.2 million, and Business-type Activities of \$47.8 million. Governmental Activities debt consists of a tax increment financing (TIF) bond with an outstanding balance of \$.9 million, and various installment purchase notes with an outstanding balance of \$224,242 at June 30, 2015. Additional information on the City's long-term debt can be found in *Note 6* of this report.

During the year 2014-2015 the City obtained financing through the State of South Carolina Clean Water State Revolving Funds (SRF) Series 2015 program, for the replacement of the Highway 321 water main in the total amount of \$3,734,073.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, City of Cayce, South Carolina.

CITY OF CAYCE, SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS

CITY OF CAYCE, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cayce Beautification Foundation
Assets and Deferred Outflows				
Current assets:				
Cash and cash equivalents	\$ 4,128,056	\$ 2,689,946	\$ 6,818,002	\$ 49,631
Receivables, net	527,887	3,868,204	4,396,091	—
Internal balances, net	149,532	(149,532)	—	—
Prepaid items	505,935	—	505,934	—
Inventories	53,208	201,521	254,729	—
Total current assets	5,364,618	6,610,139	11,974,757	49,631
Non-current assets:				
Restricted cash and cash equivalents	2,884,688	12,198,579	15,083,267	—
Capital assets not subject to depreciation	7,865,522	1,780,750	9,646,272	—
Capital assets, net of depreciation	4,074,213	120,037,998	124,112,211	—
Other assets, net	100,000	481,997	581,997	—
Total non-current assets	14,924,423	134,499,324	149,423,747	—
Total assets	20,289,041	141,109,463	161,398,504	49,631
Deferred outflows of resources:				
Deferred outflows related to pensions	893,361	418,770	1,312,131	—
Losses on bond refundings, net	—	115,059	115,059	—
Total deferred outflows of resources	893,361	533,829	1,427,190	—
Total assets and deferred outflows of resources	21,182,402	141,643,292	162,825,694	49,631
Liabilities, Deferred Inflows and Net Position				
Current liabilities:				
Accounts payable	213,331	47,229	260,560	—
Accrued expenses and other liabilities	76,851	49,123	125,974	—
Accrued compensated absences – current portion	247,539	73,126	320,665	—
Construction contracts & retainages payable	—	65,636	65,636	—
Unearned revenue, deposits and prepayments	59,447	45,080	104,527	—
Installment purchase contracts payable – current portion	224,242	—	224,242	—
Current liabilities payable from restricted assets	458,144	3,316,185	3,774,329	—
Total current liabilities	1,279,554	3,596,379	4,875,933	—
Long-term (non-current) liabilities:				
SRF loans payable	—	32,166,654	32,166,654	—
TIF and revenue bonds payable	491,714	13,479,263	13,970,977	—
Unearned revenue, capacity charges and contract payables	—	1,914,526	1,914,526	—
Accrued compensated absences	110,856	38,611	149,467	—
Net pension liabilities	8,932,613	4,663,806	13,596,419	—
Other post-employment benefit (OPEB) obligation	1,347,545	722,664	2,070,209	—
Total long-term liabilities	10,882,728	52,985,524	63,868,252	—
Total liabilities	12,162,282	56,581,903	68,744,185	—

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA

STATEMENT OF NET POSITION

— CONTINUED —

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cayce Beautification Foundation
Liabilities, Deferred Inflows and Net Position (continued)				
Deferred inflows of resources:				
Deferred inflows related to pensions	901,218	393,193	1,294,411	—
Total deferred inflows of resources	901,218	393,193	1,294,411	—
Total liabilities and deferred inflows of resources	13,063,500	56,975,096	70,038,596	—
Net position:				
Net investment in capital assets	11,187,075	79,196,265	90,383,340	—
Restricted for:				
Debt service	1,133,993	3,995,124	5,129,117	—
Capital projects	428,440	3,888,577	4,317,017	—
Community development and tourism	378,954	—	378,954	—
Beautification	—	—	—	10,250
Law enforcement	65,255	—	65,255	—
Pensions	893,361	418,770	1,312,131	—
Unrestricted (deficit)	(5,968,176)	(2,830,540)	(8,798,716)	39,381
Total net position	\$ 8,118,902	\$ 84,668,196	\$ 92,787,098	\$ 49,631

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions and Programs	Program Revenue				Net (Expense) Revenue and Changes in Net position			Cayce Beautification Foundation
	Expenses	Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Totals	
Primary Government:								
<u>Governmental activities:</u>								
General government	\$ (434,485)	\$ —	\$ 149,968	\$ —	\$ (284,517)	\$ —	\$ (284,517)	\$ —
Information technology	(85,962)	—	—	—	(85,962)	—	(85,962)	—
Finance	(56,868)	—	—	—	(56,868)	—	(56,868)	—
Public safety	(4,976,924)	642,597	79,652	100,000	(4,154,675)	—	(4,154,675)	—
Public works	(1,331,873)	807,630	4,000	21,341	(498,902)	—	(498,902)	—
Planning and community development	(675,085)	—	8,467	—	(666,618)	—	(666,618)	—
Parks and museum	(636,000)	10,538	—	6,528,323	5,902,861	—	5,902,861	—
Garage	(243,925)	—	—	—	(243,925)	—	(243,925)	—
Depreciation and amortization (unallocated)	(651,325)	—	—	—	(651,325)	—	(651,325)	—
Interest	(55,817)	—	—	—	(55,817)	—	(55,817)	—
Total governmental activities	(9,148,264)	1,460,765	242,087	6,649,664	(795,748)	—	(795,748)	—
<u>Business-type activities:</u>								
Water and sewer utility	(14,868,109)	14,971,094	—	1,604,279	—	1,707,264	1,707,264	—
Total business-type activities	(14,868,109)	14,971,094	—	1,604,279	—	1,707,264	1,707,264	—
Total primary government	\$ (24,016,373)	\$ 16,431,859	\$ 242,087	\$ 8,253,943	(795,748)	1,707,264	911,516	—
Component Unit:								
Cayce Beautification Foundation	\$ (1,087,796)	\$ —	\$ 923,987	\$ 32,125	—	—	—	(131,684)
General Revenue								
General Revenue:								
Property taxes					3,786,956	—	3,786,956	—
Hospitality taxes					697,654	—	697,654	—
State shared and unallocated intergovernmental (unrestricted)					501,191	—	501,191	—
Business licenses, taxes, and penalties					6,704,824	—	6,704,824	—
Unrestricted investment earnings					1,777	11,223	13,000	250
Gain (loss) on sale of property					(22,921)	23,227	306	—
Other					413,843	—	413,843	15,216
Total general revenue					12,083,324	34,450	12,117,774	15,466
Changes in net position					11,287,576	1,741,714	13,029,290	(116,218)
Net position—beginning of year, as restated (See Note 16)					(3,168,674)	82,926,482	79,757,808	165,849
Net position—end of year					\$ 8,118,902	\$ 84,668,196	\$ 92,787,098	\$ 49,631

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,044,255	\$ —	\$ 83,801	\$ 4,128,056
Receivables, net	259,755	—	90,979	350,734
Due from other funds	260,716	7,000	—	267,716
Prepaid Items	505,935	—	—	505,935
Inventories	53,208	—	—	53,208
Restricted assets:				
Cash and cash equivalents	920,777	421,440	1,542,471	2,884,688
Total assets	\$ 6,044,646	\$ 428,440	\$ 1,717,251	\$ 8,190,337
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 213,331	\$ —	\$ —	\$ 213,331
Accrued liabilities	50,324	—	3,303	53,627
Other liabilities	23,224	—	—	23,224
Deposits and prepayments	59,447	—	—	59,447
Due to other funds	13,456	—	104,728	118,184
Total liabilities	359,782	—	108,031	467,813
Fund balances:				
Nonspendable in:				
Inventories and prepaid items	559,143	—	—	559,143
Restricted for:				
Debt service	—	—	1,133,993	1,133,993
Redevelopment plan	—	428,440	—	428,440
ABC permit	—	—	31,205	31,205
Tourism and community development	—	—	347,749	347,749
Law enforcement	—	—	12,472	12,472
Victims Rights Assistance	52,783	—	—	52,783
	52,783	428,440	1,525,419	2,006,642
Committed for:				
UST program	25,000	—	—	25,000
Assigned for:				
Christmas in Cayce	5,144	—	—	5,144
Museum	—	—	83,801	83,801
History park	918,466	—	—	918,466
	923,610	—	83,801	1,007,411
Unassigned	4,124,328	—	—	4,124,328
Total fund balances	5,684,864	428,440	1,609,220	7,722,524
Total liabilities and fund balances	\$ 6,044,646	\$ 428,440	\$ 1,717,251	

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

— CONTINUED —

**Reconciliation to amounts reported for governmental activities in the
Statement of Net Position (See Note 13):**

Total fund balances – Governmental Funds	\$ 7,722,524
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in these funds.	11,939,735
Other assets not available to pay for current period expenditures and, therefore, are not reported in the funds.	277,152
Certain deferred outflows related to pensions are not available to pay for current expenditures and, therefore, are not reported in the funds.	893,361
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in these funds.	(11,812,652)
Certain deferred inflows related to pensions are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(901,218)</u>
Net position, end of year – Governmental Activities	<u>\$ 8,118,902</u>

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 2,935,332	\$ —	\$ 840,763	\$ 3,776,095
Hospitality taxes	—	—	697,654	697,654
Licenses and permits	6,969,845	—	—	6,969,845
Fines and forfeitures	329,068	—	—	329,068
State shared revenue	362,744	—	134,281	497,025
Current services	848,100	—	—	848,100
Grants and other	1,836,617	110,000	7,274	1,953,891
Interest income	1,666	—	111	1,777
Total revenue	<u>13,283,372</u>	<u>110,000</u>	<u>1,680,083</u>	<u>15,073,455</u>
Expenditures				
Current:				
General government	418,861	—	—	418,861
Information technology	78,293	—	—	78,293
Finance	49,747	—	—	49,747
Public safety	4,972,902	—	—	4,972,902
Community relations	143,347	—	—	143,347
Planning and community development	345,595	—	129,488	475,083
Public works	1,309,947	—	—	1,309,947
Parks and museum	662,474	—	—	662,474
Garage	237,940	—	—	237,940
Non-departmental and support services	26,476	—	—	26,476
Debt service	242,855	—	485,819	728,674
Capital outlay	770,741	443,258	—	1,213,999
Total expenditures	<u>9,259,178</u>	<u>443,258</u>	<u>615,307</u>	<u>10,317,743</u>
 Excess (deficiency) of revenue over expenditures	 <u>4,024,194</u>	 <u>(333,258)</u>	 <u>1,064,776</u>	 <u>4,755,712</u>
Other Financing Sources (Uses)				
Proceeds from sales of assets	16,972	—	—	16,972
Transfers in	416,300	7,000	—	423,300
Transfers (out)	—	—	(423,300)	(423,300)
Total other financing sources (uses)	<u>433,272</u>	<u>7,000</u>	<u>(423,300)</u>	<u>16,972</u>
Net change in fund balances	4,457,466	(326,258)	641,476	4,772,684
Fund balances, beginning of year	1,227,398	754,698	967,744	2,949,840
Fund balances, end of year	<u>\$ 5,684,864</u>	<u>\$ 428,440</u>	<u>\$ 1,609,220</u>	<u>\$ 7,722,524</u>

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

— CONTINUED —

**Reconciliation to amounts reported for governmental activities in the
Statement of Activities (See Note 13):**

Net change in fund balances – Total Governmental Funds	\$ 4,772,684
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,934,013
The net effect of various miscellaneous transactions involving other assets (i.e., sales, trade-ins, contractual rights, and donations) is to decrease net position.	(39,893)
Revenues in the Statement of Activities do not provide current financial resources are reported as revenues in these funds.	13,963
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 these funds.	(210,028)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>816,837</u>
Change in net position — Governmental Activities	<u>\$ 11,287,576</u>

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

JUNE 30, 2015

	<u>Business-type Activities – Enterprise Fund Water and Sewer Utility</u>
Assets and Deferred Outflows	
Current assets:	
Cash and cash equivalents	\$ 2,689,946
Receivables, net:	
Water and sewer accounts	2,344,763
Other accounts	1,523,441
Inventories	201,521
Total current assets	<u>6,759,671</u>
Non-current assets:	
Restricted cash and cash equivalents	12,198,579
Capital assets not subject to depreciation	1,780,750
Capital assets, net of depreciation	120,037,998
Other assets, net	481,997
Total non-current assets	<u>134,499,324</u>
Total assets	<u>141,258,995</u>
Deferred outflows of resources:	
Deferred outflows related to pension	418,770
Losses on bond refundings, net	115,059
	<u>533,829</u>
Total assets and deferred outflows	<u><u>\$ 141,792,824</u></u>

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

— CONTINUED —

	<u>Business-type Activities – Enterprise Fund Water and Sewer Utility</u>
Liabilities, Deferred Inflows and Net Position	
Current liabilities:	
Accounts payable	\$ 47,229
Accrued payroll and related taxes	48,117
Accrued compensated absences – current portion	73,126
Construction contracts and retainage payable	65,636
Other liabilities	1,006
Due to other funds (internal balances)	149,532
Customer prepayments	45,080
Current liabilities payable from restricted assets	3,316,185
Total current liabilities	<u>3,745,911</u>
Long-term (non-current) liabilities:	
Accrued compensated absences	38,611
Unearned revenue – future capacity charges	238,690
SRF loans payable	32,166,654
Revenue bonds payable	13,479,263
Contract obligation	1,675,836
Net pension liability	4,663,806
Other post-employment benefit (OPEB) obligation	722,664
Total long-term liabilities	<u>52,985,524</u>
Total liabilities	<u>56,731,435</u>
Deferred inflows of resources:	
Deferred inflows related to pension	393,193
	<u>393,193</u>
Net position:	
Net investment in capital assets	79,196,265
Restricted for:	
Debt service	3,995,124
Capital projects	3,888,577
Pension	418,770
Unrestricted (deficit)	(2,830,540)
Total net position	<u>84,668,196</u>
Total liabilities, deferred inflows and net position	<u>\$ 141,792,824</u>

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Business-type Activities – Enterprise Fund Water and Sewer Utility
Operating Revenue (pledged as security for revenue bonds)	
Water:	
Sales	\$ 4,913,144
Connection fees	78,897
Sewer:	
Service charges	8,898,796
Connection fees	5,633
Septage/grease services:	
Sales and permits	472,451
Pretreatment set-up fees	89,460
Re-connection fees	37,605
Penalties	181,935
Miscellaneous income	293,173
Total operating revenue	14,971,094
Operating Expenses	
Administrative	456,049
Utility billing	593,048
Water treatment plant	1,377,415
Water distribution and maintenance	1,250,139
Wastewater treatment plant	2,386,593
Sewer collection and outfall lines	1,269,759
Septage and grease receiving station	196,661
Non-departmental and support services	1,629,953
Depreciation and amortization expense	4,333,569
Total operating expenses	13,493,186
Operating income	1,477,908
Non-Operating Revenue (Expenses)	
Interest income	11,223
Gains from sale, disposal of equipment	23,227
Interest expense	(1,346,158)
Bond refinancing loss amortized	(28,765)
Total non-operating revenue (expenses)	(1,340,473)
Income before contributions	137,435
Capital Contributions	
Capacity charges and other capital contributions	1,604,279
Change in net position	1,741,714
Net position, beginning of year, as restated (<i>See Note 16</i>)	82,926,482
Net position, end of year	\$ 84,668,196

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2015

	Business-type Activities— Enterprise Fund Water and Sewer Utility
Cash Flows from Operating Activities	
Cash received from:	
Usage fees	\$ 15,572,676
Tap fees	84,530
Service and miscellaneous charges	602,173
Cash paid to (for):	
Employee salaries and related costs	(3,308,864)
Water treatment and distribution costs	(1,488,742)
Sewer treatment and collection costs	(2,388,996)
Septage and grease treatment and disposal costs	(150,013)
Other supplies and miscellaneous costs	(1,718,010)
Net cash provided by operating activities	<u>7,204,754</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	23,227
Acquisition and construction of capital assets	(1,993,040)
Interest and fiscal agent fees paid on capital related debt	(1,362,140)
Proceeds from SRF loans	3,759,148
Principal payments on bonds and notes	(3,403,442)
Capacity charges and other capital contributions	922,955
Deposit for insubstance defeasement	(2,254,495)
Liquidation of contract liability	(327,517)
Net cash (used in) capital and related financing activities	<u>(4,635,304)</u>
Cash Flows from Investing Activities	
Interest received	11,223
Net cash provided by investing activities	<u>11,223</u>
Net increase in cash and cash equivalents	2,580,673
Cash and cash equivalents, beginning of year (of which \$11,704,810 is restricted)	<u>12,307,852</u>
Cash and cash equivalents, end of year (of which \$12,198,579 is restricted)	<u>\$ 14,888,525</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 1,477,908
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation and amortization expense	4,333,569
Changes in certain assets and liabilities:	
Decrease in accounts receivable	1,293,952
Decrease in inventory	63,288
Decrease in accounts payable/accrued liabilities	(123,122)
Increase in amounts due to/from others	82,622
Decrease in customer deposits and prepayments	(5,670)
Decrease in pension liability	(194,973)
Increase in pension related deferred outflows	(154,558)
Increase in pension related deferred inflows	393,193
Increase in other post-employment benefit (OPEB) obligation	25,358
Increase in accrued compensated absences	13,187
Net cash provided by operating activities	<u>\$ 7,204,754</u>
Supplemental disclosure of non-cash capital and related financing activities	
Contributed property by developers	\$ 761,708
Amortization of bond premiums	\$ (28,765)

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 162,135
Total assets	<u>\$ 162,135</u>
Liabilities	
Amounts due to others	\$ 162,135
Total liabilities	<u>\$ 162,135</u>

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies

The City of Cayce, South Carolina (the "City") was incorporated September 7, 1914, under the laws of the State of South Carolina for the incorporation of municipal governments and as amended by Act 283 of the 1975 Code (Home Rule City Act). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health, culture-recreation, public improvements, planning and zoning and general administrative services.

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 government 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 government's accounting policies are described below.

A. Reporting Entity

Using the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, the basic financial statements of the County present the reporting entity that consists of the primary government and those legally separate organizations for which the elected officials of the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause, in management's judgment, the City's financial statements to be misleading or incomplete.

Financial accountability is defined as appointment of a voting majority of the separate organization's board and either a) the ability to impose will by the primary government, or b) the possibility that the separate organization will provide a financial benefit to or impose a financial burden on the primary government. "Blended" component units are separate entities that are, substantially, part of the primary government's operations and are combined with financial data of the primary government. "Discretely presented" component units, on the other hand, are reported in separate columns in the Government-wide financial statements to emphasize that they are legally separate from the operations of the primary government.

The City has the following material discretely presented component unit.

Cayce Beautification Foundation

The Cayce Beautification Foundation (the Foundation), is an IRC Section 501(c)3, non-profit organization formed to enhance the City of Cayce in partnership with local residents and businesses. The Foundation is governed by a board of directors appointed by City Council and is financially supported by the City and the public. The mayor, city manager, one council member, along with the chairperson of the Planning Commission and chairperson of the Beautification Board also serve on the board of directors. The Foundation has a fiscal year end of June 30, and is accounted for as a proprietary fund-type utilizing the accrual basis of accounting. Separate financial statements are not issued.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

Government-Wide and Fund Financial Statements

Government-wide Financial Statements – The Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reports information on all of the non-fiduciary activities of the government as a whole. Separate columns are used to distinguish between the City’s governmental and business-type activities. Governmental activities are generally those activities financed by taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in Governmental Funds.

Business-type activities are those activities which are financed in whole or in part by user fees charged to external parties for goods and services. These activities are usually reported in Enterprise Funds. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position reports all financial and capital resources of the City and reports the difference between assets and deferred outflows less liabilities and deferred inflows as “net position” not fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues and reflects the “net (expenses) revenue” of the City’s individual functions before applying ‘general’ revenues.

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry, as a whole, and thus reduce the net cost of the function to be financed from the government’s general revenues. They 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, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. All revenues are ‘general’ revenues unless they are required to be reported as program revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. The focus of governmental and proprietary fund financial statements is on ‘major’ funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with ‘non-major’ funds being aggregated and displayed in a single column.

The City reports the General Fund as the “major” governmental fund and the Water and Sewer Utility Fund as the “major” proprietary fund. The City has elected to present Capital Projects Fund in the Governmental Fund financial statements, even though it does not qualify as a “major” fund. A schedule of non-major funds is presented separately as part of Other Financial Information. Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Governmental Funds

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally (or donor) restricted to expenditures for specified purposes other than debt service or capital projects. The City maintains special revenue funds for continuing grant programs of rental rehabilitation, community development, home and law enforcement; state restricted funds of accommodation taxes and alcohol permits; restricted hospitality taxes; plus Cayce Museum Fund.

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and other capital assets other than those financed by the proprietary fund. The City maintains this fund for its resources and activities in the tax increment financing (TIF) district.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of financial resources for the payment of interest and principal on certain general long-term debt of the City, other than debt service payments financed by proprietary fund types. The City maintains this fund for the resources of taxes collected in the TIF district used for retirement of long-term debt.

Proprietary Funds

Enterprise Funds – The Enterprise Fund is 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 cost (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 revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City operates a combined Water and Sewer Utility Enterprise Fund.

Fiduciary Funds

All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and (if applicable) a Statement of Changes in Fiduciary Net Position.

Agency Funds – The Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. At June 30, 2015, these included Police Fund and Firemen's Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These activities have been excluded from the City's Government-wide financial statements because the City cannot use those assets to finance its operations.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is a conceptual description of the timing of the accounting measurements made.

The Government-wide and Proprietary Fund financial statements use the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB Statement Number 34. 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 revenue as soon as all eligibility requirements imposed by the grantor have been met.

As a general rule, the effect of interfund activity (i.e. advances or short-term loans) has been eliminated from the Government-wide financial statements, except for amounts due between the City's governmental activities and business-type activities.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis concept, revenues susceptible to accrual (e.g. property taxes, franchise taxes, state shared and intergovernmental revenues) are recognized when they become measurable (estimable as to the net amount to be collected) and available as current assets. Such revenues are considered to be available when they are collected within the current period or soon enough thereafter (not exceeding 60 days) to pay liabilities of the current period. 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.

Proprietary Fund statements reflect net position and revenues, expenses and changes in net position using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When restricted, committed, and/or assigned resources are available for use, it is the government's policy to use restricted resources first, then committed resources, then assigned resources, then unrestricted resources as they are needed.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting

Budgets and Encumbrances – Generally, budgets are adopted on a basis consistent with generally accepted accounting principles. A legal operating budget is prepared annually for the General Fund and Water and Sewer Utility Fund. Informal budgetary controls are maintained for other funds.

The City Manager is authorized to administer the budget and transfer amounts within and between departments and funds as necessary and designate continuing projects from fund balances or additional unbudgeted revenue and transfers. Subsequent expenditures (expenses) approved by Council shall automatically carry amendments to fund appropriation where applicable.

The General Fund operated under a final expenditure budget totaling \$10,204,390, plus \$1,600,000 Utility Fund indirect costs and overhead allocated to the General Fund departments. As further described in the “Required Supplementary Information”, a budgetary comparison schedule for the General Fund is provided. The Water and Sewer Utility Fund operated under a budget totaling \$10,656,080 (including operation and maintenance, capital improvements, debt service principal amounts and coverages). Actual operating expenses totaled \$13,493,186 (including a charge of \$4,333,569 for depreciation and amortization).

Encumbrances represent outstanding purchase orders or commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable budgeted appropriation – is utilized in the governmental funds. There were no material encumbrances at June 30, 2015.

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents and Investments

Cash includes amounts held in demand deposits. For purpose of the statement of cash flows, the City considers all savings and short-term investments purchased with maturities of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are reported at fair value.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions result in loans or advances between individual funds. Interfund loans outstanding at year-end are recorded as Interfund Receivables/Payables and are expected to be paid within one year. The lending fund reports amounts ‘due from other funds’, while the borrowing fund reports amounts ‘due to other funds’. These interfund receivables and payables are classified as “internal balances” on the Government-wide Statement of Net Position and have been eliminated. The City considers all interfund receivables, net of any payables to be short-term. Advances to/from other funds (if any) represent long-term interfund loans receivable and payable.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes accounts due from other governments and is stated net of their allowance for uncollectible accounts.

Inventory and Prepaid Items

Inventory is valued at cost or estimated historical cost on a first-in, first-out (FIFO) basis. Inventory consists of expendable supplies of the garage and water/wastewater maintenance, held for consumption. Reported inventory expenditures or expenses are recognized when inventories are consumed. Additionally, certain payments to vendors reflect costs for services applicable to future periods and are reported as prepaid items.

Restricted Assets

Restricted accounts include monies or other resources, the use of which is restricted by legal or contractual requirements. In the Enterprise Fund restricted assets arise from certain bond and contract ordinances.

Other Assets

Other assets consists of purchases of intangible assets, or 'contractual rights' to use capital asset resources. The Business-type Activities rights result from the purchase of expanding certain wastewater collection lines owned by a third-party where the City uses the additional line capacity. The purchase price (cost) totaling \$803,883 is being amortized over the life of the contract. Amortization expense for the year ended June 30, 2015 totaled \$14,097 for Business-type Activities. The Governmental Activities rights result from the purchase and cost contribution to Lexington County to construct a new animal services/shelter services and to provide the City future services. The purchase price (cost) totaling \$100,000 is to be amortized over the life of the contract. There was no amortization expense incurred for fiscal year 2015, as the facility was not to open until July 1, 2015.

Capital Assets and Depreciation

Capital assets, which include land, buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Capital assets of the City that are not specifically related to activities reported in proprietary or fiduciary funds have been reported as assets in the governmental funds column of the Government-wide financial statement. Capital assets are defined by the City as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Capital Assets and Depreciation (Continued)

Public domains (rights-of-way and easements) have been capitalized using actual and estimated historical costs of such assets that were acquired by the City. The City owns .98 mile of paved subdivision streets at June 30, 2015. However, the City is not responsible for maintenance or reconstruction costs associated with the roads.

Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows: Buildings – 15 to 40 years; Improvements – 10 to 30 years; Machinery and equipment – 3 to 20 years; Water and sewer systems – 10 to 50 years.

Capitalization of Interest

Interest costs incurred during the construction phase of business-type capital assets are reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Long-term Obligations

In the Government-wide financial statements, and the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, and outstanding portions due on long-term contracts. These obligations are reported net of bond premiums and discounts, which are amortized over the life of the related bond issue using the straight-line method. Other long-term obligations represent outstanding net present value portions due on capital lease obligations, and long-term portions of claims or judgments. Liabilities arising from interfund activities do not constitute general long-term liabilities. In the Governmental Fund financial statements, bond premium and discounts, as well as bond issuance, costs are recognized as expenditures of the current period. The face amount of the debt issued, along with any bond premium and discounts, is reported as Other Financing Sources.

Compensated Absences (Accrued Vacation and Sick Leave)

City employees are entitled to accrue and carry forward at fiscal year-end accumulated unused days of annual vacation leave and sick leave. Typically, employees consume newly-earned increments of leave in future periods. Effective July 1, 1994, accumulated annual and sick leave is capped at 400 hours and 720 hours, respectively, per employee. Upon termination of employment, employees are entitled to be paid at current salary levels for accumulated unused annual vacation leave. Prior to July 1, 1994, the City's policy for employees receiving compensation for unused sick leave upon termination was as follows: 15 years of service = 25%; 20 years of service = 50%; 25 years of service = 75%; 30 years of service = 100%.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Compensated Absences (Accrued Vacation and Sick Leave (Continued))

In the Government-wide and Proprietary Fund financial statements, vacation pay is accrued when incurred and reported as a current and long-term liability. In the Governmental Funds, expenditures and liabilities related to these obligations are recognized when they mature (become due). Vacation pay that is expected to be liquidated, for example, as a result of employee resignations and retirements, with expendable available financial resources is reported as an expenditure and a fund liability in the General Fund, when applicable.

Unearned Revenue

In the Government-wide financial statements, and in the Governmental Fund and Proprietary Fund types, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability entitled unearned revenue. Unearned revenue in the Government-wide and in the Governmental Fund financial statements certain assets that are not yet available to finance expenditures for the current fiscal period are classified as unearned revenue.

The City's prior-year receipt of a wastewater capacity payment from a customer of \$1,675,876 (original balance of \$1,950,000), which is to be applied by the City as a credit against future contract charges and services, has been reported as unearned revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement Plan (SCRS) and South Carolina Police Officers Retirement Plan (PORS) and additional to/deductions from plans fiduciary net position have been determined on the same basis as they are reported by the related plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the City's total assets and deferred inflows, less total liabilities and deferred outflows represents net position. Net position for both the governmental and proprietary fund types displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the assets available for future operations. In the Fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. "Nonspendable" fund balances include those amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. "Restricted" fund include those amounts that are legally restricted by outside parties, laws, governments, or enabling legislation for use for a specific purpose.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Net Position and Fund Balances (continued)

“Committed” fund balances are amounts that can only be used for specific purposes due to constraints imposed by formal action of the City Council which is the City’s highest level of decision making authority. A formal action by Council, typically an ordinance, would be required to rescind a commitment. “Assignments” of fund balance present management’s intent, but are neither restricted nor committed. Due to its form of government (Council-Manager), the City Manager and/or through the annual budget, is authorized to assign amounts to a specific purpose. “Unassigned” fund balance is the residual classification for the General Fund, or in other governmental funds if expenditures incurred for specific purposes exceed the amounts restricted, committed, and/or assigned to those purposes. When other governmental funds have deficit fund balances, such deficits, after reducing any assigned, committed or restricted balances, are reported as negative unassigned fund balances. In governmental funds, other than the General Fund it is not appropriate to report a positive unassigned fund balance.

Property Taxes

The City assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes as of December 31 of each year. The basis for value of taxable property within the City is taken from the records of the Lexington County Assessor or the Richland County Assessor. Taxes are levied on July 1 with the passage of the fiscal year budget and millage ordinance, billed in October, and are due by January 15 in the year following their levy. A penalty of 3% is added to the tax bill on January 16; with an additional 7% added on February 2; and an additional 5% to the tax bill on March 17.

New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Department of Transportation and payment is due before the end of the month of the scheduled renewal.

For Government-wide financial statements, property taxes are recognized as revenue in the year for which they are levied. For Government Fund financial statements, City property tax revenues are recognized for the budget period to which they apply when they become measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts estimated to be uncollectible.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Program and General Revenue

The City charges public fees for building permits and inspections, and admission fees for certain recreational activities. These fees as well as fines for traffic violations and grant revenues are recorded as “program revenue” in the Statement of Activities. “General revenues” reported by the City include property taxes, state-shared taxes, business licenses (which are appropriately not classified as program revenue ‘fees for services’ due to their non-matching characteristics) and other government imposed non-exchange fees (e.g. franchise fees, which are general revenue fees-in-lieu of business licenses).

Interfund Activities

Transfers between governmental and business-type activities on the Government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without the requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Deferred Inflows/Outflows of Resources

Pursuant to GASB Concepts Statement No. 4, “deferred outflow of resources” is a consumption of net position (assets minus liabilities) by the government that is applicable to a future period, while an ‘asset’ is a resource with present service capacity that the government presently controls. A “deferred inflow of resources” is an acquisition of net position (assets minus liabilities) by the government that is applicable to a future reporting period, while a ‘liability’ is a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred outflows and inflows of resources are reported separate from assets and liabilities, respectively, in the Statement of Net Position.

At June 30, 2015, the City also reported ‘deferred outflow of resources’ consisting of debt refunding loss [the difference between the new refunding debt (reacquisition price) and the net carrying amount of the old refunded debt] resulting from its Series 2007A Revenue Bond. This amount is being amortized to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense, and the allowance for doubtful accounts among other accounts. Actual results could differ from those estimates.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments

As of June 30, 2015, the City had the following cash and investment balances:

Cash on hand	\$	1,705
Carrying amount of deposits		14,772,236
Carrying amount of investments		3,995,122
Funds held in trust by State		3,294,341
Total	\$	<u>22,063,404</u>
Statement of Net Position balances:		
Cash and cash equivalents	\$	6,818,002
Cash and cash equivalents – restricted		15,083,267
Cash and cash equivalents – fiduciary		162,135
Total	\$	<u>22,063,404</u>
Investments are categorized as follows:		
State Treasurer’s Investment pool	\$	3,294,341
Money Market Funds		3,995,122
Total	\$	<u>7,289,463</u>

Deposits

Custodial credit risk of deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2015, the carrying amount of the City’s cash deposits with financial institutions was \$14,772,236 and the financial institution’s balances totaled \$15,990,498. Of this balance, \$903,763 was covered by federal depository insurance and the remaining balance was covered by collateral held by the financial institutions’ trust departments in the City’s name. The City’s cash on hand at June 30, 2015, amounted to \$1,705. Accordingly, the City was not exposed to custodial credit risk.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments (Continued)

Investments

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2015, the City had the following investments subject to interest rate risk:

	<u>Fair Value</u>	<u>Maturity</u>
State Treasurer’s Investment Pool	\$ 3,294,341	60 days weighted average of portfolios
Money Market Funds	\$ 3,995,122	8 days weighted average of portfolios

The South Carolina State Treasurer’s Office established the South Carolina Local Government Investment Pool (the Pool) pursuant to Section 6-6-10 of the South Carolina Code of Law. The Pool is an investment trust fund, in which public monies in excess of current needs which are under the custody of any county treasurer or any governing body political subdivision of the State may be deposited. The Pool is a Rule 2a 7-like pool which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC’s Rule 2a 7 of the Investment Company Act of 1940. Investment shares with the State Treasurer Investment Pool are subject to redemption upon demand by the City. The fair value of the City’s investment in the Pool is the same as the value of the pool shares.

Credit Risk. State statute authorizes the City to invest in obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units provided such obligations are rated as an “A” or better by Moody’s Investors Service, Inc. and Standard and Poor’s Corporation or their respective successors; interest bearing accounts in savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner.

The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The State Treasurer also provides oversight for the State Treasurer’s Investment Pool, of which, the fair value of the City’s investments is the same as the value of the pooled shares. The City is under no contractual agreements which restrict investment alternatives. The City has no investment policy that would further limit its investment choices other than its compliance with State Law. The State Investment Pool limits its investments to the same State Law requirements.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments (Continued)

Investments (Continued)

The Money Market Funds were rated Aaa by Moody's Investors Service December 1998 and AAAM by Standard & Poors and Fitch Ratings in March 1999. The South Carolina Local Government Investment Pool is not rated.

Custodial credit risk. Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment balances were covered by collateral held by the financial institution's trust department in the City's name. The City does not have an investment policy for custodial credit risk. As of June 30, 2015, the City was not exposed to custodial credit risk.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in money market funds. These investments are 99% respectively, of the City's total investments.

3. Receivables

Receivables at June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 1,696,780	\$ —
Hospitality taxes	87,785	—
Water and sewer accounts	—	2,379,763
Wastewater Treatment Plant contributions due	—	1,266,934
Other	200,760	256,507
Due from other governments:		
General Fund:		
State shared revenue	95,962	—
Special Revenue Fund:		
Accommodations tax	27,164	—
ABC Permit Fund:		
Due from state government	3,000	—
Gross receivables	<u>2,117,631</u>	<u>3,903,204</u>
Less, allowance for uncollectible	<u>(1,589,744)</u>	<u>(35,000)</u>
Net total receivables	<u>\$ 527,887</u>	<u>\$ 3,868,204</u>

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Due to/from Other Funds (Internal Balances)

The Governmental and Business-type short-term interfund receivables and payables at June 30, 2015, were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 260,716	\$ 13,456
Capital Projects Fund	7,000	—
Hospitality Tax Fund	—	104,728
Water and Sewer Fund	—	149,532
	\$ 267,716	\$ 267,716

Net internal balances shown on the Statement of Net Position between Governmental and Business-type Activities totaled \$149,532 at June 30, 2015.

5. Capital Assets

A summary of the changes in the City's capital assets during the year ended June 30, 2015, are as follows:

Governmental Activities:

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land and rights-of-way	\$ 2,224,246	\$ 5,350,000	\$ —	\$ 15,416	\$ 7,589,662
Construction in progress	283,005	657,633	(39,893)	(624,885)	275,860
Total capital assets not being depreciated	2,507,251	6,007,633	(39,893)	(609,469)	7,865,522
Capital assets being depreciated:					
Land improvements	4,495,179	81,452	—	483,607	5,060,238
Buildings and improvements	1,515,867	—	—	—	1,515,867
Furniture, vehicles, equipment	7,291,777	496,255	(204,350)	125,862	7,709,544
Totals capital assets being depreciated	13,302,823	577,707	(204,350)	609,469	14,285,649
Less, accumulated depreciation for:					
Land improvements	(2,444,658)	(242,234)	—	—	(2,686,892)
Buildings and improvements	(1,143,542)	(31,787)	—	—	(1,175,329)
Furniture, vehicles, equipment	(6,176,259)	(377,306)	204,350	—	(6,349,215)
Total accumulated depreciation	(9,764,459)	(651,327)	204,350	—	(10,211,436)
Total capital assets being depreciated, net	3,538,364	(73,620)	—	609,469	4,074,213
Net capital assets – Governmental Activities	\$ 6,045,615	\$ 5,934,013	\$ (39,893)	\$ —	\$ 11,939,735

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. Capital Assets (Continued)

Business-Type Activities:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets not being depreciated:					
Land and rights-of-way	\$ 330,568	\$ —	\$ —	\$ —	\$ 330,568
Construction in progress	396,198	1,595,226	—	(541,242)	1,450,182
Total capital assets not being depreciated	<u>726,766</u>	<u>1,595,226</u>	<u>—</u>	<u>(541,242)</u>	<u>1,780,750</u>
Capital assets being depreciated:					
Water plant and distribution system	37,490,955	377,450	—	222,056	38,090,461
Wastewater plant and collection system	109,084,136	384,256	(12,293)	236,569	109,692,668
Septage & grease facility	1,530,459	—	—	2,441	1,532,900
Furniture, vehicles, equipment	5,478,643	433,144	(192,399)	80,176	5,799,564
Total capital assets being depreciated	<u>153,584,193</u>	<u>1,194,850</u>	<u>(204,692)</u>	<u>541,242</u>	<u>155,115,593</u>
Less, accumulated depreciation for:					
Water plant and distribution system	(14,433,979)	(1,037,407)	—	—	(15,471,386)
Wastewater plant and collection system	(13,118,714)	(2,772,630)	12,293	—	(15,879,051)
Septage & grease facility	(8,373)	(51,050)	—	—	(59,423)
Furniture, vehicles, equipment	(3,427,683)	(382,936)	142,884	—	(3,667,735)
Total accumulated depreciation	<u>(30,988,749)</u>	<u>(4,244,023)</u>	<u>155,177</u>	<u>—</u>	<u>(35,077,595)</u>
Total capital assets being depreciated, net	<u>122,595,444</u>	<u>(3,049,173)</u>	<u>(49,515)</u>	<u>541,242</u>	<u>120,037,998</u>
Net capital assets – Business-type Activities	<u>\$123,322,210</u>	<u>\$ (1,453,947)</u>	<u>\$ (49,515)</u>	<u>\$ —</u>	<u>\$121,818,748</u>

For the year ended June 30, 2015, depreciation expense charged to Governmental and Business-type Activities above were not allocated to specific functions in the Statement of Activities, as the City does not have a reasonable basis for allocation.

Interest expense in the amount of \$18,666 was capitalized as part of the construction for Business-type Activities at during the fiscal year 2015.

CITY OF CAYCE, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Long-Term Debt

Long-term debt of the City at June 30, 2015, consisted of the following:

A. Governmental Activities

Tax Increment Financing (TIF) Revenue Bond, Series 2002 issued October 24, 2002, to develop and improve certain tax district of the City. The bonds mature semi-annually on October 24, and April 24, with principal amounts of \$148,199 to \$483,244, with an applicable semi-annual interest at 4.03 percent per annum.	\$ 949,858
Installment purchase contract, (pumper fire truck) dated October 5, 2010, interest at 2.53 percent per annum, due on or before November 9, 2015.	104,952
Installment purchase contract, (24 vehicles) dated January 10, 2012, interest at 1.83 percent per annum, due on or before January 10, 2016.	85,518
Installment purchase contract, (6 vehicles) dated January 24, 2013, interest at 1.13 percent per annum, due on or before January 15, 2016.	33,772
	1,174,100
Less, current portions (due within one year):	
TIF Revenue Bond, Series 2002 payable	(458,144)
Installment purchase contracts payable	(224,242)
Total long-term debt – Governmental Activities	\$ 491,714

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Long-Term Debt (Continued)

B. Business-Type Activities

Clean Water State Revolving Funds Loan (SRF), Series 2002, interest (3.75% per annum) payable quarterly, final payment due September 1, 2023.	\$ 811,774
Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2007A, interest (4.00% - 5.25% per annum) payable semi-annually, final payment due July 1, 2027.	13,945,000
Clean Water State Revolving Funds Loan (SRF), Series 2009, interest (2.25% per annum) payable quarterly, final payment due March 1, 2032.	29,279,642
Clean Water State Revolving Funds Loan (SRF), Series 2015, interest (2.00% per annum) payable quarterly, final payment due August 1, 2035.	3,734,073
	47,770,489
Add:	
Series 2007A Bond premium, net	444,264
Less, current portions (due within one year):	
Water and Sewer Bonds payable (2007A)	(910,000)
State Revolving Fund Loans (2002, 2009, and 2015)	(1,658,836)
Total long-term debt – Business-type Activities	\$ 45,645,917

Defeasement of Series 2004 Bonds

During the year ended June 30, 2015, the City defeased the Series 2004 Water and Sewer System Refunding and Improvement Revenue Bonds by placing debt service reserve funds into the principal and interest redemption trust fund for all future debt service payments on the Series 2004 bonds. Therefore, debt is considered defeased ‘in-substance’ for accounting and financial reporting purposes and the trust account assets and the liability for the defeased bonds are not included in the City’s financial statements. At June 30, 2015, total funds available in the trust equaled \$1,531,268 and the outstanding principal and interest due on the Series 2004 equaled \$989,400.

Amendment of Series 2009 Clean Water State Revolving Funds Loan

On October 27, 2014, the South Carolina State Budget and Control Board amended the Series 2009 Clean Water State Revolving Funds Loan (Series 2009 SRF Loan) after processing the final draw request. The undisbursed loan funds of \$1,081,166 were used to reduce the total loan amount to \$33,793,369. Pursuant to Section 1.4.2 of the Series 2009 SRF Loan Agreement, the quarterly payments were recalculated based upon the final loan amount retroactive to the payment initiation date. A new amortization schedule with quarterly payment amounts equaling \$525,732, took effect on January 1, 2015. The overpayment of \$168,200 was applied as a simple credit to the December 1, 2014 payment. The Series 2009 SRF loan balance was \$29,995,664 after the December 1, 2014 payment was applied.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Long-Term Debt (Continued)

B. Business-Type Activities (continued)

Clean Water State Revolving Funds Loan, Series 2015

On January 29, 2015, the City obtained a State Drinking Water Revolving Loan Fund loan for \$3.73 million dollars from the South Carolina Water Quality Revolving Loan Fund Authority for the purpose of replacing the Highway 321 water main. The terms include interest at 2% with principal and interest repaid over 20 years in 80 substantially equal quarterly payments beginning on November 1, 2015. The loan is subject to satisfaction of all conditions to the issuance of additional parity bonds required by Article III of its Amended and Restated Indenture of Trust dated July 15, 2004 and to the legal title opinion letter addressing all land, rights-of-way and easements required for the project.

Bond Refunding Gains or Losses

Bond refunding gains and losses are being amortized over the shorter of the new refunding debt or the refunded (old) debt, with such amounts being reported as either deferred outflows or inflows of resources on the Statement of Net Position.

The Series 2007A Water and Sewer System Revenue and Refunding Bond refunded in part the Series 1998 Revenue Bond which resulted in an accounting loss of \$345,179. Amortization expense totaled \$28,765 for the year ended June 30, 2015, and the unamortized carrying amount of the refunding loss totaled \$115,059 at June 30, 2015.

C. Changes in Long-Term Debt

Changes in the long-term debt of the City during the year ended June 30, 2015, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/15</u>
Governmental Activities:					
TIF Revenue Bonds	10/24/02	\$ 1,390,082	\$ —	\$ (440,224)	\$ 949,858
Installment purchase contracts	Various	\$ 600,862	\$ —	\$ (376,620)	\$ 224,242
Accrued compensated absences	—	\$ 361,071	\$ 53,814	\$ (56,490)	\$ 358,395
Business-type Activities:					
Clean Water State Revolving Funds Loan	12/01/02	\$ 897,494	\$ —	\$ (85,720)	\$ 811,774
Water and Sewer System Refunding and Improvement Revenue Bonds	9/11/07	\$ 14,805,000	\$ —	\$ (860,000)	\$ 13,945,000
Clean Water State Revolving Funds Loan	9/15/09	\$ 31,712,389	\$ 25,075	\$ (2,457,822)	\$ 29,279,642
Clean Water State Revolving Funds Loan	1/29/15	\$ —	\$ 3,734,073	\$ —	\$ 3,734,073
Accrued compensated absences	—	\$ 98,550	\$ 44,769	\$ (31,582)	\$ 111,737

Accrued compensated absences due within one year for the Governmental Activities total \$247,539 and for Business-type Activities total \$73,126 at June 30, 2015.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Long-Term Debt (Continued)

D. Annual Requirements for Long-Term Debt

The annual debt service requirements to amortize all of the City's long-term debt, except accrued compensated absences, are summarized below:

	<u>Interest</u>	<u>Principal</u>	<u>Total Requirements</u>
Governmental Activities:			
Tax Increment Revenue Bonds, Series 2002:			
2016 (due within one year)	\$ 33,709	\$ 458,144	\$ 491,853
2017	15,060	476,793	491,853
2018	302	14,921	15,223
	<u>\$ 49,071</u>	<u>\$ 949,858</u>	<u>\$ 998,929</u>
Installment Purchase Contracts:			
2016 (due within one year)	<u>\$ 3,363</u>	<u>\$ 224,242</u>	<u>\$ 227,605</u>

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Long-Term Debt (Continued)

D. Annual Requirements for Long-Term Debt (Continued)

	<u>Interest</u>	<u>Principal</u>	<u>Total Requirements</u>
Business-type Activities:			
SRF Loan, Series 2002:			
2016 (due within one year)	\$ 17,529	\$ 87,665	\$ 105,194
2017	15,540	89,654	105,194
2018	13,506	91,688	105,194
2019	11,425	93,769	105,194
2020	9,297	95,897	105,194
2021-2024	15,077	353,101	368,178
	<u>\$ 82,374</u>	<u>\$ 811,774</u>	<u>\$ 894,148</u>
Revenue Bonds, Series 2007A:			
2016 (due within one year)	\$ 685,250	\$ 910,000	\$ 1,595,250
2017	618,050	1,780,000	2,398,050
2018	522,237	1,870,000	2,392,237
2019	421,175	1,980,000	2,401,175
2020	314,600	2,080,000	2,394,600
2021-2025	631,697	3,860,000	4,491,697
2026-2029	103,716	1,465,000	1,568,716
	<u>\$ 3,296,725</u>	<u>\$ 13,945,000</u>	<u>\$ 17,241,725</u>
SRF Loan, Series 2009			
2016 (due within one year)	\$ 646,561	\$ 1,456,369	\$ 2,102,930
2017	613,516	1,489,414	2,102,930
2018	579,720	1,523,210	2,102,930
2019	545,157	1,557,773	2,102,930
2020	509,811	1,593,119	2,102,930
2021-2025	1,990,135	8,524,515	10,514,650
2026-2030	978,110	9,536,540	10,514,650
2031-2032	81,425	3,598,702	3,680,127
	<u>\$ 5,944,435</u>	<u>\$ 29,279,642</u>	<u>\$ 35,224,077</u>
SRF Loan, Series 2015			
2016 (due within one year)	\$ 55,439	\$ 114,802	\$ 170,241
2017	71,222	155,765	226,987
2018	68,083	158,904	226,987
2019	64,881	162,106	226,987
2020	61,614	165,373	226,987
2021-2025	256,725	878,210	1,134,935
2026-2030	164,604	970,331	1,134,935
2031-2035	62,819	1,072,116	1,134,935
2036	287	56,466	56,753
	<u>\$ 805,674</u>	<u>\$ 3,734,073</u>	<u>\$ 4,539,747</u>

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Long-Term Debt (Continued)

D. Annual Requirements for Long-Term Debt (Continued)

The Town of Springdale entered into a contract with the City of Cayce to remit annually sums of money originally (\$114,437) to reimburse the City for the Series 2002 SRF Loan debt service. This contract was modified effective 2012, to reduce in the interest rate from 3.75% to 2.25%. The new payment is \$26,298 to be remitted quarterly (\$105,194 annually). Such contract and receipt of revenues are contingent based on the annual budget appropriated by the Town of Springdale.

Pursuant to the City of Cayce's Wastewater Services Agreement, the Lexington County Joint Water and Sewer Commission is to remit (in addition to other rates and charges) monthly sums of money to reimburse the City a portion (30.183%) for the Series 2009 SRF Loan debt service plus 15% for debt service coverage (collectively the "Debt Service Charge", the monthly payment is \$52,894 or \$634,728 annually. According to the Agreement, revenue generated by the Debt Service Charge shall be considered operating revenue for the City of Cayce.

There are a number of limitations and restrictions contained in the City's revenue bond indentures, among which, is for the City to earn a 115:1 ratio of net revenues (without capital facility charges) to combined debt service, or combined ratios of 110:1 of net revenues (without capital facility charges) to combined debt service and 120:1 of net revenue with capital facility charges to combined debt service. The City was in compliance with these requirements at June 30, 2015.

The Series 2007A Bonds due July 1, 2027 (the "Series 2007A Term Bonds") shall be subject to redemption prior to maturity, at the option of the City in such order of maturity as the City determines, on and after July 1, 2020, in whole or in part at any time upon 30 days notice, at 100% of the principal amount of such Series 2007A Bonds to be so redeemed, plus interest accrued to the redemption date.

E. Debt Service Reserves Funding

During the fiscal year 2008, the City's bond insurer (XL Capital Assurance) for its Series 2007A Water and Sewer Revenue Bonds was downgraded by various national rating agencies. During fiscal years 2009-2011, the City funded the Debt Service Reserve Accounts for the Series 2004 Bonds, Series 2007A Bonds, and Series 2009 SRF loan in the amounts of \$878,046, \$1,776,350 and \$2,352,410, respectively. As a result, the City's ratings on its outstanding bonds remained unaffected. During fiscal year 2014, the City amended its Supplemental Indenture of Trust in order to reduce the balances of the Debt Service Reserve Accounts associated with its SRF loans. The Series 2009 reserve amount was reduced from \$2,352,410 to \$1,085,104 and the Series 2002 reserve amount was reduced from \$105,200 to \$52,600. During 2015, the State of South Carolina informed the City that the Series 2009 and Series 2002 reserve funds could be reduced to zero and the City closed these two debt service reserve fund accounts. Also during 2015, the City transferred funds from the Series 2004 debt service reserve funds to the principal and interest redemption trust fund leaving a balance of \$561,268 in the debt service reserve fund at June 30, 2015.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Net Position

Net position of the Government-wide and Proprietary Fund financial statements represent the difference between assets and deferred inflows, less liabilities and deferred outflows. Reported amounts for net investment in capital assets and restricted net position were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Net Investment in Capital Assets:</u>		
Net capital assets	\$ 11,939,735	\$ 121,818,748
Less revenue bonds and loans payable	(949,858)	(45,645,917)
Add, unspent balance of capital projects	421,440	3,281,583
Less, construction and retainages payable	—	(258,149)
Less, installment purchase contracts	(224,242)	—
Total net investment in capital assets	<u>\$ 11,187,075</u>	<u>\$ 79,196,265</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Restricted:</u>		
Restricted cash and cash equivalents:		
Debt service	\$ 1,133,993	\$ 3,995,124
Capital projects	428,440	7,649,453
Housing	11,572	—
Community development	2,630	—
Less, liabilities payable from restricted assets	—	(3,760,876)
Victim's Rights Assistance	52,783	—
Pensions	893,361	418,770
Tourism	333,547	—
Law enforcement	12,472	—
ABC permit activities	31,205	—
Total restricted net position	<u>\$ 2,900,003</u>	<u>\$ 8,302,471</u>

8. Employee Retirement

All employees, excluding public safety department employees (police and fire officers), are eligible for membership in the South Carolina Governmental Employees' Retirement System (SCRS). Public safety department employees are covered by the South Carolina Police Officers' Retirement System (PORS). Both are a cost-sharing, multiple employer public employee retirement system administered by the South Carolina Public Employee Benefit Authority (PEBA). Actuarial determinations are made by the administrators for the system.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Employee Retirement (Continued)

Plan Descriptions

Benefits of the retirement systems are established by state statutes. Under current statutes, member employees who retire at age 65 or after 28 years (public safety employees after 25 years) of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 1.82 percent of the employee's highest twenty consecutive quarters of compensation for non-public safety employees and 2.14 percent for public safety employees.

Benefits

Member employees who are at least 55 years of age may elect early retirement with reduced benefits. In either case, any unrecovered contributions are payable upon death and benefit payments increase 4 percent each year following an increase in the Consumer Price Index of at least 3 percent. Full service or early retirees may elect other optional methods of benefit distributions, including lump sum distributions, benefit levels coordinated with the retiree's social security benefits and distributions to a named beneficiary. Benefits are fully vested on reaching five years of service. The retirement systems also provide death and disability benefits to all member employees.

Funding Policy

The City's total "pensionable" wages for the year ended July 30, 2015, 2014, and 2013, were approximately \$7,923,045, \$7,612,085, and \$7,201,484, while covered-employee wages were \$7,985,444, \$7,668,105, and \$7,222,397 for the years ended 2015, 2014, and 2013, respectively. State statutes also determine the levels of contributions required by both employers and employees. Effective July 1, 2016, for non-public safety employees, the employee contribution rate will be 8.16 percent and the employer required contribution will be 11.06 percent, which includes .15 percent of group life coverage. Effective July 1, 2016, for public safety employees, the employee contribution rate will be 8.74 percent and the employer contribution rate will be 13.74 percent, which includes .2 percent of group life and .2 percent of accidental death coverage. The City contributed 100% of the required contribution for each of the plans for the years ending June 30, 2015, 2014, and 2013.

	SCRS			PORS		
	2015	2014	2013	2015	2014	2013
Wages:						
Pensionable	\$ 5,133,635	\$ 4,849,702	\$ 4,591,149	\$ 2,789,410	\$ 2,762,383	\$ 2,610,335
Contribution rates:						
Employees	8.0%	7.5%	7.0%	8.41%	7.84%	7.5%
Employer	10.9%	10.6%	10.6%	13.41%	12.84%	12.30%
Contributions:						
Employees	\$ 427,593	\$ 363,728	\$ 321,380	\$ 217,686	\$ 216,571	\$ 182,727
Employer	\$ 557,599	\$ 514,069	\$ 486,663	\$ 374,067	\$ 354,690	\$ 321,072

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources

At June 30, 2015, the City reported a liability of \$13,596,419 for the measurement period June 30, 2014 for its proportionate share of the net pension liabilities, of which \$9,212,648 was for SCRS and \$4,383,771 was for PORS. The net pension liabilities were measured by PEBA as of June 30, 2014 and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, PEBA reported the City's proportion of the collective net pension liability was 0.053510% for SCRS and 0.22899% for PORS.

For the year ended June 30, 2015, the City recognized pension expense of \$1,029,227, of which \$645,702 was for SCRS (\$318,824 in Governmental Activities and \$326,878 in the Business-type Activities) and \$383,525 for PORS (all Governmental Activities), respectively.

Components of Change in Net Pension Liability (NPL)

Changes in the net pension liability for the measurement period, June 30, 2014, follows:

	SCRS	PORS	Total
Pension expense:			
Service cost	\$ 395,450	\$ 342,576	\$ 738,026
Interest on total pension liability	1,616,539	957,047	2,573,586
Changes in plan benefits	—	—	—
Plan administrative costs	6,296	4,169	10,465
Plan member contributions	(349,223)	(219,836)	(569,059)
Expected return on plan assets	(911,254)	(598,784)	(1,510,038)
Recognition of deferred outflows - current year amortization	80,745	30,338	111,083
Recognition of deferred inflows - current year amortization	(194,173)	(126,809)	(320,982)
Other	1,322	(5,176)	(3,854)
Total pension expense	645,702	383,525	1,029,227
PEBA employer contribution	(515,193)	(356,321)	(871,514)
Balance of deferred items (net of amortization):			
Outflow – Plan performance	261,048	116,983	378,031
Outflow – Difference in Contributions	5,131	—	5,131
Inflow – Investment experience	(776,693)	(507,234)	(1,283,927)
Inflow – Difference in Contributions	—	(10,484)	(10,484)
Total change in net pension liability	\$ (380,005)	\$ (373,531)	\$ (753,536)

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Related to Pensions		
	SCRS	PORS	Total
Differences between expected and actual plan performance	\$ 261,048	\$ 116,983	\$ 378,031
Changes of assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	—	—
Changes in proportion and differences between City contributions and proportionate share of contributions	5,131	—	5,131
City contributions subsequent to the measurement date	591,529	337,440	928,969
Total	\$ 857,708	\$ 454,423	\$ 1,312,131

	Deferred Inflows of Resources Related to Pensions		
	SCRS	PORS	Total
Differences between expected and actual plan performance	\$ —	\$ —	\$ —
Changes of assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	776,693	507,234	1,283,927
Changes in proportion and differences between City contributions and proportionate share of contributions	—	10,484	10,484
Total	\$ 776,693	\$ 517,718	\$ 1,294,411

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)

The \$928,969 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	Deferred Outflows of Resources Related to Pensions		
	SCRS	PORS	Total
2016	\$ 82,332	\$ 30,338	\$ 112,670
2017	82,332	30,338	112,670
2018	82,332	30,338	112,670
2019	19,183	25,969	45,152
	\$ 266,179	\$ 116,983	\$ 383,162

<u>Year ended June 30:</u>	Deferred Inflows of Resources Related to Pensions		
	SCRS	PORS	Total
2016	\$ 194,173	\$ 129,528	\$ 323,701
2017	194,173	129,528	323,701
2018	194,173	129,528	323,701
2019	194,174	129,134	323,308
	\$ 776,693	\$ 517,718	\$ 1,294,411

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SCRS	PORS
Inflation	2.75 percent	7.75 percent
Salary	Levels off at 3.5 percent, including inflation	Levels off at 4.0 percent, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation	7.5 percent, net of pension plan investment expense, including inflation

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Employee Retirement (Continued)

Actuarial Assumptions (continued)

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA, projected from the year 2000.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study on data through June 30, 2010. The next actuarial experience study is scheduled to be conducted after the June 30, 2015 annual valuation is completed.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

CITY OF CAYCE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Employee Retirement (Continued)

Long-term Expected Rate of Return (continued)

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the SCRS and PORS Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Short Term:		
Cash	2.0%	0.01%
Short Duration	3.0%	0.02%
Domestic Fixed Income:		
Core fixed income	7.0%	0.08%
High yield	2.0%	0.07%
Bank loans	4.0%	0.11%
Global Fixed Income:		
Global fixed income	3.0%	0.02%
Emerging markets debt	6.0%	0.25%
Global Public Equity	31.0%	2.42%
Global Tactical Asset Allocation	10.0%	0.51%
Alternatives:		
Hedge Funds (Low Beta)	8.0%	0.32%
Private Debt	7.0%	0.71%
Private Equity	9.0%	0.92%
Real Estate (Broad Market)	5.0%	0.29%
Commodities	3.0%	0.15%
Total expected real return	100.0%	5.88%
Inflation for actuarial purposes		2.75%
Total expected nominal return		8.63%

CITY OF CAYCE, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Employee Retirement (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities at June 30, 2014, was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5) percent) than the current rate:

	<u>City's proportionate share of the net pension liabilities to changes in the discount rate</u>		
	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
SCRS	\$ 11,921,737	\$ 9,212,648	\$ 6,952,491
PORS	6,126,206	4,383,771	2,942,051

Pension Plans Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PEBA financial report. A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS and PORS, which is issued and publicly available on the website www.retirement.sc.gov, or a copy may be obtained by submitting in writing a request to the South Carolina Retirement System, P. O. Box 11960, Columbia, SC 29211-1960.

CITY OF CAYCE, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Post-Employment Benefits Other Than Pension

Plan Description

In addition to the pension benefits described in *Note 8*, the City maintains a policy whereby an employee who was hired prior to July 1, 2009 and who qualifies under the South Carolina Retirement System’s Regular Service retirement and who has 15 years of service with the City will have the opportunity to participate in the City’s single employer defined benefit other post-employment benefit (OPEB) plan, hereafter referred to as “OPEB” or the “Program”. The plan offers retired employees’ premium payments for the employee group health insurance plan (including dental) at no cost. The City’s policy premium rates were \$660.36 for the retiree and \$676.76 for the spouse for the year ended June 30, 2015. The retiree pays nothing for retiree only coverage and pays the full premium rate of \$676.76 for spouse coverage. The program covers the retired employee until the earlier of (1) the retired employee reaches age 65, or (2) the retired employee qualifies for health insurance under another plan. The City (through the Mayor and Council) currently administers the program and maintains the authority for establishing benefits and funding policy. The program does not issue separate stand-alone financial statements and is not included in the financial statements of another entity.

Funding Policy

The City’s contributions are financed on a pay-as-you-go basis and therefore, no trust fund has been established which would maintain plan assets. At June 30, 2015, the City had four retired employees with an average age of 57.75 years covered by the program with monthly premium costs averaging \$660.36 per participant. Total expenses funded by the City for the year ended June 30, 2015 were \$36,153 (or 16.5%) of the annual required contribution; \$31,558 or 14.4% have been funded by the General Fund and \$4,595 or 2.1% have been funded by the Proprietary Fund. For prior fiscal years 2014 and 2013, total funding expenses were \$30,728 and \$35,344 respectively.

Annual Other Post-Employment Benefit (OPEB) Cost

The annual required contribution (“ARC”) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City’s annual other post-employment benefit (OPEB) cost for the current year and the related information for the program is as follows:

Employer normal costs	\$ 106,014
Amortization of UAL	138,687
Annual required contribution (ARC)	244,701
Interest on net other post-employment benefit (OPEB) obligation	84,943
Adjustment to required annual contribution	(110,893)
Annual other post-employment benefit (OPEB) cost	218,751
Contributions made	(36,153)
Increase in net other post-employment benefit (OPEB) obligation	182,598
Net other post-employment benefit (OPEB) obligation – beginning of year	1,887,611
Net other post-employment benefit (OPEB) obligation – end of year	\$ 2,070,209

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Post-Employment Benefits Other Than Pension (continued)

Annual Other Post-Employment Benefit (OPEB) Cost (continued)

The City's annual other post-employment benefit cost was \$218,751, \$429,977 and \$412,983, for the fiscal years 2015, 2014 and 2013, respectively. The City's net other post-employment benefit (OPEB) obligation was \$2,070,208, \$1,887,611 and \$1,488,362, for the fiscal years 2015, 2014 and 2013, respectively. The City contributed 16.5%, 7.1%, and 8.6%, of the annual other post-employment benefit cost for the years ended June 30, 2015, 2014, and 2013, respectively.

Funded Status and Funding Progress

The actuarial accrued liability for benefits was \$1,807,942 as of the last actuarial valuation as of July 1, 2012, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan at May 2012) was \$6,927,435, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 26 percent. The covered payroll in the plan as of June 30, 2014 was \$7,612,085, and \$7,985,444 at June 30, 2015.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the other post-employment benefit (OPEB) and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of other post-employment benefit (OPEB) assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive program (the program as understood by the City and participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the participants to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued other post-employment benefit (OPEB) liabilities and the actuarial value of other post-employment benefit (OPEB) assets.

In the actuarial valuation dated July 1, 2012, the Entry Age Normal cost method and the Level Dollar Amount Open amortization method were used. The unfunded actuarial accrued liability ("UAAL") amortization payment is the level percent of payroll required to fully amortize the UAAL over a 30 year period. The remaining amortization period is 30 years. The actuarial assumptions included an estimated investment rate of return of 4.50% (which is the annual return net of both administrative and investment related expenses) and a healthcare inflation rate of 8% to 4% at a constant rate over ten years for fiscal years 2014 and later. The health care trend rate used in the actuarial study was medical = 2.53%, dental = 0.00%, and life = 0.00%. The three year average medical trend was 3.66% as of June 30, 2015.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial property insurance coverage; general liability coverage; inland marine and automobile liability; professional and public official's liability; and various Fidelity bond coverages for its employees. There have been no significant reductions in insurance coverage in the current year, and settled claims have not exceeded coverage in any of the last three fiscal years.

During the fiscal year, the City's business risk insurance provides building and content coverage up to \$114,062 million general liability for property and casualty and up to \$1 million general liability for persons or property per occurrence.

11. Capacity Charges and Other Capital Contributions

Capacity charges and capital contributions in the Water and Sewer Utility Fund for the year ended June 30, 2015, has been recognized as non-operating revenue. A summary of cash receipts, receivables, and system contributions received from developers during the year ended June 30, 2015, were as follows:

Contributed property by developers	\$ 761,708
Capacity charges	671,532
Other capital grants	<u>171,039</u>
Total capacity charges to customers under agreement and other capital contributions recognized	<u>\$ 1,604,279</u>

12. Commitments and Contingencies

Litigation

The City is party to legal proceedings that normally occur in governmental operations. City officials believe the legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

Federal and State Assisted Programs

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds.

Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

13. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanations of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The Governmental Fund Balance Sheet includes a reconciliation between fund balance amounts and Net Position – Governmental Activities. The details of the reconciled amounts are as follows:

Capital assets in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements:

Capital assets	\$ 22,151,171
Less, accumulated depreciation	(10,211,436)
Net amount reported	\$ 11,939,735

Other assets not available to pay for current period expenditures and, therefore, are not reported in the funds:

State shared (local government fund) and accommodation tax revenue	\$ 123,126
Contractual rights for animal services	100,000
Property taxes revenue	54,026
Net amount reported	\$ 277,152

Deferred outflows related to pensions are not included in the pension liability as of the measurement date, and, therefore are reported in the fund financial statements but deferred at the government-wide level.

\$ 893,361

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements:

Revenue bond and installment purchase contracts	\$ (1,174,099)
Accrued compensated absences	(358,395)
Net pension liabilities	(8,932,613)
Other post-employment benefits (OPEB)	(1,347,545)
Net amount reported	\$ (11,812,652)

Deferred inflows related to pensions are not due and payable in the current period and, therefore, are not reported in the fund financial statements.

\$ (901,218)

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

13. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B. Explanations of Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balance and Changes in Net Position – Governmental Activities. The details of the reconciled amounts are as follows:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period:

Capital outlay expenditures	\$ 1,213,999
Donated equipment	21,341
Donated land	5,350,000
Depreciation expense	<u>(651,327)</u>
Net amount reported	<u>\$ 5,934,013</u>

The net effect of various miscellaneous transactions involving other assets (ie., sales, trade-ins, contractual rights, and donations) is to increase net position:

Gain/loss on dispositions of equipment	\$ <u>(39,893)</u>
Net amount reported	<u>\$ (39,893)</u>

Revenues in the Statement of Activities that do not provide current financial resources are reported as revenues in these funds:

Property taxes and state shared revenue	\$ <u>13,963</u>
	<u>\$ 13,963</u>

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:

Change in accrued compensated absence	\$ 2,676
Pension expenses	(55,464)
Other post-employment benefits (OPEB)	<u>(157,240)</u>
Net amount reported	<u>\$ (210,028)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal repayments – Installment purchase contracts	\$ 376,613
Principal repayments – TIF Bonds	<u>440,224</u>
Net amount reported	<u>\$ 816,837</u>

CITY OF CAYCE, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

14. Subsequent Events

Management has evaluated subsequent events which may require disclosure through December 11, 2015.

15. Related Party Transactions

During 2015, the City received gifts from the Beautification Foundation for the History Park, Burnette Park, and play-ground equipment totaling \$1.076 million.

16. Restatement for Accounting Principle Change

The City has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions; and amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pensions that are administered through trusts or equivalent arrangements. Statements No. 27 and No. 50 requirements remain applicable to pensions that are not administered through a trust or equivalent arrangement.

The Pension measurement date is June 30, 2014, which is a year earlier than these financial statements. Accordingly employer contributions made during fiscal 2014 were restated in the financial statements as deferred outflows and reflected as an increase to net assets effective June 30, 2014. In addition, the net assets of the governmental and business-type activities was reduced by the opening pension liability balances.

The requirements of this Statement required the City to restate amounts previously reported as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities and Proprietary Fund</u>
Net Position, as previously reported	\$ 5,716,332	\$ 87,521,049
Cumulative effect of change in accounting principle	<u>(8,885,006)</u>	<u>(4,594,567)</u>
Net Position as restated, June 30, 2014	<u>\$ (3,168,674)</u>	<u>\$ 82,926,482</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAYCE, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2015
(With comparative actual amounts for year ended June 30, 2014)

	2015			Variance Positive (Negative)	2014
	Budget		Actual		Actual
	Original	Final			
Revenue					
Property taxes	\$ 2,911,541	\$ 2,911,541	\$ 2,935,332	\$ 23,791	\$ 2,948,366
Licenses and permits	3,891,250	5,023,434	6,969,845	1,946,411	4,182,122
Fines and forfeitures	235,250	235,250	329,068	93,818	268,380
State shared revenue	357,066	357,066	362,744	5,678	357,698
Current services	716,672	716,672	848,100	131,428	534,410
Grants and other	1,673,550	618,577	1,836,617	1,218,040	488,139
Interest income	1,600	1,600	1,666	66	1,742
Total revenue	9,786,929	9,864,140	13,283,372	3,419,232	8,780,857
Expenditures					
General Government					
Legislative	61,817	106,093	97,212	8,881	55,366
Administrative	612,948	612,948	591,618	21,330	518,610
Recorder's Court	150,363	150,363	157,968	(7,605)	144,967
Legal	79,150	79,150	148,333	(69,183)	94,612
Total	904,278	948,554	995,131	(46,577)	813,555
Less, Utility Fund overhead	—	(576,270)	(576,270)	—	(477,812)
Net general government	904,278	372,284	418,861	(46,577)	335,743
Information Technology					
Administrative	188,523	227,882	222,904	4,978	196,549
Less, Utility Fund overhead	—	(105,252)	(105,252)	—	(106,318)
Less capital outlay	—	(39,359)	(39,359)	—	—
Net information technology	188,523	83,271	78,293	4,978	90,231
Finance					
Finance and accounting	273,452	273,452	257,891	15,561	245,762
Tax collection	20,560	20,560	20,857	(297)	20,524
Total	294,012	294,012	278,748	15,264	266,286
Less, Utility Fund overhead	—	(229,001)	(229,001)	—	(204,225)
Net finance	294,012	65,011	49,747	15,264	62,061
Public Safety					
Administrative	473,120	473,120	464,540	8,580	462,403
Police - Detectives	622,957	622,957	602,601	20,356	597,001
Police - Traffic	3,035,197	3,346,908	3,204,498	142,410	2,992,045
Fire	1,002,091	1,508,026	915,290	592,736	835,911
Animal services	147,609	147,609	126,837	20,772	242,741
Total	5,280,974	6,098,620	5,313,766	784,854	5,130,101
Less, Utility Fund overhead	—	(91,796)	(91,796)	—	(91,606)
Less, capital outlay	—	(249,068)	(249,068)	—	(24,447)
Net public safety	5,280,974	5,757,756	4,972,902	784,854	5,014,048

CITY OF CAYCE, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2015			2014	
	Budget		Actual	Variance	Actual
	Original	Final		Positive (Negative)	
Expenditures (Continued)					
Public Works					
Street lighting	210,000	291,452	331,136	(39,684)	214,305
Sanitation	1,102,930	1,237,485	1,177,801	59,684	1,037,043
Public buildings	104,360	116,645	111,415	5,230	103,622
Total	1,417,290	1,645,582	1,620,352	25,230	1,354,970
Less, Utility Fund overhead	—	(49,957)	(49,957)	—	(51,435)
Less, capital outlay	—	(260,448)	(260,448)	—	(13,872)
Net public works	1,417,290	1,335,177	1,309,947	25,230	1,289,663
Community Relations					
Promotions and events	94,246	94,246	143,347	(49,101)	113,921
Total community relations	94,246	94,246	143,347	(49,101)	113,921
Planning and Development					
Planning and zoning	318,444	325,810	352,961	(27,151)	351,394
Less, capital outlay	—	(7,366)	(7,366)	—	—
Total planning and development	318,444	318,444	345,595	(27,151)	351,394
Parks and Museum					
Parks	558,827	786,377	714,032	72,345	505,194
Museum	144,880	144,880	145,247	(367)	144,150
Total	703,707	931,257	859,279	71,978	649,344
Less, capital outlay	—	(196,805)	(196,805)	—	(11,790)
Net parks and museum	703,707	734,452	662,474	71,978	637,554
Garage					
Garage	362,554	362,554	341,575	20,979	354,729
Less, Utility Fund overhead	—	(103,635)	(103,635)	—	(104,893)
Net garage	362,554	258,919	237,940	20,979	249,836
Non-departmental and Support Services					
Non-departmental and support services	176,312	194,007	49,253	144,754	43,148
Less, Utility Fund overhead	—	(5,082)	(5,082)	—	(7,083)
Less, capital outlay	—	(17,695)	(17,695)	—	(20,464)
Net support services	176,312	171,230	26,476	144,754	15,601

CITY OF CAYCE, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2015			Variance Positive (Negative)	2014
	Budget		Actual		Actual
	Original	Final			
Expenditures (Continued)					
Debt Service					
Principal retirement	376,553	376,553	376,613	(60)	401,937
Interest and fiscal charges	10,286	10,286	10,222	64	18,244
Total debt service	386,839	386,839	386,835	4	420,181
Less, overhead allocated – Utility Fund	—	(143,980)	(143,980)	—	(153,110)
Net debt service	386,839	242,859	242,855	4	267,071
Capital Outlay	—	770,741	770,741	—	70,573
Total expenditures	10,127,179	10,204,390	9,259,178	945,212	8,497,696
Excess (deficiency) of revenue over expenditures	(340,250)	(340,250)	4,024,194	4,364,444	283,161
Other Financing Sources (Uses)					
Proceeds from sale of assets	50,000	50,000	16,972	(33,028)	254,931
Transfers in:					
Accommodations Tax Fund	39,000	39,000	67,484	28,484	56,887
Hospitality tax	251,250	251,250	348,816	97,566	—
Total other financing sources (uses)	340,250	340,250	433,272	93,022	311,818
Net change in fund balance	—	—	4,457,466	4,457,466	594,979
Fund balance, beginning of year	1,227,398	1,227,398	1,227,398	—	632,419
Fund balance, end of year	<u>\$ 1,227,398</u>	<u>\$ 1,227,398</u>	<u>\$ 5,684,864</u>	<u>\$ 4,457,466</u>	<u>\$ 1,227,398</u>

See Notes to Budgetary Comparison Schedule

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

A. Budgets and Budgetary Accounting

A legal operating budget is prepared annually for the General Fund and Water and Sewer Utility Fund. Informal budgetary controls are maintained for other funds, and accordingly budgetary comparisons to actual are not presented. Generally, budgets are adopted on a basis consistent with generally accepted accounting principles. If applicable, project length financial plans are adopted for all capital project funds.

The City follows the procedures described below in establishing its annual budget.

- By April 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures (expenses) and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- By June 30, the budget is legally enacted through passage of an ordinance to set the tax levy (millage) for the fiscal year.
- Appropriations lapse, except for encumbered amounts, at the end of each fiscal year.

The City Manager is authorized to administer the budget and transfer amounts within and between departments and funds as necessary and designate continuing projects from fund balances or additional unbudgeted revenue and transfers. Subsequent expenditures approved by Council shall automatically carry amendments to fund appropriation where applicable. Accordingly, the legal level of budgeting control is made by fund appropriation.

Budgeted amounts presented in the schedule are as originally adopted, or as amended. If budgeted expenditures exceeded estimated revenues, these deficits were funded (if necessary) by unreserved and applicable reserved fund balances, additional unbudgeted revenue and transfers.

The General Fund operated under a final expenditure budget totaling \$10,204,390, plus \$1,600,000 Utility Fund overhead allocations, which have been netted against departmental expenditures in the comparison schedule.

Budget to Actual Deficits

Should actual General Fund expenditures exceed final budget, such differences would be funded by unreserved and reserved fund balances, additional unbudgeted revenue, and transfers as applicable.

B. Pensions

Changes of benefit terms: None
Changes to assumptions: None

CITY OF CAYCE, SOUTH CAROLINA
 OTHER POST-EMPLOYMENT BENEFITS
 SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/01/08	—	\$2,477,000	\$2,477,000	0%	\$5,161,000	48%
7/01/12	—	\$ 1,807,942	\$1,807,942	0%	\$6,927,435	26%

Note: The City obtains triennial valuations. The next scheduled valuation date is July 1, 2015.

CITY OF CAYCE, SOUTH CAROLINA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
 LAST TEN FISCAL YEARS*(1)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
City's proportion of the net pension liability	N/A	0.53510%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability	N/A	\$ 9,212,648	\$ 9,597,785	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll \$	5,133,635	4,849,702	4,933,520	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	N/A	190.0%	194.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	59.9%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*The amounts presented for each fiscal year determined as of measurement year that occurred within the fiscal year.

(1) Because prior year data is unavailable, the city has elected to present information prospectively.

N/A - Not available

CITY OF CAYCE, SOUTH CAROLINA
 SCHEDULE OF THE CITY'S CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
 LAST TEN FISCAL YEARS⁽¹⁾

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 591,529	\$ 514,069	\$ 486,663	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 591,529	\$ 514,069	\$ 486,663	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 5,133,635	\$ 4,849,702	\$ 4,933,520	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of pensionable wages	11.5%	10.6%	9.9%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ Because prior year data is unavailable, the city has elected to present information prospectively.
 N/A – Not available

CITY OF CAYCE, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

LAST TEN FISCAL YEARS*(1)

(Dollar amount in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
City' s proportion of the net pension liability (asset)	N/A	.22899%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City' s proportion share of the net pension liability (asset)	N/A	\$ 4,383,771	\$ 4,746,817	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City' s covered employee payroll	\$ 2,789,410	\$ 2,762,383	\$ 2,267,964	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City' s proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	158.7%	209.9%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	67.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*The amounts presented for each fiscal year determined as of the measurement year that occurred within the fiscal year.

(1) Because prior year data is unavailable, the city has elected to present information prospectively.

N/A - Not available

CITY OF CAYCE, SOUTH CAROLINA
 SCHEDULE OF THE CITY'S CONTRIBUTIONS
 POLICE OFFICERS RETIREMENT SYSTEM (PORS)
 LAST TEN FISCAL YEARS⁽¹⁾
 (Dollar amount in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 374,067	\$ 354,690	\$ 321,072	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 374,067	\$ 354,690	\$ 321,072	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 2,789,410	\$ 2,762,383	\$ 2,267,964	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	13.4%	12.8%	14.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

⁽¹⁾ Because prior year data is unavailable, the city has elected to present information prospectively.
 N/A – Not available

OTHER FINANCIAL INFORMATION

CITY OF CAYCE, SOUTH CAROLINA

COMBINING 'NON-MAJOR' GOVERNMENTAL
FINANCIAL STATEMENTS

CITY OF CAYCE, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Total Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents:			
Unrestricted	\$ 83,801	\$ —	\$ 83,801
Restricted	405,369	1,137,102	1,542,471
Hospitality taxes receivable	87,785	—	87,785
Other receivables	3,000	194	3,194
Total assets	\$ 579,955	\$ 1,137,296	\$ 1,717,251
Liabilities and Fund Balances			
Liabilities:			
Accrued interest	\$ —	\$ 3,303	\$ 3,303
Due to other funds	104,728	—	104,728
Total liabilities	104,728	3,303	108,031
Fund balance:			
Restricted for:			
Debt service	—	1,133,993	1,133,993
Tourism and community development	347,749	—	347,749
ABC permit activities	31,205	—	31,205
Law enforcement	12,472	—	12,472
Total restricted	391,426	1,133,993	1,525,419
Assigned for:			
Museum	83,801	—	83,801
Total fund balances	475,227	1,133,993	1,609,220
Total liabilities and fund balances	\$ 579,955	\$ 1,137,296	\$ 1,717,251

CITY OF CAYCE, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	Total Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
Revenue			
Property taxes	\$ —	\$ 840,763	\$ 840,763
Hospitality taxes	697,654	—	697,654
State shared	107,718	26,563	134,281
Federal state and other grants	7,274	—	7,274
Interest income	—	111	111
Total revenue	<u>812,646</u>	<u>867,437</u>	<u>1,680,083</u>
Expenditures			
Planning/development:			
Tourism related	104,746	—	104,746
Housing	24,742	—	24,742
Debt service:			
Principal	—	440,224	440,224
Interest and fiscal charges	—	45,595	45,595
Total expenditures	<u>129,488</u>	<u>485,819</u>	<u>615,307</u>
Excess (deficiency) of revenue over expenditures	683,158	381,818	1,064,776
Other Financing Sources (Uses)			
Transfers in (out)	<u>(423,300)</u>	<u>—</u>	<u>(423,300)</u>
Net change in fund balances	259,858	381,618	641,476
Fund balances, beginning of year	215,369	752,375	967,744
Fund balances, end of year	<u>\$ 475,227</u>	<u>\$ 1,133,993</u>	<u>\$ 1,609,220</u>

CITY OF CAYCE, SOUTH CAROLINA

INDIVIDUAL FUND
FINANCIAL STATEMENTS

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

JUNE 30, 2015
(With comparative figures June 30, 2014)

	<u>Current Year</u>	<u>Prior Year</u>
Assets		
Cash and cash equivalents:		
Unrestricted	\$ 4,044,255	\$ 2,161,016
Restricted	920,777	193,957
Property taxes receivable	1,410,246	1,389,439
Other receivables	206,940	229,548
Less, allowance for uncollectible accounts	(1,357,431)	(1,368,090)
Due from other funds	260,716	66,910
Prepaid items	505,935	—
Inventory – supplies (at cost)	53,208	48,921
Total assets	<u>\$ 6,044,646</u>	<u>\$ 2,721,701</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 213,331	\$ 1,002,586
Accrued salaries and wages	50,324	200,262
Other liabilities	23,224	37,951
Deposits and prepayments	59,447	59,547
Due to other funds	13,456	193,957
Total liabilities	<u>359,782</u>	<u>1,494,303</u>
Fund balance:		
Nonspendable in:		
Inventories	53,208	48,921
Prepaid items	505,935	—
	<u>559,143</u>	<u>48,921</u>
Restricted for:		
Victims Rights Assistance	52,783	58,560
Committed for:		
UST program	25,000	25,000
Assigned for:		
Christmas in Cayce	5,144	3,910
Congaree Bluegrass Festival	—	197
History Park	918,466	—
Total assigned	<u>923,610</u>	<u>4,107</u>
Unassigned	4,124,328	1,090,810
Total fund balance	<u>5,684,864</u>	<u>1,227,398</u>
Total liabilities and fund balance	<u>\$ 6,044,646</u>	<u>\$ 2,721,701</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES —
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015
(With comparative actual amounts year ended June 30, 2014)

	Current Year			Prior Year
	Final Budget	Actual	Variance Pos. (Neg.)	Actual
Revenue				
Property taxes	\$ 2,911,541	\$ 2,935,332	\$ 23,791	\$ 2,948,366
Licenses and permits	5,023,434	6,969,845	1,946,411	4,182,122
Fines and forfeitures	235,250	329,068	93,818	268,380
State shared revenue	357,066	362,744	5,678	357,698
Current services	716,672	848,100	131,428	534,410
Grants and other	618,577	1,836,617	1,218,040	488,139
Interest income	1,600	1,666	66	1,742
Total revenue	9,864,140	13,283,372	3,419,232	8,780,857
Expenditures				
Current (<i>net of Utility Fund overhead allocations and capital outlay</i>):				
Legislative	78,483	69,602	8,881	27,528
Administrative	99,639	78,309	21,330	103,003
Recorder's court	150,363	157,968	(7,605)	144,967
Legal	43,799	112,982	(69,183)	60,245
Information technology	83,271	78,293	4,978	90,231
Finance and accounting	44,451	28,890	15,561	41,537
Tax collector	20,560	20,857	(297)	20,524
Public safety:				
Administrative	420,292	411,712	8,580	410,934
Detectives	622,957	602,601	20,356	597,001
Police	3,065,107	2,922,697	142,410	2,935,086
Fire	1,501,791	909,055	592,736	828,286
Animal services	147,609	126,837	20,772	242,741
Street lighting	210,000	249,684	(39,684)	214,305
Sanitation	1,060,926	1,001,242	59,684	1,020,823
Public buildings	64,251	59,021	5,230	54,535
Community relations	94,246	143,347	(49,101)	113,921
Planning and development	318,444	345,595	(27,151)	351,394
Museum	144,880	145,247	(367)	144,150
Parks	589,572	517,227	72,345	493,404
Garage	258,919	237,940	20,979	249,836
Non-departmental and support services	171,230	26,476	144,754	15,601
Debt service	242,859	242,855	4	267,071
Capital outlay	770,741	770,741	—	70,573
Total expenditures	10,204,390	9,259,178	945,212	8,497,696
Excess (deficiency) of revenue over expenditures	(340,250)	4,024,194	4,364,444	283,161
Other Financing Sources (uses)				
Proceeds from sale of assets	50,000	16,972	(33,028)	254,931
Transfers in:				
Accommodation tax	39,000	67,484	28,484	56,887
Hospitality tax	251,250	348,816	97,566	—
Total other financing sources (uses)	340,250	433,272	93,022	311,818
Net change in fund balance	—	4,457,466	4,457,466	594,979
Fund balance, beginning of year	1,227,398	1,227,398	—	632,419
Fund balance, end of year	\$ 1,227,398	\$ 5,684,864	\$ 4,457,466	\$ 1,227,398

CITY OF CAYCE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUE — BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>
Revenue		
Property taxes:		
Property tax – current (Lexington County)	\$ 1,848,041	\$ 1,964,806
Property tax – current (Richland County)	107,000	82,564
Penalties – current	2,500	2,826
Property tax – delinquent	50,000	34,245
Penalties – delinquent	9,000	12,584
Other property tax collections	105,000	126,305
Fees in lieu of taxes	790,000	712,002
	<u>2,911,541</u>	<u>2,935,332</u>
Licenses and permits:		
Business licenses – current	4,562,217	4,246,377
Business licenses – prior year	354,967	2,454,423
Penalties – business licenses	5,000	5,088
Building permits	85,000	220,351
Electrical permits	6,000	13,255
Plumbing permits	6,000	22,000
Gas permits	3,000	869
Garage sale permits	1,000	705
Miscellaneous permits	250	6,777
	<u>5,023,434</u>	<u>6,969,845</u>
Fines and forfeitures:		
Criminal fines	5,000	90,437
Traffic fines	200,000	184,079
Parking fines	250	485
Victims assistance	30,000	54,067
	<u>235,250</u>	<u>329,068</u>
State shared and other revenue:		
Local government fund	270,000	270,262
Merchants inventory tax	71,566	71,566
Local option sales tax	13,000	14,823
County municipal revenue fund	2,500	6,093
	<u>357,066</u>	<u>362,744</u>

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUE — BUDGET AND ACTUAL

— CONTINUED —

	Final Budget	Actual
Revenue (Continued)		
Current services:		
Fire hydrant service fees	180,000	221,227
Animal control fees	1,000	880
Special services – SRO officers	63,000	88,208
Duplication services	2,800	3,215
Residential sanitation	469,872	534,570
	716,672	848,100
Grants and Other:		
Miscellaneous	30,000	118,783
Sale of plastic bags	4,000	5,065
Donated revenue – Christmas in Cayce	—	2,350
Donated revenue – Congaree Bluegrass Festival	—	4,101
Denoted revenue - Beautification Foundation:		
History park	—	917,000
Burnette park	—	135,200
Fire truck	—	100,000
Play ground	—	22,125
Admission and rents	550	538
Recycling revenue	3,000	4,038
LRADAC/AET agreements	29,000	48,279
Grant revenue:		
Department of Justice grant	2,000	—
SC Depart of Parks and Recreation grant	150,000	150,000
Palmetto Pride grant	105,000	19,933
Forestry grant	—	4,000
Other grants	—	3,998
Department of Public Safety	—	6,180
Utility Fund fees	295,027	295,027
	618,577	1,836,617
Interest income	1,600	1,666
Total revenue	9,864,140	13,283,372
Other Financing Sources		
Proceeds from sale of assets	50,000	16,972
Transfers in:		
Hospitality tax – General Fund portion	251,250	348,816
Accommodations tax – General Fund portion	39,000	67,484
Total other financing sources	340,250	433,272
Total revenue and other financing sources	\$ 10,204,390	\$ 13,716,644

CITY OF CAYCE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>
Departments		
Legislative:		
Salaries and wages	\$ 60,900	\$ 60,900
Retirement, insurance and other benefits	11,281	11,767
Printing and office supplies	1,500	395
Postage	300	300
Memberships and dues	2,882	3,323
Travel	10,650	6,086
Telephone	2,000	1,846
Advertising	500	50
Employee training	6,080	4,805
Awards	5,000	4,802
City election expense	2,000	2,614
City events/special meetings	1,500	211
Other	1,500	113
Total legislative	<u>106,093</u>	<u>97,212</u>
Less, overhead allocation – Utility Fund	<u>(27,610)</u>	<u>(27,610)</u>
Net legislative	<u>78,483</u>	<u>69,602</u>
Administrative:		
Salaries and wages	417,523	405,746
Retirement, insurance and other benefits	135,503	132,285
Printing and office supplies	5,500	5,898
Postage	1,000	1,000
Publications	200	—
Memberships and dues	3,587	3,740
Travel	6,460	6,692
Automotive operating	10,600	10,145
Telephone	12,000	8,229
Safety supplies	2,000	1,922
Advertising expense	5,000	—
Insurance - vehicles	1,500	1,454
Insurance - general	2,400	3,177
Employee training	4,125	4,514
Professional services – human resources	3,300	2,970
Professional services – technical assistance	—	75
Service contracts	500	1,203
Other	1,750	2,568
Total administrative	<u>612,948</u>	<u>591,618</u>
Less, overhead allocation – Utility Fund	<u>(513,309)</u>	<u>(513,309)</u>
Net administrative	<u>99,639</u>	<u>78,309</u>

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Recorder's Court:		
Salaries and wages	89,195	80,495
Overtime	2,951	490
Retirement, insurance and other benefits	26,723	23,626
Juror fees	3,000	538
Printing and office supplies	4,000	2,275
Postage	5,980	5,980
Memberships and dues	225	120
Travel	2,489	871
Employee training	1,550	347
Telephone	—	2,289
Insurance – general	1,750	1,314
Special contracts	10,000	31,956
Special department supplies	2,500	800
Machinery and equipment	—	6,867
Total recorder's court	<u>150,363</u>	<u>157,968</u>
Legal:		
Printing and office supplies	75	1
Postage	500	500
Professional services	55,000	127,195
Professional services – Prosecutor fees	22,000	19,204
Codification of City code	1,575	1,433
Total legal	<u>79,150</u>	<u>148,333</u>
Less, overhead allocation – Utility Fund	<u>(35,351)</u>	<u>(35,351)</u>
Net legal	<u>43,799</u>	<u>112,982</u>
Information Technology (IT):		
Salaries and wages	85,373	82,385
Retirement, insurance and other benefits	26,608	25,442
Printing and office supplies	1,000	730
Postage	140	140
Publications	100	—
Memberships and dues	185	210
Travel	1,100	939
Telephone	4,176	2,019
Service contracts	2,320	1,576
Equipment repairs	1,000	789
Software and licenses	21,150	45,138
Employee training	4,450	4,450
Insurance – general	1,000	519
Website maintenance	2,831	3,345
Professional services	6,250	1,900
Computer network equipment, non-capital	30,340	13,282
Machines and equipment	39,359	39,359
Other	500	681
Total IT	<u>227,882</u>	<u>222,904</u>
Less, overhead allocation – Utility Fund	<u>(105,252)</u>	<u>(105,252)</u>
Less, capital outlay	<u>(39,359)</u>	<u>(39,359)</u>
Net IT	<u>83,271</u>	<u>78,293</u>

CITY OF CAYCE, SOUTH CAROLINA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL
 — CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Finance and Accounting:		
Salaries and wages	167,842	160,483
Retirement, insurance and other benefits	59,400	56,924
Printing and office supplies	4,500	2,045
Postage	760	760
Memberships and dues	370	650
Telephone	2,600	2,289
Automotive operating	1,500	86
Service contracts	10,580	12,248
Insurance – general	2,000	1,688
Employee training	900	—
Professional services	23,000	20,718
Total finance and accounting	<u>273,452</u>	<u>257,891</u>
Less, overhead allocation – Utility Fund	<u>(229,001)</u>	<u>(229,001)</u>
Net finance and accounting	<u>44,451</u>	<u>28,890</u>
 Tax Collector:		
Printing and office supplies	50	—
Postage	60	60
Professional services	20,450	20,797
Total tax collector	<u>20,560</u>	<u>20,857</u>

CITY OF CAYCE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Public Safety – administrative:		
Salaries and wages	236,787	226,336
Retirement, insurance and other benefits	89,453	90,571
Printing and office supplies	10,200	7,332
Postage	2,600	2,600
Memberships and dues	655	505
Travel	2,000	1,410
Automotive operating	4,500	4,763
Electric and gas	45,000	40,478
Telephone	51,400	54,007
Maintenance and service contracts	7,500	15,575
Building repairs	—	955
Uniforms	1,200	932
Janitorial supplies	600	276
Medical supplies and physician expense	9,400	7,067
Insurance – vehicles	1,000	972
Insurance – general	4,000	4,216
Employee training	600	460
Community relations	600	567
Special contracts	5,125	5,518
Explorer Scouts	500	—
Total public safety – administrative	<u>473,120</u>	<u>464,540</u>
Less, overhead allocation – Utility Fund	(52,828)	(52,828)
Net public safety – administrative	<u>420,292</u>	<u>411,712</u>
Public Safety – police/detectives:		
Salaries and wages	363,963	358,502
Overtime	16,240	12,003
Retirement, insurance and other benefits	169,906	170,313
Memberships and dues	650	265
Travel	1,000	406
Automotive operating	38,000	33,938
Maintenance and service contracts	7,348	3,546
Machinery and equipment repairs	200	205
Radio supplies	350	350
Uniforms and clothing	4,800	4,259
Insurance – vehicles	7,500	6,557
Insurance – general	8,000	8,276
Employee training	2,000	863
Specialized department supplies	3,000	3,118
Total public safety – police/detectives	<u>622,957</u>	<u>602,601</u>

CITY OF CAYCE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Public Safety – police/traffic:		
Salaries and wages	1,721,455	1,626,089
Overtime	134,925	133,411
Retirement, insurance and other benefits	845,082	784,318
Memberships and dues	1,150	895
Travel	1,200	183
SCMIT/DOJ vest grant expense	10,000	14,812
Automotive operating	135,000	154,542
Maintenance and service contracts	20,180	18,441
Machinery and equipment repairs	9,500	9,190
SLED equipment	2,185	2,544
Small hand tools	500	3
Radio supplies	500	478
Safety supplies	2,600	1,498
Uniforms and clothing	32,000	29,933
Jail detention	600	118
Laundry and linen service	100	—
Insurance – vehicles	22,000	20,162
Insurance – general	41,000	44,646
Employee training	15,000	19,151
Victim’s assistance	53,000	59,844
Department of Juvenile Justice fees	5,000	4,921
Specialized department supplies	25,000	24,530
Machinery and equipment	268,931	254,789
Total public safety – police/traffic	<u>3,346,908</u>	<u>3,204,498</u>
Less, overhead allocation – Utility Fund	(32,733)	(32,733)
Less, capital outlay	(249,068)	(249,068)
Net public safety – police/traffic	<u>3,065,107</u>	<u>2,922,697</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Public Safety – fire:		
Salaries and wages	532,725	507,018
Overtime	30,000	32,324
Fire department overtime – responses	30,000	29,987
Retirement, insurance and other benefits	260,316	215,456
Memberships and dues	885	350
Travel	1,000	26
Automotive operating	65,000	37,918
Maintenance and service contracts	7,750	3,018
Machinery and equipment repairs	4,000	3,732
Building repairs	4,000	9,443
Small hand tools	2,000	452
Radio supplies	500	495
Safety supplies	3,500	1,608
Uniforms and clothing	10,792	9,016
Janitorial supplies	600	468
Air pack and fire extinguisher	6,460	3,682
Insurance – vehicles	5,000	4,859
Insurance – general	8,600	11,502
Employee training	3,000	7,562
Specialized department supplies	3,500	2,556
Machinery and equipment	528,398	33,818
Total public safety – fire	<u>1,508,026</u>	<u>915,290</u>
Less, overhead allocation – Utility Fund	(6,235)	(6,235)
Net public safety – fire	<u>1,501,791</u>	<u>909,055</u>

CITY OF CAYCE, SOUTH CAROLINA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Public Safety – animal services:		
Salaries and wages	72,405	65,156
Overtime	4,000	4,256
Retirement, insurance and other benefits	37,666	30,398
Printing and office supplies	250	9
Memberships and dues	400	40
Travel	500	—
Automotive operating	7,000	5,978
Electric and gas	2,500	6,060
Maintenance and service contracts	2,500	3,727
Machinery and equipment repairs	2,500	—
Building repairs – dog pound	2,500	299
Radio supplies	100	—
Uniforms and clothing	1,038	251
Janitorial supplies	1,000	135
Advertising	1,000	—
Insurance – vehicles	1,000	1,257
Insurance – general	2,000	2,070
Employee training	2,000	255
Specialized department supplies	2,250	2,156
Animal control supplies	5,000	4,790
Total public safety – animal services	<u>147,609</u>	<u>126,837</u>
 Street Lighting:		
Electricity	210,000	249,684
Lighting equipment	81,452	81,452
Total street lighting	<u>291,452</u>	<u>331,136</u>
Less, capital outlay	<u>(81,452)</u>	<u>(81,452)</u>
Net Street lighting	<u>210,000</u>	<u>249,684</u>

CITY OF CAYCE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Sanitation:		
Salaries and wages	565,921	562,285
Overtime	1,500	—
Retirement, insurance and other benefits	287,006	287,532
Printing and office supplies	700	424
Postage	1,000	1,000
Memberships and dues	583	320
Travel expense	1,020	220
Automotive operating	160,000	117,604
Telephone	7,000	5,246
Maintenance and service contracts	900	930
Equipment repairs	5,500	401
Waste disposal and tipping fees	2,500	5
Small hand tools	5,000	2,845
Safety supplies	4,500	3,563
Uniforms and clothing	7,400	7,637
Cleaning and sanitation supplies	450	173
Medical supplies and physician expense	2,000	700
Insurance – vehicles	8,000	7,288
Insurance – general	8,000	8,406
Employee training	200	80
Special supply – garbage bags	4,250	3,448
Special supply – recycle bins and leaf bags	2,500	2,277
Machines and equipment	161,555	165,417
Total sanitation	<u>1,237,485</u>	<u>1,177,801</u>
Less, overhead allocation – Utility Fund	(9,848)	(9,848)
Less, capital outlay	<u>(166,711)</u>	<u>(166,711)</u>
Net sanitation	<u>1,060,926</u>	<u>1,001,242</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Public Buildings:		
Salaries and wages	30,660	29,339
Overtime	700	900
Retirement, insurance and other benefits	15,725	16,104
Electric and gas	32,000	28,914
Telephone	7,000	533
Maintenance and service contracts	1,000	436
Equipment repairs	2,500	1,296
Building repairs	2,000	9,897
Paint supplies	400	18
Electric/light supplies	500	354
Uniforms	300	327
Janitorial supplies	2,750	2,796
Vehicle related	1,500	1,833
Insurance – vehicle	500	245
Insurance – general	1,000	992
Copy machine/contract	5,325	4,435
Machinery and equipment	12,285	12,285
Other	500	711
Total public buildings	<u>116,645</u>	<u>111,415</u>
Less, overhead allocation – Utility Fund	(40,109)	(40,109)
Less, capital outlay	(12,285)	(12,285)
Net public buildings	<u>64,251</u>	<u>59,021</u>
Community Relations:		
Central Midlands Council of Governments	9,396	9,396
Central Midlands Regional Transportation Association	22,800	21,446
Municipal Association of SC	5,500	5,402
Lexington County Municipal Association	500	531
River Alliance	10,000	10,000
Professional services	17,400	15,990
Christmas decorations and citizen's drop-in	4,400	3,317
Employee/family Christmas party	—	2,799
Community programs	7,450	3,981
City newsletter	14,000	16,411
Cayce centennial	—	27,453
Cayce drop-in	2,800	—
Christmas in Cayce festival	—	5,616
Congaree Bluegrass festival	—	21,005
Total community relations	<u>94,246</u>	<u>143,347</u>

CITY OF CAYCE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Planning and Development:		
Salaries and wages	191,082	193,192
Retirement, insurance and other benefits	73,276	74,658
Printing and office supplies	2,700	2,355
Postage	282	282
Memberships and dues	645	525
Travel	—	1,046
Automotive operating	2,600	2,611
Telephone	5,900	5,906
Building repairs	500	4,700
Building renovations	7,366	7,366
Small hand tools	500	31
Uniforms	300	214
Advertising	1,000	861
Insurance – vehicles	500	490
Insurance – general	2,600	2,474
Employee training	769	1,936
NPDES phase II project	28,280	35,330
Professional services – other	—	8,921
Special contract – copier	—	2,104
Special department supplies	4,860	6,615
City newsletter	2,650	1,344
Total planning and development	<u>325,810</u>	<u>352,961</u>
Less, capital outlay	<u>(7,366)</u>	<u>(7,366)</u>
	<u>318,444</u>	<u>345,595</u>
Museum:		
Salaries and wages	95,256	95,044
Retirement, insurance and other benefits	34,574	33,688
Printing and office supplies	600	543
Postage	150	150
Memberships and dues	200	193
Travel	500	438
Electric and gas	6,200	6,184
Telephone	4,000	4,120
Service contracts	1,200	737
Equipment repairs	500	2,410
Insurance - general	1,700	1,740
Total museum	<u>144,880</u>	<u>145,247</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

Departments (Continued)	<u>Final Budget</u>	<u>Actual</u>
Parks:		
Salaries and wages	315,037	284,326
Overtime	1,500	862
Retirement, insurance and other benefits	153,248	129,999
Memberships and dues	555	610
Postage	140	140
Telephone	3,950	3,533
Travel	700	20
Automotive operating	26,000	24,748
Electric and gas	16,800	15,610
Service contracts	4,500	7,330
Software and licenses	1,500	—
Machinery and equipment repairs	12,000	10,370
Building repairs	3,000	1,648
Small hand tools	2,000	1,944
Printing and office supplies	300	254
Signs and sign supplies	1,000	602
Safety supplies	3,600	2,237
Uniforms and clothing	4,350	4,663
Cleaning supplies	2,200	1,632
Chemicals	800	637
Medical supplies and physician expense	750	716
Insurance - vehicles	7,000	6,802
Insurance - general	6,500	7,169
Employee training	600	130
Specialized department supplies	4,000	3,406
Beautification board	750	326
Park expenses	6,495	5,215
Capital park projects	181,810	181,810
Machinery and equipment	25,292	17,293
Total parks	<u>786,377</u>	<u>714,032</u>
Less, capital outlay	<u>(196,805)</u>	<u>(196,805)</u>
Net parks	<u>589,572</u>	<u>517,227</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Garage:		
Salaries and wages	219,702	203,120
Overtime	1,500	—
Retirement, insurance and other benefits	90,752	81,707
Printing and office supplies	400	352
Travel	1,500	904
Automotive operating	6,000	6,852
Electric and gas	5,000	6,662
Telephone	3,000	2,820
Maintenance and service contracts	3,800	6,429
Machinery and equipment repairs	5,000	5,006
Building repairs	3,000	1,478
Small hand tools	6,100	6,092
Electrical supplies	100	—
Uniforms and clothing	2,700	2,071
Insurance – vehicles	1,000	972
Insurance - general	3,500	3,020
Employee training	2,000	402
Specialized department supplies	7,500	9,287
Machinery and equipment	—	4,401
Total garage	<u>362,554</u>	<u>341,575</u>
Less, overhead allocation– Utility Fund	<u>(103,635)</u>	<u>(103,635)</u>
Net garage	<u>258,919</u>	<u>237,940</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Non-departmental and Support Services:		
Retiree insurance expense	23,822	31,558
GASB 45-OPEB	130,490	—
Bonus pool	22,000	—
Software and installation	17,695	17,695
Total non-departmental and support services	<u>194,007</u>	<u>49,253</u>
Less, overhead allocation – Utility Fund	(5,082)	(5,082)
Less, capital outlay	(17,695)	(17,695)
Net non-departmental and support services	<u>171,230</u>	<u>26,476</u>
Debt Service:		
Note and lease payments	376,553	376,613
Interest and fiscal agent charges	10,286	10,222
Total debt service	<u>386,839</u>	<u>386,835</u>
Less, overhead allocation – Utility Fund	(143,980)	(143,980)
Net debt services	<u>242,859</u>	<u>242,855</u>
Capital Outlay	<u>770,741</u>	<u>770,741</u>
Total expenditures	<u><u>\$ 10,204,390</u></u>	<u><u>\$ 9,259,178</u></u>

SPECIAL REVENUE FUNDS

CITY OF CAYCE, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2015

(With comparative total figures at June 30, 2014)

	Rental	Accom-	Hospitality	Community	ABC	Home	Law	Museum	Totals	
	Rehabilitation	modations	Tax	Development	Permit	Grant	Enforcement	Fund	2015	2014
	Program	Tax			Fund		Grant Fund			
Assets										
Cash and cash equivalents:										
Unrestricted	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 83,801	\$ 83,801	\$ 83,801
Restricted	—	60,189	290,301	2,630	28,205	11,572	12,472	—	405,369	129,118
Hospitality taxes receivable	—	—	87,785	—	—	—	—	—	87,785	—
Other receivables	—	—	—	—	3,000	—	—	—	3,000	2,450
Total assets	\$ —	\$ 60,189	\$ 378,086	\$ 2,630	\$ 31,205	\$ 11,572	\$ 12,472	\$ 83,801	\$ 579,955	\$ 215,369
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Due to other funds	—	—	104,728	—	—	—	—	—	104,728	—
Total liabilities	—	—	104,728	—	—	—	—	—	104,728	—
Fund balance:										
Restricted for:										
Tourism and community development	—	60,189	273,358	2,630	—	11,572	—	—	347,749	110,550
Law enforcement	—	—	—	—	—	—	12,472	—	12,472	7,214
ABC permit activities	—	—	—	—	31,205	—	—	—	31,205	13,804
Total restricted	—	60,189	273,358	2,630	31,205	11,572	12,472	—	391,426	131,568
Assigned for:										
Museum improvement	—	—	—	—	—	—	—	83,801	83,801	83,801
Total fund balances	—	60,189	273,358	2,630	31,205	11,572	12,472	83,801	475,227	215,369
Total liabilities and fund balances	\$ —	\$ 60,189	\$ 378,086	\$ 2,630	\$ 31,205	\$ 11,572	\$ 12,472	\$ 83,801	\$ 579,955	\$ 215,369

CITY OF CAYCE, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015
(With comparative total figures year ended June 30, 2014)

	Rental Rehabilitation Program	Accom modations Tax	Hospitality Tax	Community Development	ABC Permit Fund	Home Grant	Law Enforcement Grant Fund	Museum Fund	Totals	
									2015	2014
Revenue										
Hospitality taxes	\$ —	\$ —	\$ 697,654	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 697,654	\$ —
Federal grants	—	—	—	—	—	—	3,258	—	3,258	1,500
State grants	2,016	—	—	—	—	—	2,000	—	4,016	11,973
State shared	—	90,317	—	—	17,401	—	—	—	107,718	111,471
Other	—	—	—	—	—	—	—	—	—	425
Total revenue	<u>2,016</u>	<u>90,317</u>	<u>697,654</u>	<u>—</u>	<u>17,401</u>	<u>—</u>	<u>5,258</u>	<u>—</u>	<u>812,646</u>	<u>125,369</u>
Expenditures										
Public safety:										
Supplies	—	—	—	—	—	—	—	—	—	6,262
Planning and community development:										
Tourism related	—	36,266	68,480	—	—	—	—	—	104,746	38,215
Housing	22,726	—	—	—	—	2,016	—	—	24,742	41,930
Total expenditures	<u>22,726</u>	<u>36,266</u>	<u>68,480</u>	<u>—</u>	<u>—</u>	<u>2,016</u>	<u>—</u>	<u>—</u>	<u>129,488</u>	<u>86,407</u>
Excess (deficiency) of revenue over expenditures	(20,710)	54,051	629,174	—	17,401	(2,016)	5,258	—	683,158	38,962
Other Financing Sources (Uses)										
Transfers in (out)	—	(67,484)	(355,816)	—	—	—	—	—	(423,300)	(56,887)
Net change in fund balances	(20,710)	(13,433)	273,358	—	17,401	(2,016)	5,258	—	259,858	(17,925)
Fund balances, beginning of year	20,710	73,622	—	2,630	13,804	13,588	7,214	83,801	215,369	233,294
Fund balances, end of year	<u>\$ —</u>	<u>\$ 60,189</u>	<u>\$ 273,358</u>	<u>\$ 2,630</u>	<u>\$ 31,205</u>	<u>\$ 11,572</u>	<u>\$ 12,472</u>	<u>\$ 83,801</u>	<u>\$ 475,227</u>	<u>\$ 215,369</u>

CITY OF CAYCE, SOUTH CAROLINA

DEBT SERVICE FUND

CITY OF CAYCE, SOUTH CAROLINA

DEBT SERVICE FUND
BALANCE SHEET

JUNE 30, 2015

(With comparative amounts for June 30, 2014)

	<u>Current Year</u>	<u>Prior Year</u>
Assets		
Restricted cash and cash equivalents	\$ 1,137,102	\$ 761,712
Property taxes receivable	194	—
Total assets	<u>\$ 1,137,296</u>	<u>\$ 761,712</u>
Liabilities and Fund Balance		
Liabilities:		
Accrued interest payable	\$ 3,303	\$ 9,337
Fund balance:		
Restricted for debt service	1,133,993	752,375
Total liabilities and fund balance	<u>\$ 1,137,296</u>	<u>\$ 761,712</u>

CITY OF CAYCE, SOUTH CAROLINA

DEBT SERVICE FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2015
(With comparative figures year ended June 30, 2014)

	<u>Current Year</u>	<u>Prior Year</u>
Revenue		
Current property taxes	\$ 840,763	\$ 845,642
State shared revenue	26,563	1,242
Interest on investments	111	71
Total revenue	<u>867,437</u>	<u>846,955</u>
Expenditures		
Debt Service:		
Principal	440,224	423,005
Interest and fiscal charges	45,595	66,007
Total expenditures	<u>485,819</u>	<u>489,012</u>
Excess (deficiency) of revenue over expenditures	381,618	357,943
Other Financing Sources (Uses)		
Transfer (out) to Capital Projects Fund	<u>—</u>	<u>(400,000)</u>
Net change in fund balance	381,618	(42,057)
Fund balance, beginning of year	<u>752,375</u>	<u>794,432</u>
Fund balance, end of year	<u>\$ 1,133,993</u>	<u>\$ 752,375</u>

CITY OF CAYCE, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CITY OF CAYCE, SOUTH CAROLINA

CAPITAL PROJECTS FUND
BALANCE SHEET

JUNE 30, 2015

(With comparative figures at June 30, 2014)

	<u>Current Year</u>	<u>Prior Year</u>
Assets		
Cash and cash equivalents – restricted	\$ 421,440	\$ 758,032
Due from other funds	7,000	—
Total assets	<u>\$ 428,440</u>	<u>\$ 758,032</u>
Liabilities and Fund Balance		
Liabilities:		
Construction contracts payable	\$ —	\$ 3,334
Fund balance:		
Restricted for redevelopment plan	<u>428,440</u>	<u>754,698</u>
Total liabilities and fund balance	<u>\$ 428,440</u>	<u>\$ 758,032</u>

CITY OF CAYCE, SOUTH CAROLINA

CAPITAL PROJECTS FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2015
(With comparative figures year ended June 30, 2014)

	<u>Current Year</u>	<u>Prior Year</u>
Revenue		
State grants	\$ 100,000	\$ —
Local grants	10,000	—
Total revenue	<u>110,000</u>	<u>—</u>
Expenditures		
Capital outlay:		
Park	382,359	50,769
Infrastructure	60,899	202,176
Other:		
Parks	—	23,724
Infrastructure	—	24,240
Total expenditures	<u>443,258</u>	<u>300,909</u>
Excess (deficiency) of revenue over expenditures	(333,298)	(300,909)
Other Financing Sources (Uses)		
Transfer in from Debt Service Fund	—	400,000
Transfer in from Hospitality Tax Fund	7,000	—
Net change in fund balance	(326,258)	99,091
Fund balance, beginning of year	<u>754,698</u>	<u>655,607</u>
Fund balance, end of year	<u>\$ 428,440</u>	<u>\$ 754,698</u>

CITY OF CAYCE, SOUTH CAROLINA

WATER AND SEWER UTILITY FUND

CITY OF CAYCE, SOUTH CAROLINA

WATER AND SEWER UTILITY FUND
BALANCE SHEET

JUNE 30, 2015

(With comparative figures at June 30, 2014)

	<u>Current Year</u>	<u>Restated Prior Year</u>		<u>Current Year</u>	<u>Restated Prior Year</u>
Assets and Deferred Outflows			Liabilities, Deferred Inflows and Net Position		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 2,689,946	\$ 603,042	Accounts payable	\$ 47,229	\$ 126,691
Receivables:			Accrued salaries and wages	48,117	92,642
Water and sewer accounts (net of allowance for doubtful accounts, \$35,000 in 2015 and 2014)	2,344,763	2,683,360	Accrued compensated absences – current portion	73,126	35,215
Other accounts	1,523,441	2,447,505	Construction contracts payable	5,128	90,258
Grants	—	31,291	Retainage payable	60,508	545
Inventories	201,521	264,809	Other liabilities	1,006	141
Total current assets	<u>6,759,671</u>	<u>6,030,007</u>	Due to other funds (internal balances)	149,532	66,910
			Customer deposits and prepayments	45,080	50,750
				<u>429,726</u>	<u>463,152</u>
Current restricted assets:			Current liabilities payable from restricted assets:		
Cash and cash equivalents:			Accrued interest payable	434,213	471,507
Employee benefit accounts	4,002	3,411	Contract liability	54,987	382,504
Cayce wastewater facilities replacement & renewal fund	550,000	—	SRF and bonds payable – current portion	2,568,836	3,354,738
Bond and interest redemption	3,995,124	6,364,558	Construction contracts payable	258,149	216,320
Project and construction funds	7,649,453	5,336,841	Total current liabilities payable from restricted assets	<u>3,316,185</u>	<u>4,425,069</u>
Total current restricted assets	<u>12,198,579</u>	<u>11,704,810</u>	Total current liabilities	<u>3,745,911</u>	<u>4,888,221</u>
Capital assets:			Long-term liabilities:		
Land and rights-of-way	330,568	330,568	Accrued compensated absences	38,611	63,335
Equipment	5,799,564	5,478,643	Unearned revenue – future capacity charges and credits	238,690	238,690
Utility plants in service	149,316,029	148,105,550	Contract obligation	1,675,836	1,950,000
Construction in process	1,450,182	396,198	SRF loans payable	32,166,654	31,055,145
	<u>156,896,343</u>	<u>154,310,959</u>	Revenue bonds payable (\$13,035,000 plus bonds premium \$444,264 net of amortization of \$37,022 in 2015 and \$49,606 in 2014)	13,479,263	15,396,285
Less, accumulated depreciation	<u>(35,077,595)</u>	<u>(30,988,749)</u>	Other post-employment benefit (OPEB) obligation	722,664	697,306
Net capital assets	<u>121,818,748</u>	<u>123,322,210</u>	Net pensions liability	4,663,806	4,858,779
Other assets:			Total long-term liabilities	<u>52,985,524</u>	<u>54,259,540</u>
Cost of purchased water/sewer rights	803,883	803,883	Total liabilities	<u>56,731,435</u>	<u>59,147,761</u>
Less, accumulated amortization	<u>(321,886)</u>	<u>(194,703)</u>	Deferred inflows of resources:		
Net other assets	<u>481,997</u>	<u>609,180</u>	Deferred pension related inflows	393,193	—
Total assets	<u>141,258,995</u>	<u>141,666,207</u>	Total deferred inflows of resources	<u>393,193</u>	<u>—</u>
Deferred outflows of resources:			Net position:		
Deferred outflows related to pension	418,770	264,212	Net investment in capital assets	79,196,265	73,208,919
Losses on bond refundings	394,231	394,231	Restricted for debt and capital projects	7,883,701	11,179,142
Less, accumulated amortization	<u>(279,172)</u>	<u>(250,407)</u>	Restricted for pension	418,770	264,212
Total deferred outflows of resources	<u>533,829</u>	<u>408,036</u>	Unrestricted (deficit)	<u>(2,830,540)</u>	<u>(1,725,791)</u>
Total assets and deferred outflows	<u>\$ 141,792,824</u>	<u>\$ 142,074,243</u>	Total net position, restated	<u>84,668,196</u>	<u>82,926,482</u>
			Total liabilities, deferred inflows and net position	<u>\$ 141,792,824</u>	<u>\$ 142,074,243</u>

CITY OF CAYCE, SOUTH CAROLINA
WATER AND SEWER UTILITY FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2015
(With comparative figures year ended June 30, 2014)

	Current Year	Restated Prior Year
Operating Revenue (pledged as security for revenue bonds)		
Water:		
Sales	\$ 4,913,144	\$ 4,722,610
Connection fees	78,897	25,271
Sewer:		
Service charges	8,898,796	9,196,270
Connection fees	5,633	3,415
Septage/grease services:		
Sales and permits	472,451	3,140
Pretreatment set-up fees	89,460	99,261
Reconnection fees	37,605	22,080
Penalties	181,935	142,295
Miscellaneous income	293,173	352,154
Total operating revenue	14,971,094	14,566,496
Operating Expenses		
Administrative	456,049	516,607
Utility billing	593,048	566,873
Water treatment plant	1,377,415	1,304,385
Water distribution and maintenance	1,250,139	1,339,743
Wastewater treatment plant	2,386,593	2,287,006
Sewer collection and outfall lines	1,269,759	1,372,689
Septage and grease receiving station	196,661	49,074
Non-departmental and support services	1,629,953	1,651,230
Depreciation and amortization expense	4,333,569	4,064,201
Total operating expenses	13,493,186	13,151,808
Operating income	1,477,908	1,414,688
Non-Operating Revenue (Expenses)		
Interest income	11,223	14,426
Gains (losses) from sale, disposal of capital assets	23,227	—
Interest expense	(1,346,158)	(1,442,461)
Bond refinancing loss amortized	(28,765)	(33,670)
Total non-operating revenue (expenses)	(1,340,473)	(1,461,705)
Income before contributions	137,435	(47,017)
Capital Contributions		
Capacity charges and other capital contributions	1,604,279	1,233,574
Change in net position	1,741,714	1,186,557
Net position, beginning of year	82,926,482	81,739,925
Net position, end of year	\$ 84,668,196	\$ 82,926,482

CITY OF CAYCE, SOUTH CAROLINA
WATER AND SEWER UTILITY FUND
SCHEDULE OF OPERATING EXPENSES — BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015
(With comparative actual figures year ended June 30, 2014)

	Current Year			Prior Year Actual
	Budget	Actual	Variance Positive (Negative)	
Departments				
<u>Administrative:</u>				
Salaries and wages	\$ 200,725	\$ 192,591	\$ 8,134	\$ 240,425
Retirement, insurance and other benefits	68,767	76,345	(7,578)	97,760
Other post-employment benefits (OPEB)	4,810	—	4,810	—
Printing and office supplies	5,000	2,651	2,349	4,630
Postage	5,375	5,375	—	4,000
Memberships and dues	745	290	455	293
Travel	2,655	2,029	626	1,803
Automotive operating expenses	4,500	2,752	1,748	4,901
Telephone	6,800	5,697	1,103	6,417
Maintenance and service contracts	4,122	15,179	(11,057)	8,702
Machinery and equipment repairs	900	—	900	719
Safety supplies	2,750	2,388	362	4,567
Uniforms and clothing	200	205	(5)	131
Doctor and medical expenses	4,100	2,296	1,804	1,859
Advertising	4,000	739	3,261	872
Insurance	1,000	1,698	(698)	2,149
Insurance - general	2,100	1,977	123	2,364
Employee training – continuing education	3,450	1,282	2,168	1,800
Professional services	40,000	39,218	782	31,253
Professional services – legal	55,000	13,846	41,154	41,544
Professional services – engineering	41,000	29,245	11,755	15,717
Professional services – consultant fees	48,500	47,710	790	34,997
Special contracts – CSX	—	100	(100)	—
Special contracts – copier	2,675	2,104	571	2,471
Special contracts – collection expense	—	142	(142)	—
Website	2,750	—	2,750	—
Fiscal agent fees	8,000	7,112	888	7,233
Machines and equipment – non-capital	2,550	3,078	(528)	—
	<u>522,474</u>	<u>456,049</u>	<u>66,425</u>	<u>516,607</u>

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA
WATER AND SEWER UTILITY FUND
SCHEDULE OF OPERATING EXPENSES — BUDGET AND ACTUAL

— CONTINUED —

	Current Year			Prior Year Actual
	Budget	Actual	Variance Positive (Negative)	
Departments				
<u>Utility Billing:</u>				
Salaries and wages	291,190	264,972	26,218	299,353
Overtime	16,000	15,924	76	10,033
Retirement, insurance and other benefits	137,831	129,550	8,281	87,328
Printing and office supplies	3,750	3,266	484	3,591
Postage	44,500	38,900	5,600	40,834
Memberships and dues	1,465	430	1,035	105
Travel	1,560	75	1,485	18
Automotive operating expenses	17,500	12,417	5,083	17,803
Telephone	8,401	5,510	2,891	5,833
Maintenance and service contracts	16,750	18,458	(1,708)	15,247
Equipment repairs	—	9	(9)	—
Hand tools and supplies	6,600	5,476	1,124	793
Safety supplies	2,000	72	1,928	616
Uniforms and clothing	1,500	397	1,103	860
Insurance	1,500	1,208	292	2,544
Insurance - general	2,000	1,943	57	4,467
Employee training – continuing education	3,900	4,141	(241)	725
Special contracts – copier	7,260	700	6,560	642
Special contracts – collection expense	75,000	89,600	(14,600)	76,081
	<u>638,707</u>	<u>593,048</u>	<u>45,659</u>	<u>566,873</u>
 <u>Water Treatment Plant:</u>				
Salaries and wages	427,441	407,214	20,227	399,040
Overtime	41,244	45,129	(3,885)	61,466
Retirement, insurance and other benefits	189,814	196,628	(6,814)	171,959
Other post-employment benefits (OPEB)	5,411	—	5,411	—
Printing and office supplies	650	634	16	467
Postage	275	318	(43)	250
Permit fees	23,700	23,315	385	23,061
Memberships and dues	822	884	(62)	1,009
Travel	2,360	2,728	(368)	2,410
Automotive operating expense	8,100	3,803	4,297	6,006
Electric and gas	285,000	336,788	(51,788)	278,506
Telephone	4,500	7,632	(3,132)	11,985
Lubrication supplies	900	820	80	940
Maintenance and service contracts	53,222	48,508	4,714	44,511
Machinery and equipment repairs	75,000	58,069	16,931	77,061
Building repairs	500	53	447	22
Small hand tools	900	826	74	867

CITY OF CAYCE, SOUTH CAROLINA
WATER AND SEWER UTILITY FUND
SCHEDULE OF OPERATING EXPENSES — BUDGET AND ACTUAL

— CONTINUED —

	Current Year		Variance Positive (Negative)	Prior Year Actual
	Budget	Actual		
Departments				
<u>Water Treatment Plant (continued):</u>				
Electrical and lighting supplies	600	374	226	665
Safety supplies	1,550	1,956	(406)	1,378
Uniforms and clothing	2,300	2,194	106	2,134
Cleaning and sanitation supplies	600	549	51	553
Chemicals	229,219	171,542	57,677	162,367
Laboratory supplies	22,500	23,827	(1,327)	19,946
Insurance	1,500	1,214	286	1,911
Insurance - general	17,432	17,538	(106)	15,546
Employee training	2,750	1,851	899	1,500
Consultant lab tests	17,000	7,721	9,279	11,572
Machines & equipment – non-capital	83,190	15,300	67,890	7,253
	<u>1,498,480</u>	<u>1,377,415</u>	<u>121,065</u>	<u>1,304,385</u>
<u>Water Distribution and Maintenance:</u>				
Salaries and wages	499,975	439,934	60,041	438,022
Overtime	36,000	43,175	(7,175)	49,528
Retirement, insurance and other benefits	242,922	215,442	27,480	189,828
Other post-employment benefits (OPEB)	7,816	—	7,816	—
Printing and office supplies	3,000	2,229	771	1,064
Memberships and dues	1,830	225	1,605	445
Travel	5,310	1,998	3,312	748
Automotive operating expense	50,000	47,005	2,995	51,994
Electricity and gas	40,000	53,632	(13,632)	49,743
Telephone	20,000	7,389	12,611	9,246
Maintenance and service contracts	209,495	209,053	442	173,985
Machinery and equipment repairs	30,000	15,000	15,000	40,378
Building repairs	500	189	311	—
Small hand tools	6,000	5,892	108	6,566
Masonry supplies	3,000	2,997	3	408
Asphalt supplies	26,000	43,700	(17,700)	14,561
Radio supplies	250	—	250	—
Safety supplies	6,000	5,272	728	4,003
Uniforms and clothing	5,200	5,866	(666)	5,216
Chemicals	736	—	736	668
Utility repair supplies and meters	67,000	114,505	(47,505)	194,477
Insurance	7,000	6,802	198	9,827
Insurance - general	9,700	10,350	(650)	9,616
Employee training	12,109	9,633	2,476	5,031
Water distribution equipment meters	15,000	5,885	9,115	—
Machines & equipment – non-capital	7,200	3,966	3,234	84,389
	<u>1,312,043</u>	<u>1,250,139</u>	<u>61,904</u>	<u>1,339,743</u>

CITY OF CAYCE, SOUTH CAROLINA
WATER AND SEWER UTILITY FUND
SCHEDULE OF OPERATING EXPENSES — BUDGET AND ACTUAL

— CONTINUED —

	Current Year		Variance Positive (Negative)	Prior Year Actual
	Budget	Actual		
Departments				
<u>Wastewater Treatment Plant:</u>				
Salaries and wages	543,680	502,061	41,619	514,338
Overtime	32,000	17,026	14,974	27,155
Retirement, insurance and other benefits	239,527	237,356	2,171	212,193
Other post-employment benefits (OPEB)	6,615	—	6,615	—
Printing and office supplies	680	677	3	803
Postage	270	270	—	250
Permit fees – DHEC	3,250	3,170	80	3,170
Memberships and dues	1,500	625	875	615
Travel	5,000	2,655	2,345	484
Automotive operating expense	45,000	41,659	3,341	56,226
Electric and gas	806,200	788,583	17,617	805,382
Telephone	27,700	22,305	5,395	28,116
Lubrication supplies	3,000	1,392	1,608	867
Maintenance and service contracts	104,600	91,023	13,577	57,556
Machinery and equipment repairs	55,000	139,760	(84,760)	84,042
Building repairs	500	264	236	28
Sludge disposal fees	200,000	216,023	(16,023)	240,093
Small hand tools	3,700	1,191	2,509	2,041
Electrical and lighting supplies	210	2,080	(1,870)	349
Radio supplies	200	—	200	—
Safety supplies	4,150	6,154	(2,004)	2,987
Uniforms and clothing	5,810	5,531	279	5,097
Cleaning and sanitation supplies	1,000	864	136	782
Water	100,000	—	100,000	—
Chemicals	152,510	145,671	6,839	116,828
Laboratory supplies	27,500	27,496	4	25,578
Insurance	6,500	6,797	(297)	8,003
Insurance - general	84,016	82,478	1,538	68,457
Employee training	6,608	3,410	3,198	2,092
Professional services – lab	25,100	20,195	4,905	19,123
Force main/line repairs	—	—	—	141
Fee-in-lieu of tax	—	—	—	160
Machines and equipment – non-capital	17,520	19,877	(2,357)	4,050
	<u>2,509,346</u>	<u>2,386,593</u>	<u>122,753</u>	<u>2,287,006</u>

CITY OF CAYCE, SOUTH CAROLINA
WATER AND SEWER UTILITY FUND
SCHEDULE OF OPERATING EXPENSES — BUDGET AND ACTUAL

— CONTINUED —

	Current Year			Prior Year Actual
	Budget	Actual	Variance Positive (Negative)	
Departments				
<u>Sewer Collection and Outfall Lines:</u>				
Salaries and wages	520,012	460,787	59,225	406,679
Overtime	40,000	56,130	(16,130)	48,993
Retirement, insurance and other benefits	254,829	226,279	28,550	186,605
Other post-employment benefits (OPEB)	5,411	—	5,411	—
Memberships and dues	1,875	2,495	(620)	260
Travel	5,480	5,197	283	1,677
Automotive operating expense	67,000	62,058	4,942	94,731
Electricity and gas	125,000	117,221	7,779	127,797
Telephone	38,200	28,985	9,215	29,287
Lubrication supplies	300	279	21	—
Maintenance and service contracts	15,100	8,379	6,721	10,250
Machinery and equipment repairs	135,000	83,338	51,662	105,361
Small hand tools	6,000	4,921	1,079	7,557
Cement and masonry materials	1,500	700	800	860
Asphalt and grading supplies	25,000	26,175	(1,175)	14,293
Radio supplies	250	—	250	—
Safety supplies	6,000	5,788	212	14,385
Uniforms and clothing	4,500	6,071	(1,571)	5,028
Cleaning and sanitation supplies	500	621	(121)	521
Chemicals	25,000	13,880	11,120	13,070
Utility repair supplies	66,000	115,653	(49,653)	120,370
Transmission line operations and maintenance	5,000	—	5,000	—
Insurance – vehicle	—	—	—	11,341
Insurance - general	8,500	8,260	240	12,591
Employee training	13,000	13,726	(726)	519
Professional services	14,218	9,278	4,940	—
Machines & equipment	98,700	13,538	85,162	348
Dixiana force main emergency repair	—	—	—	160,166
	<u>1,482,375</u>	<u>1,269,759</u>	<u>212,616</u>	<u>1,372,689</u>

CITY OF CAYCE, SOUTH CAROLINA

WATER AND SEWER UTILITY FUND
SCHEDULE OF OPERATING EXPENSES — BUDGET AND ACTUAL

— CONTINUED —

	Current Year			Prior Year Actual
	Budget	Actual	Variance Positive (Negative)	
Departments				
<u>Septage and Grease Receiving Station:</u>				
Salaries and wages	107,100	93,215	13,885	34,991
Overtime	5,250	1,833	3,417	—
Retirement, insurance and other benefits	46,536	29,172	17,364	9,542
Electricity and gas	36,000	2,494	33,506	151
Telephone	2,380	1,792	588	1,082
Printing and office supplies	500	657	(157)	209
Postage	300	300	—	100
Memberships and dues	474	185	289	180
Travel	1,402	482	920	171
Auto operating	11,000	1,408	9,592	1,236
Chemicals	26,545	17,730	8,815	—
Sludge disposal fees	27,300	22,738	4,562	—
Lubrications	500	222	278	—
Hand tools and supplies	1,500	1,377	123	672
Electric/light supplies	200	70	130	—
Safety program and supplies	975	315	660	—
Uniforms and clothing	1,300	838	462	12
Janitorial supplies	300	21	279	—
Employee training	859	286	573	225
Professional services – lab testing	10,000	3,242	6,758	—
Laboratory supplies	500	—	500	—
Insurance – vehicle	1,500	486	1,014	241
General insurance (property and contents)	500	1,499	(999)	225
Building repairs	400	372	28	—
Equipment repairs	1,500	14,707	(13,207)	—
Machine and service contracts	1,440	—	1,440	—
Machines & equipment – non-capital	51,100	1,220	49,880	37
	<u>337,361</u>	<u>196,661</u>	<u>140,700</u>	<u>49,074</u>
<u>Non-departmental and support services:</u>				
Other post-employment benefit (OPEB) exp.	—	29,953	(29,953)	151,230
Employee group hospital insurance	5,294	—	5,294	—
O&M indirect costs	1,600,000	1,600,000	—	1,500,000
Capital improvement/project reserve	100,000	—	100,000	—
Capital equipment reserve	100,000	—	100,000	—
	<u>1,805,294</u>	<u>1,629,953</u>	<u>175,341</u>	<u>1,651,230</u>
Depreciation	550,000	4,243,409	(3,693,409)	4,050,106
Amortization	—	90,160	(90,160)	14,095
	<u>550,000</u>	<u>4,333,569</u>	<u>(3,783,569)</u>	<u>4,064,201</u>
Total operating expenses	<u>\$ 10,656,080</u>	<u>\$ 13,493,186</u>	<u>\$ (2,837,106)</u>	<u>\$ 13,151,808</u>

CITY OF CAYCE, SOUTH CAROLINA

AGENCY FUND

CITY OF CAYCE, SOUTH CAROLINA

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2015

	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
Assets				
Cash and cash equivalents:				
Firemen's fund	\$ 81,733	\$ 42,259	\$ (18,122)	\$ 105,870
Police fund	68,985	6,087	(18,807)	56,265
Total assets	<u>\$ 150,718</u>	<u>\$ 48,346</u>	<u>\$ (36,929)</u>	<u>\$ 162,135</u>
Liabilities				
Amounts due to others:				
Firemen's fund	\$ 81,733	\$ 42,259	\$ (18,122)	\$ 105,870
Police fund	68,985	6,087	(18,807)	56,265
Total liabilities	<u>\$ 150,718</u>	<u>\$ 48,346</u>	<u>\$ (36,929)</u>	<u>\$ 162,135</u>

CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

This schedule presents only the capital asset balances (which includes land, buildings, betterments, and equipment owned by the City) related to Governmental-type funds. Accordingly, the capital assets reported in Proprietary-type funds (Enterprise Fund) are excluded from these amounts.

CITY OF CAYCE, SOUTH CAROLINA

STATEMENT OF CHANGES IN CAPITAL ASSETS USED IN OPERATIONS OF
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

General capital assets and construction-in-progress, June 30, 2014	\$ 15,810,074
Add, expenditures by General Fund and Capital Projects Fund:	
Land, buildings, other improvements, furniture and equipment	6,585,340
Deduct, surplus sales and other deletions by General Fund:	
Land, building, furniture and equipment	<u>(244,243)</u>
General capital assets and construction-in-progress, June 30, 2015	<u>\$ 22,151,171</u>

SCHEDULE OF CHANGES IN LONG-TERM DEBT

This schedule is used to account for the changes in long-term debt of the City including general obligation bonds, revenue bonds, and installment debt. Long-term liability amounts of compensated absences are excluded from this schedule.

CITY OF CAYCE, SOUTH CAROLINA

SCHEDULE OF BONDS, NOTES, AND OTHER LONG-TERM DEBT OUTSTANDING

YEAR ENDED JUNE 30, 2015

	Due Dates	Interest Rates	Bonds and Notes				Outstanding June 30, 2015	Coupons/Interest			Outstanding June 30, 2015	Debt Service Requirements Next Fiscal Year	
			Outstanding July 1, 2014	Long-Term Borrowing	Matured	Paid		Outstanding July 1, 2014	Matured	Paid		Principal	Interest
General Long-Term Debt													
Tax Increment Financing Revenue Bond, Series 2002	4/24/03-17	4.03	\$ 1,390,082	\$ —	\$ 440,224	\$ (440,224)	\$ 949,858	\$ —	\$ 45,595	\$ (45,595)	\$ —	\$ 458,144	\$ 33,709
Installment purchase contracts, monthly payments of principal and interest	Various	1.88-4.95	600,862	—	376,620	(376,620)	224,242	—	10,222	(10,222)	—	224,242	3,363
Total general long-term debt			\$ 1,990,944	\$ —	\$ 816,844	\$ (816,844)	\$ 1,174,100	\$ —	\$ 55,817	\$ (55,817)	\$ —	\$ 682,386	\$ 37,072
Water and Sewer Utility Fund Debt													
Clean Water State Revolving Fund loan, Series 2002, interest and principal payable quarterly	12/1/03-23	2.25	\$ 897,494	\$ —	\$ 85,720	\$ (85,720)	\$ 811,774	\$ —	\$ 19,474	\$ (19,474)	\$ —	\$ 87,665	\$ 17,529
Water and Sewer System Revenue Bonds, Series 2007A, interest payable semi-annually, principal payable annually	1/1/08-6/30/21	4.00-4.625	14,805,000	—	860,000	(860,000)	13,945,000	—	725,075	(725,075)	—	910,000	685,250
Clean Water State Revolving Fund Loan, Series 2009, interest and principal payable quarterly	9/29/09-32	2.25	31,712,389	25,075	2,457,722	(2,457,722)	29,279,742	—	626,343	(626,343)	—	1,456,369	646,561
Clean Water State Revolving Fund Loan, Series 2015, interest and principal payable quarterly	1/29/15	2.00	—	3,734,073	—	—	3,734,073	—	—	—	—	114,802	55,439
Total water and sewer utility fund debt			\$ 47,414,883	\$ 3,759,148	\$ 3,403,442	\$ (3,403,442)	\$ 47,770,589	\$ —	\$ 1,370,892	\$ (1,370,892)	\$ —	\$ 2,568,836	\$ 1,404,779

VICTIM'S RIGHTS ASSISTANCE

CITY OF CAYCE, SOUTH CAROLINA

SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES

YEAR ENDED JUNE 30, 2015

Court Fines and Assessments	
Court fines and assessments collected	\$ 742,579
Court fines and assessments remitted to State Treasurer	<u>(413,511)</u>
Total court fines and assessments retained by the City	<u>\$ 329,068</u>
Surcharges and Assessments retained by City	
Total surcharges collected	\$ 33,232
Total assessments	<u>20,835</u>
Total surcharges and assessments retained by City	<u>\$ 54,067</u>
Funds Allocated to Victims Services	
Carryover funds from prior year	\$ 58,560
Surcharges and assessments retained	54,067
Expenditures for victims services	<u>(59,844)</u>
Total unexpended victims rights assistance funds	<u>\$ 52,783</u>

STATISTICAL SECTION

Financial Trends – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. 107-113

Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property tax revenue. 114-117

Debt Capacity – 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. 118-123

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments. 124-126

Operating Information – These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs. 127-128

CITY OF CAYCE, SOUTH CAROLINA

NET POSITION BY COMPONENT
(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net investment in capital assets	\$ 11,187,075	\$ 4,809,369	\$ 4,317,009	\$ 3,847,244	\$ 3,542,010	\$ 4,797,026	\$ 4,607,696	\$ 5,651,516	\$ 5,093,684	\$ 5,011,165
Restricted	2,900,003	2,329,686	1,688,336	1,630,222	1,215,170	1,548,803	1,421,780	268,554	300,873	115,771
Unrestricted	(5,968,176)	(10,307,729)	(1,149,730)	(858,419)	(985,075)	(493,433)	(190,606)	(40,898)	(589,783)	(576,942)
Total governmental activities net position	<u>\$ 8,118,902</u>	<u>\$ (3,168,674)</u>	<u>\$ 4,855,615</u>	<u>\$ 4,619,047</u>	<u>\$ 3,772,105</u>	<u>\$ 5,852,396</u>	<u>\$ 5,838,870</u>	<u>\$ 5,879,172</u>	<u>\$ 4,804,774</u>	<u>\$ 4,549,994</u>
Business-type Activities										
Net investment in capital assets	\$ 79,196,265	\$ 73,208,919	\$ 67,123,141	\$ 66,405,669	\$ 58,750,650	\$ 43,931,424	\$ 35,843,888	\$ 32,372,962	\$ 34,549,212	\$ 25,888,963
Restricted	8,302,471	11,443,354	12,941,313	12,186,134	8,300,588	5,872,577	1,598,531	1,575,172	1,337,240	1,330,006
Unrestricted	(2,830,540)	(1,725,791)	6,271,966	3,377,568	4,663,182	7,903,032	9,766,255	10,206,822	5,741,910	10,444,907
Total business type activities net position	<u>\$ 84,668,196</u>	<u>\$ 82,926,482</u>	<u>\$ 86,336,420</u>	<u>\$ 81,969,371</u>	<u>\$ 71,714,420</u>	<u>\$ 57,707,033</u>	<u>\$ 47,208,674</u>	<u>\$ 44,154,956</u>	<u>\$ 41,628,362</u>	<u>\$ 37,663,876</u>
Primary Government										
Net investment in capital assets	\$ 90,383,340	\$ 78,018,288	\$ 71,440,150	\$ 70,252,913	\$ 62,292,660	\$ 48,728,450	\$ 40,451,584	\$ 38,024,478	\$ 39,642,896	\$ 30,900,128
Restricted	11,202,474	13,773,040	14,629,649	13,816,356	9,515,758	7,421,380	3,020,311	1,843,726	1,638,113	1,445,777
Unrestricted	(8,798,716)	(12,033,520)	5,122,236	2,519,149	3,678,107	7,409,599	9,575,649	10,165,924	5,152,127	9,867,965
Total primary government net position	<u>\$ 92,787,098</u>	<u>\$ 79,757,808</u>	<u>\$ 91,192,035</u>	<u>\$ 86,588,418</u>	<u>\$ 75,486,525</u>	<u>\$ 63,559,429</u>	<u>\$ 53,047,544</u>	<u>\$ 50,034,128</u>	<u>\$ 46,433,136</u>	<u>\$ 42,213,870</u>

Note: GASB 65 was implemented for the fiscal year ended 6/30/14. GASB 68 was implemented for fiscal year ended 6/30/15. The restatements were posted effective 6/30/14. Effects of implementing these statements are not reflected in fiscal years prior to 2014.

CITY OF CAYCE, SOUTH CAROLINA

CHANGES IN NET POSITION ⁽⁶⁾
(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities: ⁽³⁾										
General government	\$ 434,485	\$ 340,913	\$ 255,392	\$ 224,912	\$ 497,316	\$ 656,284	\$ 565,029	\$ 530,042	\$ 495,970	\$ 441,767
Information technology	85,962	92,887	106,544	73,396	—	—	—	—	—	—
Finance	56,868	61,747	70,355	82,275	101,476	127,862	194,352	190,399	191,106	198,075
Public safety	4,976,924	4,964,652	4,758,297	4,514,375	3,878,041	4,122,059	4,271,262	3,895,074	3,745,640	2,754,866
Public works	1,331,873	1,307,718	1,398,634	1,305,014	1,187,652	1,186,723	1,027,091	1,290,153	836,595	1,067,538
Planning and community development	675,085	575,489	628,271	595,472	3,297,107	609,701	591,283	441,026	411,118	339,632
Parks and museum	636,000	669,385	576,023	541,286	469,933	514,635	878,374	485,703	462,343	345,502
Garage	243,925	245,638	262,443	244,377	200,620	214,446	177,478	298,751	240,133	188,514
Depreciation and amortization (unallocated) ⁽⁷⁾	651,325	671,572	721,268	671,692	593,095	599,090	605,353	532,900	497,515	517,844
Non-departmental and support services ⁽¹⁾	—	—	—	—	—	—	—	—	—	1,482,576
Interest	55,817	84,250	109,691	123,814	128,429	145,968	166,919	173,679	188,205	210,360
Total governmental activities	<u>9,148,264</u>	<u>9,014,251</u>	<u>8,886,918</u>	<u>8,376,613</u>	<u>10,353,669</u>	<u>8,176,768</u>	<u>8,477,141</u>	<u>7,837,727</u>	<u>7,068,625</u>	<u>7,546,674</u>
Business-type activities:										
Water and sewer utility ⁽⁷⁾	14,868,109	14,627,939	12,501,119	11,733,001	10,873,285	10,075,440	9,258,516	8,752,480	7,738,967	7,462,982
Total business-type activities	<u>14,868,109</u>	<u>14,627,939</u>	<u>12,501,119</u>	<u>11,733,001</u>	<u>10,873,285</u>	<u>10,075,440</u>	<u>9,258,516</u>	<u>8,752,480</u>	<u>7,738,967</u>	<u>7,462,982</u>
Total primary government expenses	<u>\$ 24,016,373</u>	<u>\$ 23,642,190</u>	<u>\$ 21,388,037</u>	<u>\$ 20,109,614</u>	<u>\$ 21,226,954</u>	<u>\$ 18,252,208</u>	<u>\$ 17,735,657</u>	<u>\$ 16,590,207</u>	<u>\$ 14,807,592</u>	<u>\$ 15,009,656</u>
Program Revenue										
Governmental activities:										
Fees for services ⁽⁴⁾	\$ 1,460,765	\$ 948,157	\$ 1,014,772	\$ 1,053,270	\$ 1,006,202	\$ 1,070,167	\$ 1,385,124	\$ 1,353,981	\$ 1,276,434	\$ 984,119
Operating grants and contributions ⁽²⁾	242,087	66,562	25,727	163,049	387,123	445,491	129,259	3,242	206,008	671,268
Capital grants and contributions	6,649,664	4,249	100,000	267,131	49,323	33,833	192,342	127,349	47,700	143,161
Total governmental activities	<u>8,352,516</u>	<u>1,018,968</u>	<u>1,140,499</u>	<u>1,483,450</u>	<u>1,442,648</u>	<u>1,549,491</u>	<u>1,706,725</u>	<u>1,484,572</u>	<u>1,530,142</u>	<u>1,798,548</u>
Business-type activities:										
Fees for services ⁽⁵⁾	14,971,094	14,566,496	13,053,768	12,113,231	11,113,085	9,949,750	9,722,466	9,279,771	8,703,224	7,629,646
Operating grants and contributions	—	—	—	—	—	—	—	—	—	—
Capital grants and contributions	1,604,279	1,233,547	8,768,596	9,848,764	13,721,503	10,191,975	2,871,370	2,644,723	2,681,105	1,602,110
Total business-type activities	<u>16,575,373</u>	<u>15,800,070</u>	<u>21,822,364</u>	<u>21,961,995</u>	<u>24,834,588</u>	<u>20,141,725</u>	<u>12,593,836</u>	<u>11,924,494</u>	<u>11,384,329</u>	<u>9,231,756</u>
Total primary government program revenue	<u>\$ 24,927,889</u>	<u>\$ 16,819,038</u>	<u>\$ 22,962,863</u>	<u>\$ 23,445,445</u>	<u>\$ 26,277,236</u>	<u>\$ 21,691,216</u>	<u>\$ 14,300,561</u>	<u>\$ 13,409,066</u>	<u>\$ 12,914,471</u>	<u>\$ 11,030,304</u>

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA

CHANGES IN NET POSITION ⁽⁶⁾
(Accrual basis of accounting)

— CONTINUED —

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenue and Other Changes										
Governmental activities:										
Property taxes	\$ 3,786,956	\$ 3,783,478	\$ 3,616,400	\$ 3,756,223	\$ 3,408,455	\$ 2,975,601	\$ 2,619,710	\$ 2,452,705	\$ 2,222,653	\$ 2,191,196
Hospitality taxes	697,654	—	—	—	—	—	—	—	—	—
State shared and unallocated intergovernmental	501,191	469,679	490,702	412,797	439,907	484,627	560,234	587,990	550,286	523,377
Business licenses and other taxes	6,704,824	4,043,886	3,344,898	4,087,220	2,909,802	3,124,799	3,090,229	3,193,603	2,830,976	2,781,636
Gain/(loss) from sales of assets	(22,921)	171,314	22,854	—	—	—	—	—	—	—
Unrestricted investment earnings	1,777	1,813	2,309	4,053	9,497	9,485	21,309	96,838	144,116	138,341
Grants and other	413,843	422,976	514,157	520,318	63,069	46,291	17,875	52,940	45,232	56,913
Transfers	—	—	—	—	—	—	420,757	1,043,477	—	(48,590)
Total governmental activities	<u>12,083,324</u>	<u>8,893,146</u>	<u>7,991,320</u>	<u>8,780,611</u>	<u>6,830,730</u>	<u>6,640,803</u>	<u>6,730,114</u>	<u>7,427,553</u>	<u>5,793,263</u>	<u>5,642,873</u>
Business-type activities:										
Gain/(loss) from sales of assets	23,227	—	—	(844)	—	—	—	—	—	15,210
Unrestricted investment earnings	11,223	14,426	20,799	26,801	41,837	61,639	135,795	388,896	312,364	326,709
Miscellaneous	—	—	14,619	—	4,247	370,435	3,360	9,161	6,760	—
Transfers	—	—	—	—	—	—	(420,757)	(1,043,477)	—	48,590
Total business-type activities	<u>34,450</u>	<u>14,426</u>	<u>35,418</u>	<u>25,957</u>	<u>46,084</u>	<u>432,074</u>	<u>(281,602)</u>	<u>(645,420)</u>	<u>319,124</u>	<u>390,509</u>
Total primary government general revenue and other changes	<u>\$ 12,117,774</u>	<u>\$ 8,907,572</u>	<u>\$ 8,026,738</u>	<u>\$ 8,806,568</u>	<u>\$ 6,876,814</u>	<u>\$ 7,072,877</u>	<u>\$ 6,448,512</u>	<u>\$ 6,782,133</u>	<u>\$ 6,112,387</u>	<u>\$ 6,033,382</u>
Extraordinary Item – Fire	\$ —	\$ —	\$ —	\$ (1,040,506)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Special Item – Wastewater Treatment Plant disposal/decommissioned	\$ —	\$ —	\$ (4,488,481)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Changes in Net Position										
Governmental activities	\$ 11,287,576	\$ 897,863	\$ 244,901	\$ 846,942	\$ (2,080,291)	\$ 13,526	\$ (40,302)	\$ 1,074,398	\$ 254,780	\$ (105,253)
Business-type activities	1,741,714	1,186,557	4,868,182	10,254,951	14,007,387	10,498,359	3,053,718	2,526,594	3,964,486	2,159,283
Total primary government changes in net position	<u>\$ 13,029,290</u>	<u>\$ 2,084,420</u>	<u>\$ 5,113,083</u>	<u>\$ 11,101,893</u>	<u>\$ 11,927,096</u>	<u>\$ 10,511,885</u>	<u>\$ 3,013,416</u>	<u>\$ 3,600,992</u>	<u>\$ 4,219,266</u>	<u>\$ 2,054,030</u>

- (1) Beginning in 2007, the City allocated non-departmental and support services to functional activities for its Governmental Activities.
- (2) Beginning in 2007, the City reported expenses reimbursed by the Water & Sewer Utility Fund net of reimbursement.
- (3) Beginning in 2007, the City allocated overhead costs associated with its Utility Fund to the functional areas of Governmental Activities.
- (4) Fees for services for the governmental activities primarily consist of police fines, fire hydrant service fees, sanitation and tapping fees and other special service fees.
- (5) Fees for services for the business-type activity consist primarily of sales for water and sewer services.
- (6) Beginning in 2014, the City implemented GASB Statement #63 and reclassified "net assets" to "net position."
- (7) Beginning in 2014, the City implemented GASB Statement #65 and GASB #68 which restated bond issue costs as expenses and restated pension liabilities and related deferrals.

CITY OF CAYCE, SOUTH CAROLINA

PROGRAM REVENUE BY FUNCTION
(Accrual basis of accounting)

LAST TEN FISCAL YEARS

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
General government (1)	\$ 149,968	\$ —	\$ —	\$ —	\$ 51,694	\$ 2,527	\$ —	\$ —	\$ —	\$ 575,000
Information technology	—	—	—	—	—	—	—	—	—	—
Finance	—	—	—	—	—	—	—	—	—	—
Public safety	822,249	626,967	545,554	752,605	924,772	926,953	741,906	553,521	793,932	449,242
Public works	832,971	381,066	472,833	432,704	414,308	501,847	769,983	678,163	619,535	651,348
Planning and community development	8,467	6,200	121,286	27,757	31,120	51,550	51,556	—	—	—
Parks and museum	6,538,861	4,735	826	270,384	20,754	66,614	143,280	252,888	116,675	122,958
Garage	—	—	—	—	—	—	—	—	—	—
Total governmental activities	8,352,516	1,018,968	1,140,499	1,483,450	1,442,648	1,549,491	1,706,725	1,484,572	1,530,142	1,798,548
Business-type activities:										
Water and sewer utility	16,575,373	14,629,867	21,822,364	21,961,995	24,834,588	20,141,725	12,593,836	11,924,494	11,384,329	9,231,756
Total business-type activities	16,575,373	14,629,867	21,822,364	21,961,995	24,834,588	20,141,725	12,593,836	11,924,494	11,384,329	9,231,756
Total program revenue by function and program	\$ 24,927,889	\$ 15,648,835	\$ 22,962,863	\$ 23,445,445	\$ 26,277,236	\$ 21,691,216	\$ 14,300,561	\$ 13,409,066	\$ 12,914,471	\$ 11,030,304

(1) Beginning in 2007, the City reported governmental expenses reimbursed by the Water and Sewer Utility Fund net of such reimbursement.

CITY OF CAYCE, SOUTH CAROLINA

FUND BALANCES
GOVERNMENTAL FUNDS
(Modified accrual basis of accounting)

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Nonspendable	\$ 559,143	\$ 48,921	\$ 51,930	\$ 41,613	\$ 35,177	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	52,783	58,560	69,493	113,698	133,512	—	—	—	—	—
Committed	25,000	25,000	25,000	—	—	—	—	—	—	—
Assigned	923,610	4,107	9,944	17,261	20,267	—	—	—	—	—
Unassigned	4,124,328	1,090,810	476,052	694,031	430,901	—	—	—	—	—
Reserved	—	—	—	—	—	187,280	194,005	195,913	205,925	193,487
Unreserved	—	—	—	—	—	(209,352)	(4,412)	(123,661)	(640,160)	(438,891)
Total general fund	<u>5,684,864</u>	<u>1,227,398</u>	<u>632,419</u>	<u>866,603</u>	<u>619,857</u>	<u>(22,072)</u>	<u>189,593</u>	<u>72,252</u>	<u>(434,235)</u>	<u>(245,404)</u>
All Other Governmental Funds										
Restricted, reported in:										
Special revenue funds	391,426	131,568	149,493	246,509	406,477	—	—	—	—	—
Debt service funds	1,133,993	752,375	794,432	497,847	620,592	—	—	—	—	—
Capital projects funds	428,440	754,698	655,607	717,567	173,606	—	—	—	—	—
Assigned, reported in:										
Special revenue funds	83,801	83,801	83,801	—	636	—	—	—	—	—
Reserved, reported in:										
Special revenue funds	—	—	—	—	—	82,207	82,673	82,651	82,627	82,589
Debt service funds	—	—	—	—	—	1,349,255	1,215,761	1,143,438	1,017,411	501,959
Capital projects funds	—	—	—	—	—	2,277,644	2,356,749	2,590,056	3,047,680	3,539,774
Unreserved, reported in:										
Special revenue funds	—	—	—	—	—	323,318	352,489	374,364	365,716	304,704
Capital projects funds	—	—	—	—	—	—	—	—	—	—
Total all other governmental funds	<u>2,037,660</u>	<u>1,722,442</u>	<u>1,683,333</u>	<u>1,461,923</u>	<u>1,201,311</u>	<u>4,032,424</u>	<u>4,007,672</u>	<u>4,190,509</u>	<u>4,513,434</u>	<u>4,429,026</u>
Total primary government	<u>\$ 7,722,524</u>	<u>\$ 2,949,840</u>	<u>\$ 2,315,752</u>	<u>\$ 2,328,526</u>	<u>\$ 1,821,168</u>	<u>\$ 4,010,352</u>	<u>\$ 4,197,265</u>	<u>\$ 4,262,761</u>	<u>\$ 4,079,199</u>	<u>\$ 4,183,622</u>

Note: The City implemented GASB Statement #54 in 2011 and prepared this schedule prospectively.

CITY OF CAYCE, SOUTH CAROLINA

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Modified accrual basis of accounting)

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenue										
Property taxes	\$ 3,776,095	\$ 3,794,008	\$ 3,610,099	\$ 3,721,458	\$ 3,351,690	\$ 2,899,938	\$ 2,624,276	\$ 2,383,985	\$ 2,227,451	\$ 2,178,548
Hospitality taxes	697,654	—	—	—	—	—	—	—	—	—
Licenses and permits	6,969,845	4,182,122	3,401,971	4,145,714	2,945,593	3,296,449	3,511,330	3,534,887	3,116,879	2,781,636
Fines and forfeitures	329,068	268,380	223,204	316,604	328,356	282,399	284,215	239,960	337,679	352,974
State shared revenue	497,025	470,411	504,646	447,544	489,425	541,999	613,976	625,855	594,905	507,669
Current services	848,100	534,410	692,536	658,095	620,316	601,501	668,994	636,283	625,946	630,328
Grants and other	1,953,891	502,037	697,009	970,574	504,317	494,349	366,262	327,625	1,310,757	851,139
Interest income	1,777	1,813	2,308	4,054	9,497	9,485	21,309	96,836	144,116	138,341
Total revenue	\$15,073,455	9,753,181	9,131,773	10,264,043	8,249,194	8,126,120	8,090,362	7,845,431	8,357,733	7,440,635
Expenditures¹										
Current:										
General government	418,861	335,743	257,965	237,577	243,093	322,933	334,079	410,300	456,196	441,767
Information technology	78,293	90,231	106,187	73,396	—	—	—	—	—	—
Finance	49,747	62,061	69,766	87,707	69,582	68,791	132,174	133,598	196,415	198,075
Public safety	4,972,902	5,020,310	4,752,127	4,566,632	3,342,951	3,377,945	3,267,295	2,990,865	2,902,975	2,754,866
Planning and community development	618,430	569,700	625,823	603,295	3,253,279	498,344	496,265	390,710	332,888	339,632
Public works	1,309,947	1,289,663	1,397,514	1,321,336	1,085,494	1,025,127	1,204,368	1,031,851	1,005,933	1,067,538
Parks and museum	662,474	661,278	590,580	549,481	407,817	407,097	396,719	355,486	385,507	345,502
Garage	237,940	249,836	261,917	250,402	165,610	154,796	118,365	135,652	238,020	188,514
Non-department and support services	26,476	15,601	24,853	511,974	863,085	1,504,764	1,559,494	1,518,150	1,397,835	1,422,192
Debt service and other financing:										
Principal	672,857	666,678	664,914	685,536	573,730	581,740	580,340	882,569	518,350	545,554
Interest	55,817	89,405	109,691	123,814	128,430	145,968	166,919	176,465	193,663	232,889
Capital outlay	1,213,999	323,518	473,210	460,431	804,800	381,641	510,656	1,019,876	834,374	1,260,414
Total expenditures	10,317,743	9,374,024	9,334,547	9,471,581	10,937,871	8,469,146	8,766,674	9,045,522	8,462,156	8,796,943
Excess (deficiency) of revenue over expenditures	4,755,712	379,157	(202,774)	792,462	(2,688,677)	(343,026)	(676,312)	(1,200,091)	(104,423)	(1,356,308)

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA
 CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
 (Modified accrual basis of accounting)

—CONTINUED—

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other Financing Sources (Uses)										
Proceeds from sales of assets	16,972	254,931	—	—	—	—	—	—	—	—
Installment purchase contracts	—	—	190,000	755,402	499,493	156,113	190,059	340,176	—	322,975
Transfers in	423,300	456,887	42,589	437,747	939,470	38,326	459,522	1,082,135	38,533	37,552
Transfers (out)	(423,300)	(456,887)	(42,589)	(437,747)	(939,470)	(38,326)	(38,765)	(38,658)	(38,533)	(86,142)
Total other financing sources (uses)	16,972	254,931	190,000	755,402	499,493	156,113	610,816	1,383,653	—	274,385
Net change in fund balances before extraordinary item	4,772,684	634,088	(12,774)	1,547,864	(2,189,184)	(186,913)	(65,496)	183,562	(104,423)	(1,081,923)
Extraordinary Item – Fire	—	—	—	(1,040,506)	—	—	—	—	—	—
Net change in fund balances	4,772,684	634,088	(12,774)	507,358	(2,189,184)	(186,913)	(65,496)	183,562	(104,423)	(1,081,923)
Fund balances, beginning of year	2,949,840	2,315,752	2,328,526	1,821,168	4,010,352	4,197,265	4,262,761	4,079,199	4,183,622	5,265,545
Fund balances, end of year	<u>\$7,772,524</u>	<u>\$ 2,949,840</u>	<u>\$ 2,315,752</u>	<u>\$2,328,526</u>	<u>\$1,821,168</u>	<u>\$4,010,352</u>	<u>\$4,197,265</u>	<u>\$4,262,761</u>	<u>\$4,079,199</u>	<u>\$4,183,622</u>
Debt service as a percentage of non-capital expenditures	8%	9%	10%	10%	7%	10%	10%	15%	10%	12%

(1) Beginning in 2007, the City reported governmental expenditures reimbursed by the Water and Sewer Utility Fund net of such reimbursement.

CITY OF CAYCE, SOUTH CAROLINA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year	Real and Personal Property				Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Value	Percentage of Total Assessed Value to Estimated Actual Value
	Residential	Manufacturing/ Commercial/ Industrial	Motor Vehicles	Less: Tax Exempt (FILOT)				
2006	\$ 25,067,670	\$ 10,784,460	\$ 5,976,860	\$ (3,356,000)	\$ 38,472,990	40.50	\$ 654,096,861	.9%
2007	25,396,160	12,567,235	5,402,340	(5,792,520)	37,573,215	42.50	767,801,614	4.9%
2008	26,418,340	13,044,310	5,289,010	(5,921,020)	38,830,640	44.50	769,750,286	5.0%
2009	27,142,680	18,481,310	5,383,210	(10,944,250)	40,062,950	46.00	887,711,138	4.5%
2010	27,497,250	20,681,250	5,012,660	(11,267,780)	41,923,380	46.00	938,592,286	4.5%
2011*	32,002,480	31,373,060	4,414,160	(20,893,160)	46,896,540	41.25	818,978,882	5.7%
2012	32,995,290	27,666,827	4,801,730	(18,539,870)	46,923,977	46.93	823,005,284	5.7%
2013	33,861,520	31,369,790	5,033,320	(22,674,050)	47,860,580	43.27	834,372,162	5.7%
2014	33,707,440	31,406,130	5,646,490	(22,208,610)	48,551,450	44.17	849,135,496	5.7%
2015	34,138,570	34,547,080	5,994,890	(24,197,850)	50,482,690	44.17	873,465,498	5.9%

Source: Lexington County Auditor, Final Tax Year Assessments.

(1) Direct tax rate reflects the millage assessed by the City to which applied per \$1,000 of total assessed values.

* Results due to reassessment year.

CITY OF CAYCE, SOUTH CAROLINA

PROPERTY TAX RATES — DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS
(Rate per \$1,000 of assessed value)

<u>Fiscal Year</u>	<u>City Millage ⁽¹⁾</u>	<u>County Millage</u>	<u>School District Millage</u>	<u>All Other Districts</u>	<u>Total Millage</u>
2006	42.500	64.639	168.400	20.331	295.870
2007	42.500	67.132	173.150	21.022	303.804
2008	44.500	70.692	178.600	25.113	318.905
2009	46.000	73.931	178.600	23.617	322.148
2010	46.000	74.238	178.600	22.468	321.306
*2011	41.250	70.428	176.210	22.013	309.901
**2012	46.930	71.709	176.210	22.690	317.539
2013	43.270	73.768	176.210	22.402	315.650
2014	44.170	76.728	176.210	22.502	319.610
2015	44.170	77.178	176.210	24.002	321.560

Source: Lexington County Auditor, Final Millage Reports.

* Reassessment year effect on City Millage.

**For 2012 City Millage increase was due mainly to a one year only increase of 5 mills to help with the prior year budget deficiency as allowed by State law.

(1) Section 6-1-320 of Act 388 of the South Carolina Code of Laws establishes millage caps for local governing bodies equal to the increase in the average of the twelve monthly consumer price indexes for the most recent twelve-month period (January – December of the preceding calendar year), plus beginning in 2008, the percentage increase in the previous year in population growth as determined by the Office of Research and Statistics of the State Budget and Control Board.

CITY OF CAYCE, SOUTH CAROLINA
 PRINCIPAL PROPERTY TAX PAYERS
 COMPARISON OF 2015 TO 2005

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Taxpayer	Type of Business	2015			2005		
		Assessment	Rank	Percentage of Total Assessed Valuation	Assessment	Rank	Percentage of Total Assessed Valuation
SCANA, Inc (SCE&G INCLUDED)	Electric Utility	\$ 23,806,630	1	31.88%	\$ 1,596,520	2	4.01%
Owen Electric Steel Co. of S.C.	Manufacturer, Steel	5,412,410	2	7.25%	4,769,820	1	14.65%
Riverside Columbia LP	Apartments	1,065,600	3	1.43%	547,580	4	1.62%
Bell South Telecommunication, Inc.	Telecommunication	729,600	4	0.98%	1,498,090	3	4.57%
Farm Bureau Insurance of S.C.	Insurance	719,880	5	0.96%	438,270	6	1.33%
EDR Cayce, LLC	Apartments	614,290	6	0.82%	408,710	7	1.21%
Parkland Partnership	Shopping Center	508,990	7	0.68%	461,530	5	1.46%
Granby Crossing, L.P.	Apartments	448,820	8	0.60%	406,200	8	1.20%
CMC Steel	Metal Fabricators	336,280	9	0.45%	-	-	-
Cole CV Cayce SC LLC	Real Estate	297,000	10	0.40%	-	-	-
Cayce Commons Shopping Ctr	Shopping Center	280,500	11	0.38%	-	-	-
Southern First Bank National	Banking	272,100	12	0.36%	-	-	-
Brickworks Associates LLC	Land Development	238,800	13	0.32%	-	-	-
AVTX Edenwood Associates LLC	Real Estate	225,940	14	0.30%	-	-	-
Bi-Lo LLC	Grocer	215,310	15	0.29%	-	-	-
WED Properties LLC	Real Estate	201,600	16	0.27%	-	-	-
WRH Edenwood LTD	Apartments	200,520	17	0.27%	157,230	15	0.46%
Cayce Crossing, L.P.	Shopping Center	190,780	18	0.26%	249,850	11	0.74%
W.P. Hylton, LLC (Park Place 440)	Real Estate	180,950	19	0.24%	-	-	-
Virginia American Industries, Inc. (RECO)	Manufacturer, Industrial Tanks	179,240	20	0.24%	161,660	13	0.51%
The BOC Group, Inc.	Real Estate	-	-	-	288,010	9	0.77%
Southeastern Concrete Products	Manufacturer, Concrete	164,500	-	0.22%	251,730	10	0.74%
Small, Jr., Robert S.	Real Estate	-	-	0.00%	182,560	12	0.53%
Indigo Associates, LTD	Real Estate	78,650	-	0.11%	157,930	14	0.46%
Time Warner Ent.- Advance Newhouse	Telecommunication	116,310	-	0.16%	143,320	16	0.42%
CINTAS Corporation	Laundry/Uniform Service	47,410	-	0.06%	142,270	17	0.42%
Love Chevrolet	Car Dealership	124,050	-	0.17%	136,260	18	0.40%
Sellers & Son Holding Co.	Real Estate	144,530	-	0.19%	128,260	19	0.38%
Pilot Travel Centers, LLC	Gasoline Stations	94,000	-	0.13%	112,270	20	0.33%
Total		\$ 36,894,690		49.40%			
Total Assessed Value (Includes FILOT)		\$ 74,680,540					
Total Assessed Value (Not Including FILOT)		\$ 50,482,690					

Source: Lexington County Auditor's Office.

CITY OF CAYCE, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS¹
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ²	Amounts Collected within the Fiscal Year by Year of Levy			Percentage of Levy	Total Collections Received in Fiscal Year for All Levies ³
		Current Amount	Delinquent Amounts	Total		Total
2006	\$ 1,575,138	\$ 1,396,515	\$ 59,812	\$ 1,456,326	92%	\$ 1,448,144
2007	1,584,077	1,362,656	107,696	1,470,351	93%	1,422,356
2008	1,692,004	1,480,304	19,519	1,499,823	89%	1,542,832
2009	1,843,767	1,591,476	62,372	1,653,848	90%	1,650,292
2010	1,897,309	1,691,680	109,438	1,801,118	95%	1,854,051
2011	1,826,802	1,624,572	121,708	1,745,280	96%	1,873,739
2012	2,165,282	1,878,733	65,402	1,944,135	90%	1,945,144
2013	2,027,828	1,788,626	84,273	1,872,899	92%	1,884,856
2014	2,068,820	1,832,965	67,261	1,900,227	92%	1,926,015
2015	2,162,503	1,912,049	48,445	1,960,494	91%	2,007,323

- 1) Collections do not include applicable penalties, interest, motor carriers, and fees-in-lieu-of-taxes (FILOT), payments from Richland County, or property taxes received from redevelopment areas for Tax Increment Financing bonds.
- 2) Information from the Lexington County Treasurer's Office, inclusive of abatements and supplements.
- 3) Property taxes are billed and collected by county governments. Real property taxes are reported by the county on a calendar-year and levy-year basis, while personal property taxes are levied on a monthly basis. Total collected amounts reported by the county differ slightly to amounts reported by the City.

Source: Lexington County Treasurer.

CITY OF CAYCE, SOUTH CAROLINA
RATIOS OF OUTSTANDING LONG-TERM DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Total Income	Amount Per Capita (Population)
	General Obligation Bonds	Tax Increment Financing (TIF) Revenue Bonds	Promissory Notes and Installment Purchase Contracts Payable	Water and Sewer System Revenue Bonds	Clean Water State Revolving Fund Loans	Installment Purchase Contracts Payable			
2006	\$ —	\$ 4,345,376	\$ 638,046	\$ 22,030,000	\$ 1,448,7461	\$ —	\$ 28,462,168	13.2%	\$ 2,281
2007	—	4,025,450	434,142	20,880,000	1,387,786	—	26,727,378	12.4%	2,133
2008	—	3,692,501	565,406	26,125,000	1,324,508	226,764	31,934,179	14.8%	2,525
2009	—	3,346,000	520,650	24,720,000	1,258,823	138,220	29,983,693	13.9%	2,295
2010	—	2,985,394	455,631	23,240,000	1,190,640*	46,809	27,918,474	12.9%	2,137
2011	—	2,610,109	756,680	21,705,000	1,119,864*	—	26,191,653	10.1%	2,091
2012	—	2,219,547	1,217,108	20,110,000	35,574,548	—	59,121,203	21.7%	4,640
2013	—	1,813,087	1,002,799	18,445,000	34,104,337	—	55,365,223	19.2%	4,367
2014	—	1,390,082	600,862	16,715,000	32,609,883	—	51,315,827	17.0%	3,990
2015	—	949,858	224,242	13,945,000	33,825,489**	—	48,944,589	16.1%	3,779

*The 2009 State Revolving Fund Construction Loan of approximately \$35 million not included in this amount.

Note: See "Demographic and Economic Statistics" table for personal income and per capita data.

**As of June 30, 2015, the Series 2004 Water and Sewer System Refunding and Improvement Revenue Bonds were in-substance defeased and are excluded from this amount.

CITY OF CAYCE, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total General Bonded Indebtedness</u>	<u>Percentage of Assessed Value of Taxable Property</u>	<u>Per Capita</u>
2006	—	—	—
2007	—	—	—
2008	—	—	—
2009	—	—	—
2010	—	—	—
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014	—	—	—
2015	—	—	—

The City has no current general obligation bonds outstanding.

Source: City of Cayce Finance Department.

CITY OF CAYCE, SOUTH CAROLINA
TOTAL DIRECT AND OVERLAPPING DEBT
JUNE 30, 2015

<u>Political Subdivisions</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>		
		<u>Debt Outstanding</u>	<u>Percentage Applicable to Cayce Taxpayers²</u>	<u>Cayce's Taxpayers Share of Debt¹</u>
Lexington County	\$ 1,183,327,270	\$ 45,590,380	5.98%	\$ 2,726,305
Lexington School District 2	279,988,590	321,565,000	25.27%	81,259,476
Lexington Recreation District	880,734,480	36,480,000	8.03%	2,929,344
Riverbanks Zoo	1,183,327,270	15,339,588	5.98%	917,307
Total Overlapping General Bonded Debt		\$ 418,974,968		\$ 87,832,432
<u>Direct City Governmental Activities Debt Outstanding</u>				
Tax Increment Financing (TIF) Revenue Bonds				\$ 949,858
Installment Purchase Contracts				224,242
Total Direct City Governmental Activities Debt Outstanding				\$ 1,174,100
Total Governmental Activities Direct & Overlapping Debt				\$ 89,006,532

Source: Lexington County Finance Department and City of Cayce Finance Department.

¹Per Lexington County, the City does not tax or share in the outstanding debt of others, and is not responsible for any of the 'overlapping' debt outstanding by other political subdivisions.

²The percentage applicable to Cayce Taxpayer's is based on the percentage of assessed valuation of property located within the City as compared with the County.

CITY OF CAYCE, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Assessed Valuation	\$50,482,690	\$48,551,450	\$47,860,580	\$46,923,977	\$46,896,540	\$41,923,380	\$40,062,950	\$38,830,640	\$37,573,215	\$38,472,990
Maximum General Obligation Debt limited to 8% of total assessed valuation (1)	4,038,615	3,884,116	3,828,846	3,753,918	3,751,723	3,353,870	3,205,036	3,106,451	3,005,857	3,077,839
Outstanding bonds chargeable to bond limit	—	—	—	—	—	—	—	—	—	—
Legal debt margin	<u>\$ 4,038,615</u>	<u>\$ 3,884,116</u>	<u>\$ 3,828,846</u>	<u>\$ 3,753,918</u>	<u>\$ 3,751,723</u>	<u>\$ 3,353,870</u>	<u>\$ 3,205,036</u>	<u>\$3,106,451</u>	<u>\$3,005,857</u>	<u>\$3,077,839</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

1) Article 10, Section 14.7 of the South Carolina Constitution limits general obligation debt to 8% of the assessed value of all taxable property. Does not include FILOT.

Source: Lexington County Auditor's Office.

CITY OF CAYCE, SOUTH CAROLINA

PLEDGED REVENUE — REVENUE BOND COVERAGE WATER AND SEWER ENTERPRISE FUND

LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross Revenues ⁽¹⁾	\$ 15,005,544	\$ 14,580,922	\$ 13,899,383	\$ 12,140,032	\$ 11,159,169	\$ 10,381,824	\$ 9,861,621	\$ 9,677,828	\$ 9,022,348	\$ 7,971,565
Expenses of Operating and Maintaining the System ⁽²⁾	(9,159,617)	(9,089,535)	(7,886,067)	(8,014,258)	(7,391,785)	(6,630,334)	(6,352,267)	(6,509,486)	(4,927,517)	(4,837,560)
Net Revenues	\$ 5,845,927	\$ 5,491,387	\$ 6,013,316	\$ 4,125,774	\$ 3,767,384	\$ 3,751,490	\$ 3,509,354	\$ 3,168,342	\$ 4,094,831	\$ 3,134,005
Combined Debt Service Requirements ⁽³⁾	\$ 4,774,334	\$ 4,835,493	\$ 4,881,806	\$ 3,240,906	\$ 2,707,437	\$ 2,709,725	\$ 2,818,044	\$ 2,212,235	\$ 2,216,564	\$ 1,943,037
Debt Service Coverage ⁽⁴⁾	122%	114%	123%	127%	139%	138%	124%	143%	185%	161%

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- 1) Gross revenues are shown exclusive of Capital Facility Charges. For 2013, gross revenues include debt service reserve account savings.
- 2) Expenses of operating and maintenance the system include transfers and are exclusive of depreciation, amortization and other non-cash expenses.
- 3) Includes principal and interest payments on revenue bonds and state revolving funds loans.
- 4) Coverage calculation shown exclusive of Capital Facility Charges.

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net Revenues	\$ 5,845,927	\$ 5,491,387	\$ 6,013,316	\$ 4,125,774	\$ 3,767,384	\$ 3,751,490	\$ 3,509,354	\$ 3,168,342	\$ 4,094,831	\$ 3,134,005
Capital Facility Charges	1,604,279	1,592,759	5,145,064	9,848,764	13,721,503	7,168,737	1,580,790	1,486,154	1,058,798	1,287,901
Total	\$ 7,450,206	\$ 7,084,146	\$ 11,158,380	\$ 13,974,538	\$ 17,488,887	\$ 10,920,227	\$ 5,090,144	\$ 4,654,496	\$ 5,153,629	\$ 4,421,906
Combined Debt Service Requirements ⁽³⁾	\$ 4,774,334	\$ 4,835,493	\$ 4,881,806	\$ 3,240,906	\$ 2,707,437	\$ 2,709,725	\$ 2,818,044	\$ 2,212,235	\$ 2,216,564	\$ 1,943,037
Debt Service Coverage ⁽⁵⁾	156%	147%	229%	431%	646%	403%	180%	210%	236%	228%

- 5) Coverage calculation shown inclusive of Capital Facility Charges as recognized under generally accepted accounting principles.

Source: City of Cayce Revenue Bond Indenture of Trust

CITY OF CAYCE, SOUTH CAROLINA
 CONSTRUCTION VALUES
 LAST TEN FISCAL YEARS

COMMERCIAL PERMITS VALUES TEN FISCAL YEAR REPORT

Occurrence	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Alterations	\$ 2,024,358	\$ 1,433,524	\$ 4,355,520	\$ 583,964	\$ 1,485,764	\$ 1,445,301	\$ 5,027,581	\$ 1,124,891	\$ 2,346,231	\$ 804,889
Additions	—	1,159,300	1,171,880	368,348	94,692	74,256	565,615	9,311,921	31,860	439,200
New Construction	205,910	9,812,273	1,084,624	78,420	105,830	62,060,078	42,184,048	62,749,070	53,319,654	3,599,775
Sub-total:	2,230,268	12,405,097	6,612,024	1,030,732	1,686,286	63,579,635	47,777,244	73,185,882	55,697,745	4,843,864
Signage	63,914	78,430	73,417	44,130	88,105	169,376	93,959	84,372	111,034	97,025
Commercial Totals	\$ 2,294,182	\$ 12,483,527	\$ 6,685,441	\$ 1,074,862	\$ 1,774,391	\$ 63,749,011	\$ 47,871,203	\$ 73,270,254	\$ 55,808,779	\$ 4,940,889

RESIDENTIAL PERMITS VALUES TEN FISCAL YEAR REPORT

Occurrence	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Alterations	\$ 1,227,438	\$ 959,069	\$ 1,558,973	\$ 976,387	\$ 804,757	\$ 2,236,743	\$ 882,040	\$ 926,205	\$ 1,699,842	\$ 1,211,767
Additions	311,499	258,552	297,543	192,946	226,930	225,550	201,607	826,408	565,569	341,180
Multi-Family	35,670,684	—	—	1,354,057	—	—	—	—	—	—
Single-Family	6,684,947	8,230,264	7,917,316	4,105,918	676,678	3,518,000	9,898,625	5,075,670	8,989,979	11,506,440
Residential Totals:	\$ 43,894,568	\$ 9,447,885	\$ 9,773,832	\$ 6,629,308	\$ 1,708,365	\$ 5,980,293	\$ 10,982,272	\$ 6,828,283	\$ 11,255,390	\$ 13,059,387
Yearly Grand Total:	\$ 46,188,750	\$ 21,931,411	\$ 16,459,273	\$ 7,704,170	\$ 3,482,756	\$ 69,729,304	\$ 58,853,475	\$ 80,098,537	\$ 67,064,169	\$ 18,000,276

CITY OF CAYCE, SOUTH CAROLINA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST AVAILABLE YEARS

Per Year 2010 Census¹	Cayce⁵	Lexington County⁴	South Carolina⁴
Total Population (2012 estimate)	12,951	277,888	4,832,482
Per Capita Income (in 2010 dollars)	\$ 23,523	\$ 26,886	\$ 23,943
Median Household Income (in 2010 dollars)	\$ 43,776	\$ 54,061	\$ 44,779
Median Family Income (in 2010 dollars)	\$ 54,845	\$ 66,099	\$ 55,058
Total Personal Income (in 2010 dollars)	\$ 304,646,373	\$ 7,471,296,768	\$ 115,704,116,526

Population Estimates¹ (July 1, 2014)	Cayce	Lexington County	South Carolina
2005	12,307	232,989	4,249,385
2006	12,478	237,957	4,324,799
2007	12,533	242,797	4,404,614
2008	12,646	248,518	4,479,800
2009	13,062	255,607	4,561,242
2010	12,528	262,391	4,625,364
2011	12,626	266,547	4,673,509
2012	12,772	270,272	4,723,417
2013	12,860	273,752	4,774,839
2014	12,951	277,888	4,832,482

Unemployment Rates² (Annual Average)²	Cayce	Lexington County	South Carolina
2005	N/A	4.9	6.7
2006	N/A	4.7	6.4
2007	N/A	4.1	5.7
2008	N/A	4.9	6.8
2009	N/A	8.0	11.2
2010	N/A	8.2	11.2
2011	N/A	8.0	10.5
2012	N/A	7.0	9.2
2013	N/A	5.8	7.6
2014	N/A	5.1	5.6
2015 ³	N/A	5.4	6.0

Cayce's Income Demographics⁵	Households		Families	
	Number	Percentage	Number	Percentage
\$0 - \$10,000	516	9.7%	247	8.4%
10,000 - 14,999	285	5.3%	73	2.5%
15,000 - 24,999	748	14.0%	306	10.5%
25,000 - 34,999	600	11.3%	248	8.5%
35,000 - 49,999	906	17.0%	427	14.6%
50,000 - 74,999	999	18.7%	677	23.1%
75,000 - 99,999	657	12.3%	411	14.0%
100,000 - 149,999	479	9.0%	432	14.8%
150,000 - 199,999	80	1.5%	71	2.4%
200,000 and over	61	1.1%	35	1.2%
Totals	5,331	100.0%	2,927	100.0%

Sources: ¹ U.S. Bureau of the Census. Census 2010.

² S.C. Department of Employment and Workforce.

³ Six month average from January 1, 2015 through June 30, 2015.

⁴ State demographic information for all categories, updated as of July 1, 2015.

⁵ Income demographics for the City are based on estimates from the Bureau of the Census, American Community Survey, latest year 2013.

N/A = Not Available

CITY OF CAYCE, SOUTH CAROLINA

PRINCIPAL EMPLOYERS

JUNE 30, 2015

(With comparative data from that first reported in CAFR, June 30, 2006)

Taxpayer		2015			2006		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
SCANA, Inc	Electric Utility	2,278	1	26.8%	200	4	2.9%
SMI Steel	Manufacturer, Steel	385	2	4.5%	360	1	5.2%
Lexington School District 2	Public School System	265	3	3.1%	-	-	0.0%
Bi-Lo, LLC	Grocer	191	4	2.2%	-	-	0.0%
Farm Bureau Insurance of S.C.	Insurance	178	5	2.1%	175	5	2.5%
CINTAS	Uniform Provider	101	6	1.2%	-	-	0.0%
Krispy Kreme Doughnut Co.	Retail	72	7	0.8%	65	7	0.9%
Genuine Parts Co.	Parts Distributor	67	8	0.8%	-	-	0.0%
Love Chevrolet Co.	Car Dealership	57	9	0.7%	-	-	0.0%
Southeastern Concrete	Manufacturer, Concrete	40	10	0.5%	55	8	0.8%
Total		<u>3,634</u>		<u>42.8%</u>	<u>855</u>		<u>12.3%</u>
Approximate number employed within the City limits		<u>8,500</u>			<u>6,900</u>		

Note: Information obtained from Business License applications and phone calls to businesses.
Information does not include Governmental Institutions such as the City itself.

CITY OF CAYCE, SOUTH CAROLINA

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Employees by Function/Program										
<u>Governmental Activities</u>										
General government:										
Legislative	5	5	5	5	5	5	5	5	5	5
Administrative	6	5	4	4	5	5	5	5	5	5
Recorder's court	3	2	2	1	1	1	1	1	1	1
IT***	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance:										
Accounting	3	3	3	3	4	4	4	4	4	4
Public safety:										
Animal control	2	2	2	2	2	2	2	2	2	2
Dispatchers	5	5	5	5	5	5	5	5	5	5
Administrative	4	4	4	4	4	4	4	4	4	4
Detectives	8	8	8	8	9	9	9	9	8	9
Traffic/Victim's Advocate*	41	38	38	39	47	48	47	45	44	41
Fire **	15	12	9	9	—	—	—	—	—	—
Parks	2	NA	NA	NA	NA	NA	NA	NA	NA	NA
Planning and community development:										
Administrative	4	4	6	5	5	5	5	5	5	5
Public works:										
Public buildings	1	1	1	1	1	1	1	1	1	1
Sanitation	17	17	17	17	16	16	16	16	16	15
Garage	5	5	5	5	5	5	4	4	4	4
Parks and museum:										
Museum	2	2	2	2	2	2	2	2	2	2
Parks	10	10	9	9	8	8	8	8	8	8
Subtotals	134	124	122	119	119	120	118	116	114	111
<u>Business-type Activities</u>										
Water and sewer utility:										
Administrative	11	12	8	8	7	7	6	6	6	6
Water treatment plant	10	9	10	10	10	10	10	10	10	10
Water distribution and maintenance*	13	13	14	14	14	14	13	12	12	12
Sewer collection and outfall lines*	13	12	12	12	10	9	9	9	9	9
Wastewater treatment plant	12	12	12	12	11	11	11	10	10	10
Wastewater Pre-treatment Plant****	3	1	—	—	—	—	—	—	—	—
Subtotals	62	59	56	56	52	51	49	47	47	47
Total	196	183	178	175	171	171	167	163	161	158

Source: City of Cayce Finance, Budget and Personnel Departments.

Note: Schedule is based on budgeted full-time positions.

*Seldom were all positions filled throughout the fiscal year.

**Fire personnel were split out from Public Safety Traffic starting July 1, 2011.

***First year with Full-Time IT person started July 1, 2012.

****New Pre-Treatment Plant started operation in February 2014.

CITY OF CAYCE, SOUTH CAROLINA
 OPERATING INDICATORS AND CAPITAL ASSETS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Governmental Activities</u>										
General government:										
Area in Square Miles	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2	15	15
Population of City ¹	12,951	12,860	12,679	12,743	12,528	13,062	12,646	12,556	12,382	12,597
Public safety:										
Number of stations	4	6	6	6	6	6	6	6	6	6
Number of Police Officers	1	2	2	2	2	2	1	1	1	1
Number of Firefighters	6	12	9	9	7	7	7	7	5	5
Number of Public Safety Officers*	54	48	47	47	50	51	52	49	49	47
Dispatchers and Victim's Advocate	8	8	6	6	6	6	6	6	6	6
Number of arrests	685	1,121	887	728	830	523	992	898	938	945
Number of emergency incidents	8,470	6,800	2,968	5,295	9,388	10,494	8,781	2,403	4,535	4,634
Planning and community development:										
Permits issues	744	300	917	276	239	341	376	349	317	397
Estimated cost of construction	46,188,750	21,931,411	16,459,273	7,704,170	3,482,756	69,725,305	58,853,475	80,098,537	67,064,169	18,000,276
Public works:										
Active vehicles in vehicle replacement plan	156	146	152	149	130	122	122	120	119	115
Refuse collected (average tons per day)	25.0	23.19	44.4	35.3	48.0	47.8	17.58	13.43	14.10	18.84
Recyclables collected (average tons per day)	2.0	1.26	1.18	1.06	1.05	1.04	1.14	1.40	3.00	1.27
Parks and museum:										
Number of parks	9	9	9	9	8	8	8	6	6	6
Number of playgrounds	5	5	5	5	5	5	4	3	3	1
Museum complex	1	1	1	1	1	1	1	1	1	1

¹Based on latest U.S. Census or estimates

*Excludes Animal Control, Dispatchers, and Victim's Advocate personnel.

CITY OF CAYCE, SOUTH CAROLINA
OPERATING INDICATORS AND CAPITAL ASSETS BY FUNCTION/PROGRAM

— CONTINUED —

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Business-type activities</u>										
Water and sewer utility:										
Number of water customers – end of period	8,436	8,245	8,222	8,490	8,337	7,329	7,248	7,230	7,098	7,071
Number of sewer customers – end of period	12,146	11,595	11,893	12,150	10,812	10,757	10,651	10,629	8,424	6,792
Water plant filtration capacity per day – gallons (GPD)	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000
Maximum daily pumping capacity of water – gallons	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Average daily filtration flow – water GPD	2,790,000	2,790,000	2,730,000	3,070,000	3,090,000	3,050,000	3,000,000	3,310,000	4,530,000	3,220,000
Peak average filtration flow – water GPD	3,740,000	3,740,000	3,750,000	4,300,000	3,790,000	3,440,000	3,300,000	3,300,000	4,530,000	3,210,000
Peak daily filtration flow – water GPD	4,771,900	4,771,900	4,020,000	4,389,000	4,130,000	4,410,000	5,199,000	5,393,000	5,500,000	4,970,000
Wastewater plant treatment capacity per day – gallons	25,000,000	25,000,000	25,000,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
Average daily treated flow – wastewater GPD	7,743,000	8,222,000	6,666,000	5,733,000	4,303,000	6,758,000	6,056,000	5,407,000	5,660,000	5,470,000
Peak average treated flow – wastewater GPD	8,900,000	10,123,000	7,417,000	6,184,000	6,002,000	9,030,000	7,196,000	6,796,000	6,261,000	6,597,000
Peak daily treated flow – wastewater GPD	16,490,000	17,075,000	13,181,000	9,557,000	10,871,000	14,188,000	12,795,000	9,615,000	13,040,000	7,096,000
Number of miles of water mains owned by City	216.3	215.9	214.8	214.0	210.5	207	128	124	123	121
Number of miles of sewage collection lines owned by City	268.5	266.3	265.7	265	260	260	158	156	152	123

Source: City of Cayce Finance and Utility Departments.

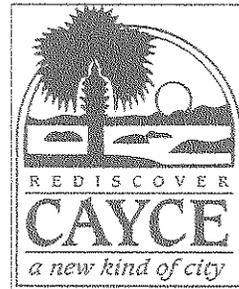
Note: Information mostly obtained through internal reports and records.

CITY OF CAYCE, SOUTH CAROLINA

COVER STORY

PHOTOGRAPH: MORNING GLORY BY GARY WILSON

IMAGE OF CAYCE RIVERWALK FEATURED IN THE CITY OF CAYCE 2015 - 2016 CALENDAR



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Memorandum

To: Mayor and Council

From: Rebecca Vance, City Manager

Date: December 31, 2015

Subject: Discussion and Approval of Master Bond Ordinance 2016-01 Collapsing and Terminating an Amended and Restated Indenture of Trust in Order to Provide for the Issuance and Sale of Water and Sewer System Revenue Bonds of the City of Cayce, South Carolina, and Other Matters Relating Thereto – First Reading

Issue

Council approval is needed for the Master Ordinance 2016-01.

Background/Discussion

This Ordinance collapses and terminates the Master Indenture of Trust for the City's Utility Debt by the enactment of a new Master Bond Ordinance. The terms of the bond ordinance provide for the issuance of water and sewer revenue bonds on parity basis. This document has been drafted to bring the City current with debt issuance policies in the market place and to streamline some of the provisions of the master indenture.

Recommendation:

Staff recommends approval of first reading of this Ordinance.

A MASTER BOND ORDINANCE

COLLAPSING AND TERMINATING AN AMENDED AND RESTATED INDENTURE OF TRUST IN ORDER TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CAYCE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO.

MASTER BOND ORDINANCE

DATED: FEBRUARY 2, 2016

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and is for convenience of reference only.)

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STATE OF SOUTH CAROLINA)	<u>ORDINANCE</u>
)	
COUNTY OF LEXINGTON)	MASTER BOND ORDINANCE
	)	COLLAPSING AND TERMINATING
CITY OF CAYCE	)	AN AMENDED AND RESTATED
	)	INDENTURE OF TRUST IN ORDER
	)	TO PROVIDE FOR THE ISSUANCE
	)	AND SALE OF WATER AND SEWER
	)	SYSTEM REVENUE BONDS OF THE
	)	CITY OF CAYCE, SOUTH
	)	CAROLINA, AND OTHER
	)	MATTERS RELATING THERETO.

NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL DULY ASSEMBLED, AS FOLLOWS:

ARTICLE I - FINDINGS AND DETERMINATIONS

Section 1.01. Findings and Determinations.

Incident to the enactment of this bond ordinance (this “*Bond Ordinance*”), the City Council of the City of Cayce (the “*City Council*”), the governing body of the City of Cayce, South Carolina (the “*City*”), finds that the facts set forth in this Article exist, and the statements herein are in all respects true and correct:

1. The City is a municipal corporation of the State of South Carolina (the “*State*”), located in Lexington County, South Carolina (the “*County*”), and as such possesses all general powers granted by the Constitution and laws of the State to municipal corporations, including the power to operate utility systems and to furnish water and sewer collection for domestic and industrial use both within and without the corporate limits of the City.

2. The City, pursuant to State law, owns, operates, and maintains a water system, which furnishes water to commercial, industrial and residential users, and a sewer system which provides for the collection, treatment and disposal of sewage from commercial, industrial and residential users.

3. On February 16, 1955 the City Council approved the combining its water system and its sewer system into a single system which is now known as the Water and Sewer System of the City of Cayce, South Carolina (the “*System*”).

4. The City, acting by and through the City Council, is responsible for the management of the System and the issuance of revenue bonds to defray the costs of capital improvements to the System.

5. The revenues of the System are presently pledged and hypothecated to secure the payment of the following revenue bonds issued by the City:

(a) the now outstanding installments of the originally issued \$1,650,000 Water and Sewer System Revenue Bond, Series 2002 (the “**2002 Bond**”);

(b) the now outstanding installments of the originally issued \$18,795,000 Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2007A (the “**2007 Bonds**”);

(c) the now outstanding installments of the originally issued not exceeding \$33,733,234, plus capitalized interest, if any, Water and Sewer System Improvement Revenue Bond, Series 2009 (the “**2009 Bond**”); and

(d) the now outstanding installments of the originally issued not exceeding \$3,734,073, plus capitalized interest, if any, Water and Sewer System Improvement Revenue Bond, Series 2015 (the “**2015 Bond**” and together with the 2002 Bond, the 2007 Bonds and the 2009 Bond, the “**Outstanding Bonds**”).

6. The Outstanding Bonds were issued in accordance with and are currently governed by the provisions of the Amended and Restated Indenture of Trust dated as of July 15, 2004, by and between the City and U.S. Bank National Association, as successor to Wachovia Bank, N.A. (formerly known as First Union National Bank) (the “**Trustee**”), as amended and supplemented by the Supplemental Trust Indenture of 2008-1 dated as of August 13, 2008, and as further amended and supplemented by the Supplemental Trust Indenture of 2013-1 dated as of January 16, 2013 (as amended and supplemented, the “**Indenture of Trust**”).

7. By the terms of this Bond Ordinance, the City proposes to collapse and terminate the Indenture of Trust. In order to effect the collapse and termination of the Indenture of Trust, the City shall procure the written consent of all of the holders of the Outstanding Bonds.

8. The 2002 Bond, the 2009 Bond and the 2015 Bond (the “**SRF Bonds**”) are held by the South Carolina Water Quality Revolving Fund Authority (the “**Water Quality Authority**”). The 2007 Bonds were sold and issued in the public markets.

9. The City is currently contemplating the issuance of their not exceeding Water and Sewer System Refunding Revenue Bonds, Series 2016 (the “**2016 Bonds**”). It is anticipated that a portion of the proceeds of the 2016 Bonds will be utilized to effect the defeasance in full of the 2007 Bonds.

10. The provisions of the Indenture of Trust shall remain in full force and effect until such time as one or more of the following conditions has been met:

(a) the Outstanding Bonds shall have been paid at their respective stated maturities or redemption dates, if redeemed as a whole;

(b) Outstanding Bonds shall have been redeemed or defeased in accordance with the provisions of the Indenture of Trust; or

(c) the consent of the holders of the Outstanding Bonds with respect to the implementation of this Bond Ordinance shall have been obtained in accordance with the provisions of the Indenture of Trust.

The earliest date on which one of the above stated conditions has been met with respect to each of the Outstanding Bonds is herein referred to as the “*Effective Date*.” Certain of the conditions may be combined in order to achieve the Effective Date.

11. The Water Quality Authority has initially indicated that it will grant its consent to the implementation of this Bond Ordinance with respect to the SRF Bonds. In order to confirm and evidence such consent, the City has requested that the Water Quality Authority execute a written consent certificate, the form of which is attached hereto as **Exhibit A**.¹

12. The City has requested that the Trustee, as the counterparty to the Indenture of Trust, acknowledge the collapse and termination of the Indenture of Trust (the “*Acknowledgment*”); the form of such acknowledgement is attached hereto as **Exhibit B**. The execution and delivery of the Acknowledgement is for notice purposes only and shall not be deemed a condition precedent to the implementation of this Bond Ordinance.

13. The Holders of any Bonds issued on or after the date of enactment hereof, including the 2016 Bonds, shall be deemed to have consented to the provisions of this Bond Ordinance and shall, upon the Effective Date, be subject to the terms hereof.

14. Upon the Effective Date, the provisions of this Bond Ordinance shall be in full force and effect.

[End of Article I]

¹ Upon the receipt of the consent from the Water Quality Authority and the redemption of the 2007 Bonds in full by and through the issuance of the 2016 Bonds, the Effective Date shall have occurred.

ARTICLE II - DEFINITIONS, CONSTRUCTION AND INTERPRETATIONS

Section 2.01 Definition of Ordinance.

This ordinance may be hereafter cited and is hereinafter sometimes referred to as the Bond Ordinance; such term shall include all ordinances supplemental to, or amendatory of, this Bond Ordinance.

Section 2.02 Defined Terms.

In this Bond Ordinance, terms defined in Article I shall have the meaning assigned therein, and unless a different meaning clearly appears from the context, the following terms shall have the meanings assigned below:

“Accreted Value” shall mean the amounts set forth in or the amounts determined in the manner set forth in, a Series Ordinance, authorizing the issuance of Bonds in the form of Capital Appreciation Bonds.

“Annual Budget” shall mean the budget or amended budget of the City for the System in effect as provided in or adopted pursuant to the provisions of this Bond Ordinance.

“Annual Principal and Interest Requirement” shall mean, with respect to any particular Fiscal Year and to a Series of Bonds Outstanding, an amount (other than amounts paid from proceeds of Bonds) equal to the sum of (1) all interest payable on such Series of Bonds during such Fiscal Year, plus (2) any Principal Installment of such Series of Bonds during such Fiscal Year, minus (3) any Interest Payment Subsidies received by the City for such Series of Bonds during such Fiscal Year and used to pay debt service on such Series of Bonds during such Fiscal Year.

For purposes of computing the Annual Principal and Interest Requirement:

(a) the rate of interest used to determine (1) above shall be a rate per annum equal to (i) with respect to any Series of Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (ii) with respect to any Series of Variable Rate Bonds, the actual rate of interest on the date of calculation; provided however, if the Variable Rate Bonds have been Outstanding for at least twelve (12) months, the average rate over the twelve months immediately preceding the date of calculation.

(b) the Principal Installments for each Series of Bonds used to determine (2) above will be the actual planned Principal Installments, except as for any Series of Bonds in which 25% or more of the Principal Installments are payable in a single Fiscal Year, the Principal Installment in such year will be assumed to be the result derived by dividing (A) the aggregate outstanding principal due on such Series of Bonds by (B) the number of full years in the remaining term of such Series of Bonds, but if the date of calculation is within twelve (12) months of the final maturity date of such Series of Bonds and a binding commitment by an institutional lender or municipal underwriting firm exists to provide money to refinance the

outstanding aggregate principal amount of such Series of Bonds then Outstanding, the payment terms contained in the commitment are to be used for purposes of calculating the Principal Installments for such Series of Bonds.

(c) the amounts available in the Debt Service Reserve Fund established for a Series of Bonds may be applied against the interest payable on and the Principal Installments due on such Series of Bonds in the last Fiscal Year that such Series of Bonds is Outstanding.

“Auditor” shall mean an independent firm of certified public accountants of suitable standing selected by the City who audit the books, records, and accounts of the City. For purposes of the Outstanding Bonds, all references to the Independent Certified Public Accountant shall be replaced with the term Auditor.

“Authorized Investments” shall mean, within the limitations set forth herein, any investments now or hereafter permitted under Section 6-5-10 of the South Carolina Code, or any successor or similar statute, and shall also include the South Carolina Investment Fund established at Sections 6-6-10 to 6-6-40 of the South Carolina Code or any successor or similar statute and as the same may be further limited pursuant to the provisions of a Series Ordinance.

“Authorized Officers” means the Mayor, the City Manager, the Chief Financial Officer, or any other official authorized by the City Council to act on behalf of the City.

“Bond Counsel” shall mean an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the City.

“Bondholder” or **“Holder”**, or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond.

“Bond Ordinance” shall mean this amended and restated Bond Ordinance. Upon the occurrence of the Effective Date, this Bond Ordinance shall be in full force and effect and the Indenture of Trust shall collapse and terminate. Further, upon the Effective Date, for purposes of the Outstanding Bonds or any contractual obligations of the City related to the administration and operation of the System, any reference to the Indenture of Trust shall be construed and interpreted as referring solely to the Bond Ordinance.

“Bond Payment Date” shall mean each date as shall be prescribed by any applicable Series Ordinance on which interest on any of the Bonds shall be payable or on which both principal and interest shall be payable on any of the Bonds according to their respective terms.

“Bonds” shall mean any indebtedness or obligations (issued as tax-exempt or taxable obligations) including those entered into under the provisions of long-term contracts payable from the revenues of the System, issued in accordance with the provisions of the Enabling Act, this Bond Ordinance and a Series Ordinance, excluding indebtedness incurred in accordance with Article VI hereof.

“Business Day” shall mean, except as set forth in a Series Ordinance with respect to the Series of Bonds issued thereunder, any day other than a Saturday, a Sunday, a day on which banking institutions in the State or in the State of New York are required or authorized by law (including executive orders) to close or a day on which the United States federal reserve payment system is not operational.

“Capital Appreciation Bonds” shall mean Bonds that bear interest payable only at maturity or payable prior to maturity only on the redemption dates set forth in, and in the amounts determined by reference to the Accreted Value established in accordance with the provisions of the Series Ordinance authorizing the issuance of such Capital Appreciation Bonds.

“Chief Financial Officer” shall mean the employee of the City with the title of chief financial officer, or in the absence of such person, the individual to whom the City Council has delegated the responsibility of supervising and maintaining records and accounts relating to the collection and disbursement of the revenues derived from the operation and maintenance of the System.

“City” means the City of Cayce, South Carolina.

“City Council” means the City Council of the City of Cayce, the governing body of the City.

“City Manager” shall mean the City Manager of the City of Cayce, South Carolina or in the absence of the City Manager, the assistant City Manager or the interim City Manager.

“Clerk” shall mean the Municipal Clerk of the City. The term shall include the acting Clerk or such other person designated by City Council to fulfill such role whenever, by reason of absence, illness or other reason, the person who is the Clerk is unable to act.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the Treasury Regulations issued thereunder, in each case, as from time to time in force.

“Date of Issue” shall mean that date established in any Series Ordinance from which interest shall accrue on the Bonds of the applicable Series.

“Debt Service Account” shall mean the account of that name created in the Debt Service Fund and established for each Series of Bonds issued under the terms hereof. Within each Debt Service Account, the Trustee may, but is not required, to further create an interest account, principal account and bond redemption account with respect to each such series of Bonds. Respecting the Outstanding Bonds (as defined in 1.01(5)(d) herein), such subaccounts, as established under the Indenture of Trust, shall be governed by the provisions of this Bond Ordinance.

“Debt Service Fund” shall mean the fund of that name established pursuant to Section 7.3 of this Bond Ordinance, which fund is designed to provide for the payment of the principal

of, premium, if any, and interest on all Bonds Outstanding and issued pursuant hereto, as the same respectively fall due.

“Debt Service Reserve Fund” shall mean the funds, if any, so designated and designed (1) to secure the timely payment of the principal of and interest on the respective Series of Bonds Outstanding and issued pursuant to this Bond Ordinance and the applicable Series Ordinance, and (2) to provide for the redemption of such Series of Bonds Outstanding prior to their stated maturity, as established by the provisions of Section 7.05 hereof.

“Defeasance Obligations”, unless otherwise provided in a Series Ordinance for a particular Series of Bonds, shall mean non-callable: (i) Government Obligations; (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian; (iii) non-callable, U.S. Treasury Securities – State and Local Government Series Securities; and (iv) AAA-rated general obligation bonds of the State, its institutions, agencies, school districts and political subdivisions.

“Depository” shall mean any bank or trust company selected by the City as a depository of moneys or securities held under the provisions of this Bond Ordinance and may include the Trustee.

“Depreciation and Contingent Fund” shall mean the fund herein so designated and designed to provide for contingencies, for the replacement of depreciated or obsolete parts of the System and for improvements, betterments and extensions of the System, as established by the provisions of Section 7.06 hereof. To the extent the City had previously maintained a separate Depreciation Fund and a separate Contingent Fund, such funds shall hereafter be combined into the Depreciation and Contingent Fund. For purposes of the Outstanding Bonds, all references to Depreciation and Capital Improvement Fund shall be replaced with the term Depreciation and Contingent Fund.

“Electronic Means” shall mean the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Enabling Act” shall mean Chapter 17 of Title 6, and Chapter 21 of Title 11 of the South Carolina Code, and all other statutory authorizations authorizing and enabling the City to adopt this Bond Ordinance. For purposes of the Outstanding Bonds, all references to the Act shall be replaced with the term Enabling Act.

“Events of Default” shall mean those events set forth in Section 13.01 of this Bond Ordinance.

“Facilities” shall mean (i) all of the physical assets of the System, and all parts thereof, now existing; (ii) any physical assets which may thereafter be added to the System, or any part

thereof, by any additions, replacements, or betterments; and (iii) any capacity acquired by the City in physical assets not owned by it for the treatment of water or wastewater or the transportation thereof.

“**Fiduciary**” or “**Fiduciaries**” shall mean the Trustee and any Registrar and any other agent of the City appointed pursuant to the authorizations of this Bond Ordinance or any Series Ordinance or any or all of them, as may be appropriate.

“**Fiscal Year**” shall mean the period of twelve (12) calendar months, beginning on July 1 of each year, and ending on June 30 of the following year, unless the same shall have been changed pursuant to the authorization of Section 3.01 hereof.

“**General Revenue Fund**” or “**Revenue Fund**” shall mean the account or accounts established and maintained by the City in such fashion as to adequately reflect all of the receipts and revenues derived from the operation of the System and all interest and other income earned by the City in connection with the System, as established by the provisions of Section 7.02 hereof. For purposes of the Outstanding Bonds, all references to Gross Revenue Fund shall be replaced with the term General Revenue Fund.

“**Government Obligations**” shall mean: (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America are pledged; (b) obligations, the payment of the principal (if any), or the interest (if any) on which is fully guaranteed as a full faith and credit obligation of the United States of America; and (c) obligations issued by the Federal Home Loan Bank and/or the Federal National Mortgage Association as permitted by Section 6-5-10(a)(2) of the South Carolina Code, as amended.

“**Gross Revenues**” or “**Gross Revenues of the System**” shall mean:

(a) all receipts and revenues derived from the operation of the System, except for those allocable to the operation of Special Facilities to the extent the same have been pledged to the payment of Special Facilities Bonds, including all service fees (including connection, tap and impact fees, capacity fees, availability fees, and meter purchases);

(b) all proceeds from the sale or other disposition of any property owned directly or beneficially by the City in connection with the operation of the System;

(c) all interest and other income received directly or indirectly by the City from the investment of moneys or accounts relating to the System; excluding, however, investment income restricted to a purpose inconsistent with the payment of operating expenses or debt service, and specifically excluding (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of borrowing by the City;

(d) all other unencumbered money to which the City may become entitled from any source whatsoever in connection with the operation of the System, but specifically excluding any amounts received by way of government grants, developer contributions and aids-to-construction; and

(e) all Interest Payment Subsidies to the extent such monies are not otherwise used to pay debt service on a Series of Bonds. Any Interest Payment Subsidies payable to the Trustee and used to pay debt service on a Series of Bonds shall not be included in Gross Revenues.

All amounts received as *ad valorem* taxes shall not be included in Gross Revenues.

“Independent Consultant” shall mean such firm or firms, professional engineers, architects, financial advisors, rate consultants or other professionals who are nationally recognized and have a favorable reputation for consulting services for utility systems similar to the System. Such Independent Consultant shall not be an employee of the City and shall be engaged by the City to perform the tasks set forth to be performed by such Independent Consultant under the provisions of this Bond Ordinance.

“Insurance Consultant” shall mean a person or firm who is not, and no member, director, officer or employee of which is, an officer or employee of the City, which is qualified to survey risks and to recommend insurance coverage for public utilities and services and organizations engaged in such operations. The Insurance Consultant shall be selected by the City.

“Insurer”, with respect to any Series of Bonds, shall mean an insurance company that has written a Municipal Bond Insurance Policy covering such Series of Bonds.

“Interest Payment Subsidies” shall mean the refundable tax credit subsidies payable to the City from the federal government under any section of the Code that authorizes such tax credits.

“Junior Lien Bonds” shall mean any revenue bonds or other obligations issued by the City which are secured by pledges of the revenues of the System which are junior and subordinate in all respects to the pledges made to secure Bonds and to the payment by the City of all Operation and Maintenance Expenses.

“Mayor” shall mean the Mayor of the City. The term shall include the acting Mayor or the Mayor Pro Tempore whenever, by reason of absence, illness or other reason, the person who is the Mayor is unable to act.

“Municipal Bond Insurance Policy” shall mean any municipal bond insurance policy insuring the payment, when due, of the principal of and interest on a Series of Bonds.

“Net Earnings” shall mean, for the period in question, the Gross Revenues of the System, and less Operation and Maintenance Expenses, and shall otherwise be adjusted as provided in (a) and (b) below:

(a) Net Earnings shall include amounts transferred into the Operation and Maintenance Fund from the Rate Stabilization Fund.

(b) Net Earnings shall not include: (i) amounts transferred from Rate Stabilization Fund into any other fund, excluding the Operation and Maintenance Fund as provided in (a) above; and (ii) amounts transferred into the Rate Stabilization Fund.

“*Net Revenues*” or “*Pledged Revenues*” shall mean the Gross Revenues of the System, and less Operation and Maintenance Expenses.

“*Operation and Maintenance Expenses*” shall mean for the period in question all expenses incurred in connection with the administration and the operation of the System and its Facilities, including, without limiting the generality of the foregoing, such expenses as may be reasonably necessary to preserve the System in good repair and working order, principal and interest payments with respect to lease financing arrangements under Section 6.03 hereof, the fees and charges of the Trustee and the custodian or trustee of any fund, the costs of audits required hereunder, the costs of computation and payment of any arbitrage rebate, and the premiums for all insurance and fidelity bonds required by this Bond Ordinance. For purposes of the Outstanding Bonds, all references to Expenses of Operating and Maintaining the System shall be replaced with the term Operation and Maintenance Expenses. Operation and Maintenance Expenses shall not include:

- (a) depreciation and amortization allowances;
- (b) amounts paid as interest on Bonds;
- (c) amounts expended for extraordinary repairs to the System;
- (d) amounts paid from government grants or aids-to-construction;
- (e) unfunded pension liabilities, other post-employment benefit liabilities or similar accounting determinations that do not result in any actual disposition of cash;
- (f) any financing expenses, underwriting discounts, call premiums, gains or losses on the extinguishment of debt due to the refinancing of the same, and other related or incidental non-recurring expenses resulting from the issuance or refinancing of Bonds; and
- (g) any transfers to the general fund (which shall only be payable out of surplus revenues under Section 8.08 herein).

“*Operation and Maintenance Fund*” shall mean the fund established by the provisions of Section 7.05 hereof and which is designed to provide for the payment of all Operation and Maintenance Expenses.

“*Outstanding*”, when used with reference to any Bonds, subject to Section 17.01 hereof, and except as may be modified for any Series of Bonds pursuant to the provisions of a Series Ordinance, shall mean, as of any date, all such Bonds theretofore or then being authenticated and delivered except:

- (a) Bonds cancelled at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered;
- (c) Bonds deemed to have been paid as provided in Article XVI hereof; and
- (d) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds, Bonds, to which a Responsible Officer (as defined herein) has actual knowledge, held by, or for the account of, the City, or by any person controlling, controlled by, or under common control with the City (unless all Bonds are so held).

“Paying Agent” shall mean the financial institution which is authorized by the City Council to pay the principal of or interest on and redemption premium, if any, on any Bonds and having the duties, responsibilities and rights provided for in this Bond Ordinance and any Series Ordinance, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Bond Ordinance. Pursuant to the provisions of Section 15.02 of this Bond Ordinance, the Trustee serves as the Paying Agent.

“Principal Installment” shall mean, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a Bond Payment Date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due of, and application in accordance with, any mandatory sinking fund payment payable before such future date, plus (ii) any mandatory sinking fund payment due on such certain future date, together with the aggregate amount of the premiums, if any, applicable to such mandatory sinking fund payments, plus (iii) with respect to any Capital Appreciation Bonds required to be paid on such certain date, the Accreted Value as of such certain date of such Capital Appreciation Bonds; and in this latter respect, any reference to “principal” of Bonds in this Bond Ordinance shall mean, with respect to Capital Appreciation Bonds, the Accreted Value of such Capital Appreciation Bonds.

“Rate Stabilization Fund” shall mean the fund designed to provide for the stabilization of water and sewer rates by carrying forward surplus revenues.

“Record Date” shall mean the fifteenth (15th) day of the month immediately preceding each Bond Payment Date (or such other time or times as shall be prescribed by any applicable Series Ordinance).

“Redemption Price” shall mean, with respect to Bonds of any Series or a portion thereof, the principal amount of such Bonds or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms, this Bond Ordinance and the applicable Series Ordinance.

“Registrar” shall mean the Trustee or any bank, trust company, or national banking association which is authorized by the City to maintain an accurate list of those who from time to time shall be the Holders of Bonds of a particular Series and to effect the transfer of such Bonds

in accordance with the provisions of this Bond Ordinance and having the duties, responsibilities, and rights provided for in this Bond Ordinance and any Series Ordinance, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Bond Ordinance; however, the City Council may, pursuant to a Series Ordinance, authorize the City to serve as Registrar for the applicable Series of Bonds, in lieu of the institutions referred to above.

“Reserve Requirement” shall mean as of any date of calculation, the debt service reserve requirement, if any, established by a Series Ordinance authorizing a Series of Bonds.

“Responsible Officer” means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate, associate or other officer of the Trustee having direct responsibility for the administration of this Bond Ordinance.

“Securities Depository” shall mean The Depository Trust Company, New York, New York, or any other recognized securities depository selected by the City, which securities depository maintains a book-entry system in respect of the Bonds of any Series, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

“Securities Depository Nominee” shall mean, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by any Registrar, the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

“Serial Bonds” shall mean the Bonds of any Series which are stated to mature in installments and for which there are no mandatory sinking fund provisions.

“Series” shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction and designated as a single Series by the authorizing Series Ordinance, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds as herein provided, regardless of variations in maturity, interest rate or other provisions.

“Series Ordinance” shall mean an ordinance of City Council authorizing the issuance of a Series of Bonds pursuant to this Bond Ordinance in accordance with the terms and provisions hereof, adopted by City Council in accordance with Article IV hereof.

“South Carolina Code” shall mean the Code of Laws of South Carolina, 1976, as from time to time amended.

“Special Facilities” shall mean those facilities financed with the proceeds of Special Facilities Bonds as described in Section 6.02 hereof.

“**Special Facilities Bonds**” shall mean those obligations issued in accordance with Section 6.02 hereof.

“**State**” shall mean the State of South Carolina.

“**State Treasurer’s Office**” shall mean the office of the South Carolina State Treasurer.

“**System**” shall mean the water and sewer system of the City as the same is now, or in accordance with Sections 11.02 and 11.03 of this Bond Ordinance may be constituted, all property real and personal, used and useful therefor, all apparatus and equipment used in connection therewith, and all acquisitions, replacements, enlargements, improvements, extensions, additions and betterments that may be made thereto at any time hereafter; provided, that during such time as any Special Facilities Bonds issued to finance Special Facilities are outstanding, the term “System” shall not include such Special Facilities.

“**Term Bonds**” shall mean the Bonds of any Series which are stated to mature in a single year and which are subject to mandatory sinking fund redemption prior to the stated maturity date.

“**Trustee**” shall mean the financial institution serving as Trustee pursuant to this Bond Ordinance and which shall have such other duties, privileges and functions as are set forth herein. Such term shall include any successor and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

“**Variable Rate Bonds**” shall mean, for any period of time, any Bonds which during such period bear interest at a variable rate; provided that Bonds, the interest rate on which has been fixed for the remainder of the term thereof, shall no longer be Variable Rate Bonds.

“**Water Quality Authority**” shall mean the South Carolina Water Quality Revolving Fund Authority.

Section 2.03 Interpretations.

In this Bond Ordinance, unless the context otherwise requires:

(A) Articles, Sections and paragraphs referred to by number shall mean the corresponding Articles, Sections and paragraphs of this Bond Ordinance.

(B) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

(C) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder”, and any similar terms, as used in this Bond Ordinance refer to this Bond Ordinance or Sections or paragraphs of this Bond Ordinance and the term “hereafter” shall mean any date after the date of enactment of this Bond Ordinance.

(D) References to the payment of principal of Bonds shall be deemed to include payment of principal both at maturity and by mandatory redemption pursuant to any sinking fund payment obligations.

(E) Any Fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Bond Ordinance, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

[End of Article II]

ARTICLE III - FISCAL YEAR

Section 3.01 Establishment and Modification of Fiscal Year.

The System shall continue to be operated on a Fiscal Year basis, which, until changed, shall commence on the first (1st) day of July of each year and shall end on the thirtieth (30th) day of June of the following year. The City may, by ordinance duly enacted by City Council, change the Fiscal Year at any time from that then existing to a different twelve (12) month period. Upon any change to the Fiscal Year, the City shall provide the Trustee with a copy of the ordinance authorizing such change.

[End of Article III]

ARTICLE IV - THE BONDS

Section 4.01 Authorization for Bonds in Series.

(A) From time to time and for the purposes of:

(1) Obtaining funds for expansions, additions and improvements of the System, including the recoupage of funds already so expended;

(2) Providing funds for the payment of any bond anticipation note or notes issued in order to defray the costs of expansions, additions and improvements to the System and that were issued in anticipation of the issuance and sale of Bonds;

(3) Refunding Bonds or other obligations issued to provide land or facilities or equipment which are or are to become a part of the System or which are or were payable in whole or in part from revenues of the System;

(4) Providing funds for the payment of interest due on any Bonds;

(5) Funding any Debt Service Reserve Fund or restoring the value of the cash and securities in any Debt Service Reserve Fund to the amount equal to its Reserve Requirement, and reimbursing amounts owed to any providers of a surety bond, line of credit, insurance policy or letter of credit established pursuant to Section 7.05(E) hereof; and

(6) Paying the costs of issuance of Bonds, including any credit enhancement therefor;

but subject to the terms, limitations and conditions herein, the City Council may authorize the issuance of a Series of Bonds by the enactment of a Series Ordinance, and the Bonds of any such Series may be issued and delivered upon compliance with the provisions of this Article. The Bonds of each Series shall be issued in fully registered form, without coupons, and may be issued in the form of book-entry bonds. The Bonds shall, in addition to the title City of Cayce, South Carolina, Water and Sewer System Revenue Bonds, bear a letter or number Series designation as may be necessary to distinguish them from the Bonds of every other Series and shall designate the year in which the Series is issued. Bonds of any Series may be authorized to be issued in the form of Serial Bonds or Term Bonds, with or without mandatory sinking fund payments, or Capital Appreciation Bonds, or a combination of any of them, and may bear interest in whatever manner and payable at whatever frequency as shall be prescribed by the applicable Series Ordinance.

(B) Each Series Ordinance shall include a determination to the effect that the issuance of such Series of Bonds is necessary to provide funds to be used and expended for one or more of the purposes enumerated in paragraph (A) above. In addition each Series Ordinance shall specify and determine:

- (1) The then period of usefulness of the System;
- (2) The Date of Issue of such Series of Bonds or method for determining the same;
- (3) The maximum authorized principal amount of such Series of Bonds, and the manner of determining the precise principal amount and the officials authorized to make such determination;
- (4) Bond Payment Dates and the date or dates of maturity and the amounts thereof, or the manner of determining such dates and amounts and the officials authorized to make such determinations, provided that the Series Ordinance shall specify a date beyond which the final maturity of such Series shall not extend, which date shall not be longer than forty-five (45) years from the Date of Issue;
- (5) The purposes for which such Series of Bonds are being issued;
- (6) The title and designation of the Bonds of such Series;
- (7) The manner in which Bonds of such Series are to be sold and provisions for the sale thereof;
- (8) The interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series, including whether and on what terms there shall be entered by the City an agreement for any form of interest rate swap or similar transaction with respect to such Series;
- (9) The portion of such Series that are Serial Bonds and that are Term Bonds and that are Capital Appreciation Bonds, if any, including the amount and date of each mandatory redemption or sinking fund installment, if any, required by such Series Ordinance to be paid for the retirement of any such Bonds, or the manner of making such designations and the officials authorized to make such designations;
- (10) The Redemption Price or Redemption Prices and the redemption date or redemption dates and other terms of redemption, if any, applicable to any of the Bonds of such Series for such payments, or the manner of determining such dates and prices and the officials authorized to make such determinations;
- (11) The Trustee, the Paying Agent, and the Registrar for such Bonds and if other than the Trustee, the manner of determining the Paying Agent, the Registrar and the escrow agent, if such Bonds are refunding Bonds;
- (12) The form or forms of the Bonds of such Series;
- (13) The manner of numbering and lettering, and the denomination or denominations of the Bonds of such Series;

(14) Whether the Bonds of such Series shall be issued in book-entry form pursuant to Section 4.20 hereof;

(15) That the then applicable Reserve Requirement, if any, for all Series of Bonds Outstanding have been met;

(16) The disposition of the proceeds of the sale of the Bonds of such Series and the manner of their application;

(17) That a Debt Service Account (within the Debt Service Fund) shall be and a Debt Service Reserve Fund may be established for the Series of Bonds, and that a construction fund be established if the proceeds of the Bonds of any Series are intended to be used for the expansion or improvement of the System, and that a capitalized interest account and/or a cost of issuance account be established as a standalone account or within any such construction fund if interest for any period is to be paid from proceeds of such Series of Bonds; and

(18) Any other provisions or funds deemed advisable by the City for the Bonds and any other applicable redemption requirement for the Bonds of such Series and the method of satisfying the same and not in conflict with or in substitution for the provisions of this Bond Ordinance.

Section 4.02 Conditions to Issuance of Bonds of a Series.

All Bonds shall be issued in compliance with the following provisions of this Section 4.02:

(1) Bonds shall be stated to mature and/or have mandatory or sinking fund redemptions on such day or days in the years and amounts prescribed or approved by the Series Ordinance.

(2) Bonds shall bear interest at the rate or rates and on the occasions prescribed or approved by the Series Ordinance.

(3) Bonds shall be issued for a purpose or purposes set forth in Section 4.01(A) herein.

(4) There shall exist, on the occasion of the issuance of the Bonds, no default in the payment of the principal of or interest on any Bonds or any Junior Lien Bonds then Outstanding.

(5) Unless on the date of delivery of such Series of Bonds there shall be on deposit in each Debt Service Reserve Fund the amount equal to the applicable Reserve Requirement, there shall be deposited in such Debt Service Reserve Funds such amounts

as may be necessary to make the value of the moneys and securities in each Debt Service Reserve Fund equal to the applicable Reserve Requirement, unless:

(a) the Series Ordinance and any previous Series Ordinances shall have provided for successive monthly payments beginning in the first month following the date of the issuance of the Bonds of any such Series in substantially equal monthly amounts (the “*Monthly Series Payments*”) so that by the end of twelve (12) months from the date of issuance of such Series of Bonds there shall be in the applicable Debt Service Reserve Fund an amount equal to the applicable Reserve Requirement with respect to such Bonds; and

(b) there shall be no unremedied defaults of any Monthly Series Payments required to have been made.

(6) Except in the case of the first Series of Bonds issued under this Bond Ordinance or in the event no Bonds are Outstanding:

Net Earnings during the most recent Fiscal Year for which audited financial statements of the System are completed shall be certified by the Auditors or the Independent Consultant on the basis of such audited financial statements to be not less than one hundred twenty percent (120%) of the maximum Annual Principal and Interest Requirements on all Bonds Outstanding and on such proposed Series of Bonds; provided that for purposes of this Section 4.02(6), such Net Earnings may be adjusted to reflect (1) any rate increases currently adopted and to be in effect prior to, coincident with or during the current Fiscal Year of the issuance of such proposed Series of Bonds and determined pro forma as though such rate increases had been in continuous effect during such recent Fiscal Year; (2) in the event a utility, system or enterprise that is in existence and operating and whose current customers have become customers of the System prior to the issuance of the proposed Series of Bonds or will become customers of the System concurrently with the issuance of such proposed Series of Bonds, 100% of the Net Earnings that the Auditors, the Independent Consultant estimate would have been received during such Fiscal Year if the utility, system or enterprise had been a part of the System throughout such recent Fiscal Year, taking into account, for the estimation of such Net Earnings in this subparagraph (2) only, the then-existing customer base and population of the acquired utility, system or enterprise; (3) in the event proceeds of such proposed Series of Bonds will be used to construct or to acquire a newly-constructed utility, system, enterprise, or component of the System which will serve an existing customer base and currently-populated area, 100% of the Net Earnings, estimated by the Independent Consultant, to be received by the System during the first Fiscal Year beginning after the date on which such project constructed or acquired with the proceeds of the proposed Series of Bonds is placed in service, taking into account for the estimation of such Net Earnings in this subparagraph (3) only the then-existing customer base and population; (4) in the event proceeds of such proposed Series of Bonds will be

used to pay interest on such proposed Series, 100% of the interest that will accrue on such Series of Bonds following the date of delivery of the proposed Series and that will be paid from such proceeds; and (5) in the event proceeds of such proposed Series of Bonds will be used to construct or to acquire an expansion to the System and to the extent not included by sub-paragraph (3), 100% of estimated Net Earnings to be received by the System in the first Fiscal Year following the completion of such project, certified by the Independent Consultant, from customers under long-term contracts which extend for the life of such proposed Series of Bonds.

Provided that in the instance of any Series of Bonds in the aggregate principal amount of \$5,000,000 or less, such calculation required by Section 4.02(6) may, unless provided to the contrary in any Series Ordinance, be made by the Chief Financial Officer.

In the event that a Series of Bonds is Outstanding and the City determines to issue a note or other obligation in anticipation of the issuance of a Series of Bonds, for the purposes of complying with the additional bonds test established in this Section 4.02(6) above, the Auditors, the Independent Consultant, or the City shall project the maturity schedule (including rate, term and principal maturities) of the future Series of Bonds that will be used to pay the note or other obligation at maturity; such future Series of Bonds and the accompanying projections shall qualify as a proposed Series of Bonds for purposes of the additional bonds test in Section 4.02(6) herein.

Whenever this Section 4.02(6) requires a certification for the most recent Fiscal Year for which audited financial statements are available, the City may, in its discretion, provide for a special audit and a certification based upon such special audit, in lieu of the audit for such Fiscal Year, provided such special audit covers twelve (12) consecutive calendar months of the eighteen (18) full consecutive calendar months preceding the date of issuance of the proposed Series of Bonds.

(7) Notwithstanding Section 4.02(6) hereinabove, in the case of Bonds issued for the purpose of refunding any Bonds, Series of Bonds, or a portion of a Series of Bonds:

(a) the Annual Principal and Interest Requirement of the refunding Bonds shall not exceed one hundred ten percent (110%) of the Annual Principal and Interest Requirement of the refunded Bonds for any Fiscal Year until a time subsequent to the last maturity of Bonds issued prior to the issuance of such refunding Bonds which are not refunded and which remain Outstanding following the issuance of the refunding Bonds; or

(b) the additional bonds test prescribed by paragraph (6) herein shall be complied with.

(8) If any Series of Bonds shall contain Variable Rate Bonds:

(a) The Series Ordinance shall provide for and specify a maximum interest rate on (i) such Bonds and (ii) any reimbursement obligation to a liquidity provider for such Bonds;

(b) The liquidity provider for such Bonds shall be rated within the highest two short term rating categories by any rating agency then rating any Series of Bonds; and

(c) Any accelerated principal payments or any interest computed at a rate in excess of that on such Bonds due to the liquidity provider for such Bonds pursuant to any reimbursement agreement with such liquidity provider shall be subordinate to the payment of debt service on all Bonds; provided, however, if either of the tests referred to in Section 4.02(6) or 4.02(7) of this Bond Ordinance is calculated (and met) assuming such accelerated principal payment and such excess interest amount to the liquidity provider, then such accelerated principal payment and excess interest amount may be on a parity with the payment of debt service on all Bonds.

(9) All amounts then due under a reimbursement agreement with any provider of a surety bond, line of credit, insurance policy or letter of credit as contemplated under Section 7.05(D) hereof shall have been paid.

Section 4.03 Reliance on Certificates.

Each of the City, the Trustee and any purchaser of any Bonds shall be entitled to conclusively rely upon certificates of the Auditors and the certificates and reports of the Independent Consultant and certificates of any Insurance Consultant, made in good faith, pursuant to any provision of this Bond Ordinance.

Section 4.04 Execution of Bonds.

(A) Unless otherwise prescribed by any Series Ordinance, the Bonds shall be executed in the name of and on behalf of the City by the Mayor or in his absence another Authorized Officer, the corporate seal of the City shall be impressed or reproduced thereon and the same shall be attested by the Clerk. Such officers may employ facsimiles of their signatures.

(B) In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

Section 4.05 Authentication.

Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Trustee or the Registrar shall be entitled to any right or benefit under this Bond Ordinance. No Bond shall be valid or obligatory for any purpose unless and until such certificate

of authentication shall have been duly executed by the Trustee or Registrar, and such executed certificate of the Trustee or Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Ordinance. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by any authorized signatory of the Trustee or by any authorized officer of the Registrar.

Section 4.06 Medium of Payment.

The Bonds shall be payable with respect to principal, interest, and premium, if any, in lawful money of the United States of America, unless otherwise provided in a Series Ordinance.

Section 4.07 Mutilated, Lost, Stolen or Destroyed Bonds.

In the event any Bond is mutilated, lost, stolen or destroyed, the City may execute and the Trustee may authenticate a new Bond of the same Series of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the City and to the Trustee evidence of such loss, theft or destruction satisfactory to the City and the Trustee together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the City shall pay the same. The City and the Trustee may charge the Holder or owner of such Bond with their reasonable fees and expenses (including reasonable attorney's fees, costs and expenses) in connection with such actions.

Section 4.08 Transfer and Registry; Persons Treated as Owners.

(A) As long as any Bonds shall be Outstanding, the City shall cause books for the registration and for the transfer of Bonds to be kept. Such books shall be kept by the Trustee unless there shall have been appointed a Registrar other than the Trustee to keep the books of registration for any particular Series of Bonds. The transfer of each Bond may be registered only upon the registration books of the City kept for that purpose by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof and an assignment with a written instrument of transfer satisfactory to the Trustee or the Registrar, as the case may be, duly executed by the registered owner or his duly authorized attorney. Upon the registration or transfer of any Bond, the City shall cause to be issued, subject to the provisions of Section 4.11 hereof, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

(B) The City, the Trustee, and any Registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books of the City as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium (if any) and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or, upon his order, shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid; and none of the City, the Trustee and any Registrar shall be affected by any notice to the contrary.

(C) Notwithstanding anything in paragraphs (A) and (B) of this Section 4.08 to the contrary, Bonds may be issued in the form of contractual obligations which are not instruments and which may be transferred as provided in such contracts.

Section 4.09 Date and Payment Provisions.

Unless otherwise provided in any Series Ordinance with respect to Bonds issued thereunder, each Bond of a Series shall be authenticated on such dates as they shall, in each case, be delivered. Each Bond shall bear interest from the Date of Issue if no interest has yet been paid; otherwise from the last date to which interest has been paid and which date is on or prior to the date of such Bond's authentication.

Owners of at least \$1,000,000 principal amount of Bonds may, by written notice containing wiring instructions filed with the Trustee at least twenty (20) days prior to any Bond Payment Date, provide for the payment of the interest on such Bonds by wire transfer to an account at a bank located in the continental United States.

Section 4.10 Transferability of Bonds.

Bonds of a Series, upon surrender thereof at the office of the Trustee or the Registrar, as the case may be, for the Bonds of such Series with a written instrument of transfer satisfactory to the Trustee or the Registrar, duly executed by the Holder or his duly authorized attorney, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 4.11 hereof, be exchanged for an equal aggregate principal amount of Bonds of such Series of like maturity and interest rate of any other authorized denominations.

Section 4.11 Regulations With Respect to Exchanges and Transfer.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the City shall execute and the Trustee or the Registrar, as the case may be, shall authenticate and deliver Bonds in accordance with the provisions of this Bond Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee or the Registrar, as the case may be, to the City. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Ordinance. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Trustee or the Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Trustee or the Registrar, as the case may be, shall be required to register, transfer or exchange Bonds of a Series during the period between a Record Date and its related Bond Payment Date, or to register, transfer or exchange any Bonds called for redemption after the mailing of any notice of redemption of such Bond.

Section 4.12 Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds.

Upon the surrender of mutilated Bonds pursuant to Section 4.07 hereof, or Bonds paid or surrendered, the same shall be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate evidencing such destruction shall be furnished by the Trustee or the Registrar, as the case may be, to the City. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Ordinance.

Section 4.13 Notice of Redemption.

If any of the Bonds, or portions thereof, are called for redemption, the Trustee, shall give notice to the Holders of any Bonds to be redeemed, in the name of the City, of the redemption of such Bonds, or portions thereof. Notice of each redemption of Bonds is required to be mailed by the Trustee by first class mail, postage prepaid, at least thirty (30) but no more than sixty (60) days prior to the redemption date to each registered owner of Bonds to be redeemed, at the address of such owner recorded on the bond register and to be otherwise given in accordance with, among others, the following requirements:

(1) notices must contain, at a minimum, the complete official name of the Bonds, CUSIP number, Bond numbers, principal amount of each Bond to be redeemed (if less than all), publication date, redemption date, redemption price, redemption agent's name and address with contact person and phone number, Trustee's name and address, date of the Bonds, interest rate, maturity date, the place or places where amounts due will be payable, and any other descriptive information deemed necessary by the Trustee;

(2) notices must be sent to Bondholders of \$1,000,000 or more, to the Municipal Securities Rulemaking Board, if necessary (via its Electronic Municipal Market Access (EMMA) system, as may be amended or modified), and any Securities Depository by such method or such other method as is standard in the industry; in addition, any Bondholder holding in excess of \$1,000,000 principal amount of Bonds may request the Trustee to send notices to any additional addressee specified;

(3) a second notice to registered owners of the Bonds must be mailed by the means specified above to any registered owner of Bonds who has not presented Bonds for redemption sixty (60) days after the redemption date;

(4) notice of redemptions effected by advance refundings must also be given notice in accordance with the above requirements at least thirty (30) days but no more than sixty (60) days prior to the actual redemption date; and

(5) CUSIP number identification with appropriate dollar amounts for each CUSIP number must accompany all redemption payments and interest payments, whether by check or by wire transfer.

The obligation to provide notice shall not be conditioned upon the prior payment to the Paying Agent of money or the delivery to the Paying Agent of Authorized Investments or Government Obligations sufficient to pay the redemption price of the Bonds to which such notice relates or the interest thereon to the redemption date.

If at the time of mailing of a notice of redemption, there shall not have been deposited with the Trustee or Paying Agent moneys sufficient to redeem all the Bonds or portions thereof called for redemption, which moneys are or will be available for redemption of such Bonds, such notice is required to state that it is conditional on the deposit of the redemption moneys with the Trustee or Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The failure of the Trustee to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any other Bonds for which notice is properly given. Any Bondholder may waive notice of redemption by delivery of a written waiver to the Trustee.

Any Series Ordinance providing for the issuance of Bonds consisting of contractual obligations not in the form of an instrument or providing for Bonds in bearer form may provide alternative methods for delivery of notice of redemption.

Provided sufficient funds for such redemption are on deposit with the Trustee, all Bonds so called for redemption shall cease to bear interest on the specified redemption date and shall no longer be deemed to be Outstanding hereunder. If said money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 4.14 Cancellation of Bonds Which Have Been Redeemed.

All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the City. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Ordinance.

Section 4.15 Restriction on Optional Redemption.

Notwithstanding anything in this Bond Ordinance to the contrary, no optional redemption of Bonds may occur unless all amounts payable by the City owing under a reimbursement agreement with any provider of a surety bond, line of credit, insurance policy or letter of credit as contemplated under Section 7.05(D) hereof shall have been paid in full.

Section 4.16 Selection of Bonds To Be Redeemed.

In the event that less than all of the Bonds of any Series are to be redeemed at the option of the City, Bonds to be redeemed shall be in such order of maturity as selected by the City. In the event of redemption of less than all of the Bonds of a Series of any maturity, the Bonds or portions of Bonds to be redeemed, shall be selected by lot by the Trustee. The portion of any Bond of a denomination which is larger than the minimum denomination for the Bonds of such Series shall be in the principal amount of such minimum denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of the minimum

denomination; provided further that, if less than all of the beneficial interests in a Bond of a single maturity registered in the name of a Securities Depository or a Securities Depository Nominee are to be redeemed, the beneficial interests to be redeemed shall be selected by lot or in such manner as may be directed by the Securities Depository. If there shall be drawn for redemption less than all of a Bond, the City shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of the same Series in any authorized denomination. The procedures for selection of Bonds of a Series for redemption set forth in this Section 4.16 are subject, however, to any alternative provisions set forth in a Series Ordinance applicable to such Series of Bonds.

Section 4.17 Purchase of Bonds.

The Trustee shall, if and to the extent practicable, purchase Bonds at the written direction of the City at such time, in such manner and at such price as may be specified by the City. The Trustee may so purchase Bonds with any money then held by the Trustee which is available for the redemption or purchase of Bonds and in excess of that set aside for the payment of Bonds called for redemption; provided, that the Trustee is provided with an opinion of Bond Counsel to the effect that such redemption or purchase complies with any limitations or restrictions on such redemption or purchase contained in this Bond Ordinance.

Section 4.18. Bonds Issued as Taxable Obligations.

Notwithstanding anything in this Bond Ordinance to the contrary, the City may from time to time, pursuant to one or more Series Ordinances, provide for the issuance of Bonds the interest on which may be includable in gross income of the Holders of such Bonds for federal income taxation purposes. In such event, such Bonds may, at the option of the City, be issued as coupon bonds, payable to bearer, as provided in the applicable Series Ordinance. Such Series Ordinance shall provide such rules and regulations with respect to the ownership, transfer and substitution of such Bonds as are not inconsistent with the other provisions of this Bond Ordinance.

Section 4.19 Security for Payment of Bonds; Priority of Lien.

The Bonds, together with the interest thereon, shall be payable solely from and secured equally and ratably by a lien upon the Net Revenues. Such pledge and lien securing the Bonds shall at all times and in all respects be and remain superior to pledges and liens made and given to secure any other bonds or other obligations payable from the revenues of the System. The Bonds shall not constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the Constitution or the laws of the State, other than those provisions authorizing indebtedness payable solely from a revenue-producing project not involving revenues from any tax or license, and the faith, credit and taxing power of the City are expressly not pledged therefor. The City is not obligated to pay any of the Bonds or the interest thereon except from the Net Revenues.

Section 4.20 Bonds in Book-Entry Form.

Notwithstanding any other provision of this Bond Ordinance with respect to the form of Bonds to the contrary, a Series Ordinance may provide for the issuance of one or more Series of Bonds solely in fully registered form registerable to a Securities Depository, a Securities Depository Nominee or the beneficial owner of the Bonds. The Series Ordinance may further provide that such Series of Bonds shall be evidenced by one or more certificates or by a system of book entries in a form satisfactory to the Chief Financial Officer and to provide for payment, redemption, notices and like provisions in a manner consistent with such system of registration.

Section 4.21 Waiver of Certain Provisions.

Notwithstanding anything in this Bond Ordinance to the contrary, whenever all of the debt issued or all of the obligations incurred by the City under a Series Ordinance are acquired by and are held by a single entity, that single entity, at its sole option, may waive any provision or requirement of this Bond Ordinance that relates separately to the governance of such Series and is for the protection and benefit of such single entity only and not for the protection or benefit of any other Holder or Holders of Bonds.

[End of Article IV]

ARTICLE V - RATES AND CHARGES

Section 5.01 Rate Covenant.

(A) It is hereby determined that the rates for services and facilities furnished by the System shall, until otherwise revised, be as now established. Said rates and charges are determined to be sufficient to meet the requirements of this Bond Ordinance but they shall be revised by the City Council whenever necessary in order that they shall at all times be maintained on a basis sufficient to meet the requirements of this Bond Ordinance. The City specifically covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

- (1) To provide for the payment of the Operation and Maintenance Expenses as may be necessary to preserve the same in good repair and working order;
- (2) To maintain the Debt Service Fund and the Debt Service Fund Accounts and thus provide for the punctual payment of the principal of and interest on the Bonds;
- (3) To maintain the Debt Service Reserve Funds in the manner prescribed herein and in any applicable Series Ordinance;
- (4) To pay all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy or letter of credit as contemplated under Section 7.05(D) hereof;
- (5) To provide for the punctual payment of the principal of and interest on all Junior Lien Bonds that may from time to time hereafter be outstanding;
- (6) To build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order; and
- (7) To discharge all obligations imposed by the Enabling Act and by this Bond Ordinance and any applicable Series Ordinance.

(B) The City covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the System which, together with other income, are reasonably expected to yield annual Net Earnings in the current Fiscal Year equal to at least the sum of one hundred fifteen percent (115%) of the Annual Principal and Interest Requirement in such Fiscal Year for all Bonds Outstanding. Promptly upon any material change in the circumstances which were contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, the City, with or without the aid of an Independent Consultant, shall review the rates and charges for its services and shall promptly revise such rates and charges as necessary to comply with the foregoing requirement. Prior to the beginning of each Fiscal Year, the City shall adopt an Annual Budget including amended rate schedules for such Fiscal Year which shall set forth in reasonable

detail the estimated revenues and operating expenses and other expenditures of the System for such Fiscal Year which shall include the amount to be deposited during such Fiscal Year in the Depreciation and Contingent Fund. The City may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

(C) If the City, in adopting the Annual Budget, determines that revenues may not be sufficient to meet the rate covenant established hereinabove or if the audited financial statements of the City indicate that the City did not satisfy the rate covenant for the prior year, the City shall, within forty-five (45) days, engage an Independent Consultant to prepare a report recommending such actions which will provide sufficient revenues in the following Fiscal Year to permit the City to meet the rate covenant. Copies of such report shall be made available to the City and the Trustee no later than sixty (60) days after the engagement of the Independent Consultant.

The City agrees that it shall use its best efforts to effect such changes recommended by the Independent Consultant in its report. So long as the City uses its best efforts to comply with such recommendations, failure to comply with the rate covenant shall not constitute an Event of Default under Article XIII hereof; provided however, a failure to comply with the rate covenant for a period of two consecutive Fiscal Years shall constitute an Event of Default.

[End of Article V]

ARTICLE VI - JUNIOR LIEN BONDS AND SPECIAL FACILITIES BONDS

Section 6.01 Right to Issue Junior Lien Bonds; Accession Thereof to Status of Bonds.

Notwithstanding that Bonds may be Outstanding, the City may at any time, and without limitation and free of all conditions issue Junior Lien Bonds, in such amount as it may from time to time determine, payable from the revenues of the System, provided that the pledge of revenues of the System granted for the protection of said Junior Lien Bonds, shall at all times be and remain subordinate and inferior in all respects to the pledges of revenues made or authorized for the Bonds and to the payment of all Operation and Maintenance Expenses; and provided, further, that the maturity of Junior Lien Bonds may not be accelerated and paid in full unless all of the Bonds shall have been paid or provision therefor has been made pursuant to Article XVI hereof.

By proceedings authorizing the issuance of Junior Lien Bonds, the City may provide for the accession of such Junior Lien Bonds to the status of Bonds provided all of the following conditions are met. Any such subsequent proceedings adopted by the City Council providing for such accession shall make the findings provided in subparagraphs (1) through (4) and state whether and to what extent a Debt Service Reserve Fund shall be established as set forth in subparagraph (5).

(1) The Junior Lien Bonds were issued for a purpose or purposes set forth in Section 4.01(A) hereof.

(2) There shall exist on the date of accession (a) no default in the payment of the principal of or interest on any Bonds or any Junior Lien Bonds then Outstanding, (b) no default in the performance of any duties required under the provisions of this Bond Ordinance, and (c) no amount owed by the City with respect to the full funding of a Debt Service Reserve Fund, either by way of cash or reimbursement of any other funding mechanism, except in accordance with Section 4.02(5)(a) hereof.

(3) There shall be deposited in the Debt Service Fund Account for such Series of newly-acceded Bonds the amounts which would have been required under the provisions of Section 8.03 hereof to be accumulated therein on the date of accession if said Junior Lien Bonds had originally been issued as Bonds.

(4) On the date of accession, the earnings tests prescribed by Section 4.02(6) hereof shall have been met.

(5) In the event such proceedings require a Reserve Requirement to be maintained for such Series of newly-acceded Bonds, then in such event, there shall be on deposit on the date of accession in a Debt Service Reserve Fund an amount equal to the Reserve Requirement established for such Junior Lien Bonds which are being acceded to the status of Bonds.

(6) The City shall obtain an opinion of Bond Counsel to the effect that: (a) this Bond Ordinance and the proceedings authorizing such Junior Lien Bonds have been

duly adopted and are in full force and effect; (b) the Junior Lien Bonds have been duly and lawfully authorized and executed by the City and are valid and binding upon, and enforceable against, the City (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); and (c) this Bond Ordinance creates the valid pledge which it purports to create of the revenues and of moneys and securities on deposit in any of the funds established hereunder subject to the application thereof to the purposes and on the conditions permitted by this Bond Ordinance.

(7) In the event such Junior Lien Bonds were issued with variable rates, the provisions of subparagraph (8) of Section 4.02 shall have been met.

Section 6.02 Right to Issue Special Facilities Bonds.

The City shall have at all times the right to enter into contracts, leases or other agreements pursuant to which it will agree to construct, operate and pay the costs of Special Facilities to be financed by its issuance of Special Facilities Bonds, subject to the following conditions:

(A) It shall have been determined to the satisfaction of the City that the rents, revenues or receipts to be derived from the Special Facilities shall be at least equal to the principal, interest and any reserve requirements contained in the ordinance authorizing such Special Facilities Bonds and to pay all operation, maintenance and other costs and expenses applicable to such Special Facilities; and

(B) The revenues derived from Special Facilities need not be deposited in the General Revenue Fund, and may be pledged to secure Special Facilities Bonds; but no debt service or other costs or expense related to any Special Facilities may be paid from System revenues deposited in the General Revenue Fund except pursuant to Section 8.08 hereof.

For purposes of this Section 6.02, the term “Special Facilities” shall include all or a portion of water or sewer facilities (or those enterprises, if any referred to in Section 11.02 hereof) and rights to all or a portion of the use of, or the capacity available from, any such facilities.

Section 6.03. Lease Financing Agreements.

The City shall have at all times the right to enter into capital leases or other lease financing agreements secured by a lien on the property, plant and equipment comprising a part of the System; provided, however, that: (1) the aggregate principal amount of such obligations outstanding at any time shall not exceed ten percent (10%) of the value of the property, plant and equipment of the System, less accumulated depreciation, as shown on the audited balance sheet of the City for the most recent Fiscal Year for which audited financial statements are available; and (2) the loss of the property secured by the lien will not materially adversely affect the ability of the City to meet its financial obligations under this Bond Ordinance.

[End of Article VI]

ARTICLE VII - ESTABLISHMENT OF FUNDS

Section 7.01 Requirement for Special Funds.

For so long a time as any sum remains due and payable by way of principal or interest on Bonds, the following funds or accounts relating to the Gross Revenues of the System shall be established and maintained, and deposits shall be made therein in the manner herein required.

Section 7.02. The General Revenue Fund.

(A) There shall be established and maintained a fund or account designated as the General Revenue Fund. This account shall be so maintained as to accurately reflect:

- (1) the Gross Revenues of the System; and
- (2) Net Earnings.

(B) Except as otherwise specifically directed or permitted herein, all Gross Revenues of the System shall be deposited in accordance with and in the manner prescribed by Article VIII hereof into this fund. Money in the General Revenue Fund shall be withdrawn and made use of only in the manner and in the order of priority specified in Article VIII hereof. So long as the City establishes, from an accounting standpoint, proper records of receipts and disbursements for the General Revenue Fund, the General Revenue Fund may be used for the purposes of the Operation and Maintenance Fund, the Depreciation and Contingent Fund, subject to the prior applications of the amounts in the General Revenue Fund for the purposes set forth in Sections 7.04 and 7.05 hereof.

Section 7.03. The Operation and Maintenance Fund.

(A) There shall be established and maintained an Operation and Maintenance Fund. The Operation and Maintenance Fund is intended to provide for the payment of the Operation and Maintenance Expenses.

(B) Withdrawals from the Operation and Maintenance Fund shall be made by or on the order of the City in accordance, as nearly as may be practicable, with the Annual Budget then in effect.

Section 7.04. Debt Service Fund.

(A) There shall be established and maintained a Debt Service Fund. Within the Debt Service Fund, there shall be established a Debt Service Fund Account for each Series of Bonds Outstanding. Each Debt Service Fund Account is intended to provide for the ratable payment of the principal of, redemption premium, if any, and interest on the respective Series of Bonds as the same respectively fall due. Payments into the Debt Service Fund shall be made in the manner prescribed by this Bond Ordinance, including the applicable provisions of Article VIII hereof,

and, except as herein provided, all money in the respective Debt Service Fund Accounts shall be used solely to pay the principal of, redemption premium, if any, and interest on the respective Series of Bonds, and for no other purpose. Each Debt Service Fund Account shall bear a number Series designation as may be necessary to distinguish each Debt Service Fund Account.

(B) The Debt Service Fund and each Debt Service Fund Account thereunder shall be kept in the complete custody and control of the Trustee and withdrawals from the Debt Service Fund Accounts shall be made only by such Trustee who shall transmit to each Bondholder, at such times as may be appropriate, the sums required to pay the principal of, redemption premium, if any, and interest on the respective Series of Bonds. Amounts held by the Trustee due to non-presentment of Bonds on any redemption date must be retained by the Trustee for a period of at least one year after the final maturity of such Bonds.

(C) Moneys in the Debt Service Fund shall be invested and reinvested by the Trustee at the written direction of the Chief Financial Officer or his designee in Authorized Investments, maturing not later than the date on which such money is required to pay the principal of, premium, if any, and interest on the next occurring maturity of the Bonds. The Trustee shall have no responsibility for the investment of money in the Debt Service Fund that is not held by the Trustee. Unless otherwise provided in a Series Ordinance, all earnings from such investments shall be added to and become a part of the Debt Service Fund Account in which such investments are held, but shall be credited against payments that would otherwise be made to such Debt Service Fund Account pursuant to the provisions of Section 8.03 hereof.

(D) All monies received by the Trustee as Interest Payment Subsidies shall be deposited in the Debt Service Fund Account for such Series of Bonds and used to pay debt service on the Series of Bonds with respect to which such Interest Payment Subsidy was received.

(E) Within each Debt Service Fund Account, the Trustee, or as otherwise provided in the Series Ordinance, is authorized to create sub-accounts, as it determines necessary for the timely payment of the principal of, interest on, and sinking fund installments due on the Bonds.

Section 7.05. The Debt Service Reserve Funds.

(A) Each Series Ordinance may create a Debt Service Reserve Fund for the Series of Bonds authorized thereby. Any such Debt Service Reserve Fund shall be for the equal and ratable benefit only of Bonds of that Series. Each such Debt Service Reserve Fund is intended to insure the timely payment of the principal of, and premium, if any, and interest on, that Series of Bonds, and to provide for the redemption of such Bonds prior to their stated maturities. Any Debt Service Reserve Fund shall be maintained in an amount equal to the Reserve Requirement for such Series of Bonds. Unless otherwise provided in a Series Ordinance, money in a Debt Service Reserve Fund shall be used for the following purposes, and for no other:

(1) To prevent a default in the payment of the principal of or interest on that Series of Bonds, by reason of the fact that money in its Debt Service Fund Account is insufficient for such purposes;

(2) To pay the principal of, interest on, and redemption premium, if any, of the Bonds of that Series in the event that all Outstanding Bonds of that Series be redeemed as a whole; or

(3) To effect partial redemption of the Bonds of that Series; but subject to the restrictions of Section 4.15 hereof and provided that subsequent to said partial redemption, the market value of the cash and securities in the Debt Service Reserve Fund shall be not less than the Reserve Requirement therefor.

Notwithstanding the provisions of Section 7.05(A)(1-3) above and as permitted by the Code and Section 4.21 hereof, if the Debt Service Reserve Fund was funded with cash generated by the System, then, upon the written consent of the Holder of such Series of Bonds secured by such Debt Service Reserve Fund, the monies in such Debt Service Reserve Fund may be returned to the City. The requirements for and provisions governing any Debt Service Reserve Fund in the remainder of this Bond Ordinance shall, in references to “the Debt Service Reserve Fund”, “the Reserve Requirement” and “the Bonds”, be deemed to refer to each such Debt Service Reserve Fund created by a Series Ordinance, if any, and in each case to the respective Reserve Requirement for the respective Series of Bonds, and to Bonds only of that respective Series and not to any other Bonds.

(B) (1) Each Debt Service Reserve Fund shall be kept in the complete custody and control of the Trustee and withdrawals therefrom shall be made only by the Trustee who shall transmit to the Bondholders, at such times as may be appropriate, the sums required to pay the principal of, redemption premium, if any, and interest on the Bonds.

(2) If a Series of Bonds is held by the Water Quality Authority, then the Debt Service Reserve Fund for such Series of Bonds may be kept in the custody and control of the State Treasurer’s Office and invested in the Local Government Investment Pool in Authorized Investments. Withdrawals therefrom shall be made only as directed by the Water Quality Authority at such times as may be required to pay the principal and interest on such Series of Bonds. Any withdrawal of the monies in a Debt Service Reserve Fund that exceeds the Reserve Requirement shall be transferred in accordance with the provisions of Section 7.05(C) hereof.

(C) Except as provided in Section 7.05(B)(2) herein, money in a Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the written direction of the Chief Financial Officer or his designee in Authorized Investments. Subject to the remaining provisions of this paragraph (C), the earnings from such investments shall be added to and become a part of the Debt Service Reserve Fund. Except as provided in a Series Ordinance, if as of any date of calculation, the value of the securities and money in a Debt Service Reserve Fund shall exceed its Reserve Requirement, such excess shall either be used to effect partial redemption of Bonds of that Series, or shall be removed from such Debt Service Reserve Fund and, either (i) transferred into the applicable Debt Service Fund Account, as directed in writing by the Chief Financial Officer, or (ii) transferred to the General Revenue Fund, as permitted by the provisions of the Code.

(D) In the event a Series Ordinance requires a Debt Service Reserve Fund to be established for a Series of Bonds, unless otherwise required by such Series Ordinance, the City, in lieu of the deposit of moneys into a Debt Service Reserve Fund, may alternatively satisfy the Reserve Requirement by causing to be so credited an irrevocable and unconditional surety bond, line of credit, letter of credit or insurance policy equal to the Reserve Requirement therefor.

(E) In the event the amount credited to a Debt Service Reserve Fund under a surety bond, letter of credit, or insurance policy (the “*Original Funding Instrument*”) also includes amounts available under another surety bond, letter of credit, or insurance policy (the “*Additional Funding Instrument*”), draws on the Original Funding Instrument and the Additional Funding Instrument shall be made on a pro rata basis to fund any insufficiency in the Debt Service Fund Account. In the event a Debt Service Reserve Fund is funded with both monies and a surety bond, letter of credit, or insurance policy (1) any withdrawals from such Debt Service Reserve Fund shall be made first from such monies (or the liquidation of investments made therewith) and second from such surety bond, line of credit, letter of credit, or insurance policy, and (2) cash deposits to such Debt Service Reserve Fund shall be used first to restore the cash balance and second to reinstate the surety bond, line of credit, letter of credit, or insurance policy. The surety bond, line of credit, letter of credit, or insurance policy shall be payable (upon the giving of notice as required thereunder) on any Bond Payment Date on which moneys will be required to be withdrawn from such Debt Service Reserve Fund and applied to the payment of the principal of or interest on the Outstanding Series of Bonds to which such surety bond, line of credit, letter of credit, or insurance policy relates when such payments cannot be made by amounts otherwise credited to such Debt Service Reserve Fund.

Section 7.06. The Depreciation and Contingent Fund.

(A) There shall be established and maintained a Depreciation and Contingent Fund held and administered by the City. This fund shall be maintained in an amount to be established not less frequently than annually by the City Council in order to provide a reasonable reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions of the System.

(B) Money in this fund shall be used solely:

(1) For the purpose of restoring depreciated or obsolete items of the System;

(2) For improvements, betterments and extensions to the System, other than for those things which are reasonably necessary to maintain the System in good repair and working order;

(3) To defray the cost of unforeseen contingencies and extraordinary repairs to the System;

(4) To prevent defaults of Bonds and Junior Lien Bonds; and

(5) For optional redemption of Bonds or Junior Lien Bonds.

(C) Withdrawals from this fund shall be made by or on order of the City.

Section 7.07. The Rate Stabilization Fund.

The City Council may establish a Rate Stabilization Fund, as needed, and, if created, shall administer such fund under the provisions of this Bond Ordinance and State law.

Section 7.08. Investments of Funds.

Whenever, in the opinion of the City, it becomes desirable to invest money in any of the funds established by this Article (other than the Debt Service Reserve Funds, the Debt Service Fund, and any capitalized interest account) the City may make Authorized Investments. Earnings resulting from the investment of money in a particular fund shall be deposited into the General Revenue Fund (i) except as otherwise provided in Sections 7.04, 7.05 and 7.07 hereof, and (ii) unless the City Council shall have determined pursuant to the Annual Budget that any such earnings on amounts in the Depreciation and Contingent Fund shall remain therein.

[End of Article VII]

ARTICLE VIII - DISPOSITION OF REVENUES

Section 8.01. Deposits to General Revenue Fund; Dispositions Therefrom.

The Gross Revenues of the System, except customers' deposits and that money the disposition of which is controlled by other provisions of this Bond Ordinance, are declared to be a part of the General Revenue Fund and shall from time to time be promptly deposited in a bank or depository in an account which will reflect the fact that they are a part of the General Revenue Fund. If Bonds are Outstanding, the dispositions from the General Revenue Fund required by the remaining Sections of this Article shall be made on or before the last Business Day of each month. Payments from the General Revenue Fund shall be made in the order of priority established by the sequence of the remaining Sections of this Article.

Section 8.02. Deposits for the Operation and Maintenance Fund.

There shall be deposited in the Operation and Maintenance Fund, either from the General Revenue Fund or the Rate Stabilization Fund, the amounts budgeted for Operation and Maintenance Expenses for the ensuing month and any amounts required for an operational reserve.

Section 8.03. Payments for Bonds.

Provision shall be made for the payment of principal of, premium, if any, and interest on all Bonds then Outstanding without priority of any other Bonds but ratably as to each Series of Bonds. To that end:

(1) There shall be deposited into Debt Service Fund and thereafter transferred into the respective Debt Service Fund Account (and thereafter to the respective interest sub-account, if any) the monthly fraction of the aggregate amount of interest to become due on the respective Series of Bonds on the next ensuing Bond Payment Date; provided, however, that if provision has been made for the payment of all or part of the next installment of interest to become due on any Bonds, or the Trustee is in receipt of any Interest Payment Subsidies, pursuant to any other provision of this Bond Ordinance, or any Series Ordinance, or by reason of investment earnings, then, in such event, the deposits required by this paragraph may be omitted, or reduced accordingly.

(2) There shall be deposited into each Debt Service Fund and thereafter transferred into the respective Debt Service Fund Account (and thereafter to the respective principal sub-account, if any) the monthly fraction of the Principal Installment of the respective Series of Bonds next becoming due and payable (whether at stated maturity or by sinking fund installments), so that on each principal maturity date, the amount of principal to be paid shall have been accumulated and be on hand; provided, however, that if provision has been made for the payment of all or part of the next installment of principal to become due on the respective Series of Bonds, pursuant to any other provision of this Bond Ordinance, or any Series Ordinance, or by reason of

investment earnings, then, in such event, the deposits required by this paragraph may be omitted, or reduced accordingly.

(3) If, on the occasion when the deposits required by paragraphs (1) and (2) of this Section, are to be made, the sum total of the deposits required thereby plus previous monthly deposits and the remaining deposits to be made prior to the next succeeding principal and interest payment dates, will be less than the sum required to effect the payment of the next succeeding installment of either principal or interest, or both on the respective Series of Bonds, as the case may be, a sum equal to such deficiency shall be added to the deposits so to be made.

Section 8.04. Deposits for the Debt Service Reserve Funds - Valuation.

Deposits shall next be made in the amounts required by this Section 8.04 or Section 4.02(5) into the respective Debt Service Reserve Funds. Except as provided in Section 7.05(B)(2), the Trustee shall calculate the value of the cash and securities in each Debt Service Reserve Fund forty-five days prior to each Bond Payment Date in order to determine if each Debt Service Reserve Fund contains the Reserve Requirement therefor, and the extent to which payments therefor or withdrawals must be made therefrom, and the timing thereof, pursuant to this Bond Ordinance and the respective Series Ordinances. To the extent the Trustee determines that a deficiency exists, but such deficiency is solely the result of accounting practices governing the valuation of securities in the Debt Service Reserve Fund, the Trustee may alternatively calculate the value of the securities in each Debt Service Reserve Fund as of the maturity date of such securities, so long as such securities mature on or prior to the Bond Payment Date. Unless a Debt Service Reserve Fund is being funded pursuant to Section 4.02(5)(a) of this Bond Ordinance or then contains in cash and securities (or a surety bond, insurance policy, or letter of credit as herein described) an amount at least equal to its Reserve Requirement, unless otherwise provided in the Series Ordinance, there shall be paid into such Debt Service Reserve Fund on the last Business Day of each of the twenty-four (24) months following a determination of a deficiency in such Debt Service Reserve Fund one-twenty-fourth (1/24) of the amount necessary to re-establish in such Debt Service Reserve Fund its Reserve Requirement; provided, however, nothing herein shall preclude the City from fully re-establishing such Reserve Requirement in a more timely fashion than as so prescribed. Any surety bond, line of credit, insurance policy or letter of credit being used to meet the Reserve Requirement of a Debt Service Reserve Fund shall be valued at the amount still remaining to be drawn thereon; and in the event that any such surety bond, line of credit, insurance policy or letter of credit has been drawn upon, the amount necessary to restore the principal balance thereof shall be paid by the City in the same manner and on a parity with the payments described in this Section 8.04 or as provided in an insurance agreement or applicable Series Ordinance.

The market value of any Authorized Investments in a Debt Service Reserve Fund shall be calculated as follows:

(1) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if published therein, then in The New York

Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(2) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(3) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(4) as to any investment not specified above, the value thereof established by prior agreement between the City and the Trustee.

Section 8.05. Reimbursement of Interest on Amounts Advanced by Credit Providers for the Debt Service Reserve Fund.

Provision shall then be made for payment of interest and any fees or penalties on amounts advanced by the provider of any surety bond, line of credit, letter of credit or insurance policy as contemplated in Section 7.05(D) hereof.

Section 8.06. Payments for Junior Lien Bonds.

Provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Bonds in the order of priority contemplated by the proceedings authorizing their issuance.

Section 8.07. Deposits for the Depreciation and Contingent Fund.

There shall be deposited into the Depreciation and Contingent Fund that sum which is one-twelfth (1/12) of the sum which has been currently determined by the City Council to be the budgeted requirement therefor for the then current Fiscal Year.

Section 8.08. Use of Surplus Money.

All money remaining after making the payments required by Sections 8.01 to 8.07, shall be disposed of for any lawful purpose in such manner as the City Council shall from time to time determine.

The City may determine, at any time, to deposit any percentage or any set amount of surplus money under this Section 8.08 into the Rate Stabilization Fund. Amounts on deposit in the Rate Stabilization Fund may, at the direction of an Authorized Officer, be used to make deposits into the Operation and Maintenance Fund required by Section 8.04 hereof. Amounts on deposit in the Rate Stabilization Fund may, at the option of the City Council, be withdrawn and

used for any other required purpose of the System, but in such event, such withdrawal, if for a purpose other than the payments of Operation and Maintenance Expenses, shall be excluded from Net Earnings.

[End of Article VIII]

**ARTICLE IX - AGREEMENT TO FURNISH INFORMATION
WITH RESPECT TO SYSTEM**

Section 9.01 Keeping Records.

The City recognizes that those who may from time to time hereafter be Bondholders will, throughout the life of the Bonds, require full information with respect to the System, the fiscal affairs of the System, and all matters incident to each. To that end, the City hereby covenants and agrees that it will install and thereafter at all times maintain proper books of records and accounts, separate and distinct from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the System, and all revenues and receipts derived therefrom, directly or indirectly. Such books and records shall be kept in such fashion as to reveal in detail:

- (A) The number of customers who may from time to time make use of the System;
- (B) The Gross Revenues of the System and the source from whence derived;
- (C) All expenses incurred in the operation of the System suitably identified as to purpose;
- (D) The Net Earnings of the System and a schedule demonstrating compliance with Section 5.01(B) hereof for such Fiscal Year;
- (E) All expenditures made from the several funds established by this Bond Ordinance, and Series Ordinances authorizing the issuance of the Bonds; and
- (F) The rate schedules that may from time to time be in force.

Section 9.02 Audit Required.

The City further covenants and agrees that so long as any Bonds are Outstanding, it will, not later than one hundred eighty (180) days after the close of each Fiscal Year, cause to be made and completed by the Auditors, an audit of the records, books and accounts pertaining to the System, made in accordance with generally accepted accounting practices, showing, among other things, Gross Revenues and Net Earnings; and that it will furnish a copy of such audit to the Trustee. Such audit shall comment upon any violation of any provision of any resolution authorizing the issuance of any Bonds or Junior Lien Bonds and any violation of any provision of this Bond Ordinance noted by the Auditors, and such other matters as to them seem pertinent. The cost of such audit shall be treated as an Operation and Maintenance Expense. Any audits made available to the City shall not otherwise be restricted as to their subsequent dissemination to any party.

[End of Article IX]

ARTICLE X - INSURANCE

Section 10.01 Requirement of Insurance.

(A) The City covenants and agrees that so long as any Bonds are Outstanding:

(1) To the extent insurance coverage is available, that it will insure and at all times keep the System insured against physical loss or damage with a responsible insurance company or companies, authorized and qualified under the laws of the State, to assume the risks insured against, in such amount as private corporations engaged in similar endeavors would customarily insure for;

(2) That it will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the City against defalcation of all persons handling money derived from the System or signing checks on any bank accounts relating to the System, other than the Trustee or any Registrar;

(3) That all premiums on all bonds or insurance policies shall be deemed an Operation and Maintenance Expense;

(4) That all insurance policies shall be open to the inspection of any Bondholder at any reasonable time;

(5) That all money received by the City as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the City from insurance policies covering the System may, to the extent necessary, be applied to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the Depreciation and Contingent Fund; and

(6) That it will comply with the requirements of State law regarding the mandatory purchase of liability insurance contained in Section 15-78-140(b) of the South Carolina Code.

(B) Insurance required by this Section 10.01 may be provided through the South Carolina Insurance Reserve Fund. The City may obtain or adopt alternative risk management programs which an Insurance Consultant determines to be reasonable, including, without limitation, self-insurance in whole or in part individually or in connection with other institutions, participation in programs of captive insurance companies; participation with other governmental entities in mutual or other cooperative insurance or other risk management programs, participation in state or federal insurance programs, taking advantage of state or federal laws now or hereafter in existence limiting liability, or establishing or participating in other alternative risk management programs; all as may be approved by the Insurance Consultant as reasonable and appropriate risk management by the City. If the City shall be self-insured for any coverage, the City shall obtain a report of an Insurance Consultant stating whether the anticipated funding of any self-insurance fund is actuarially sound, and if not, the required funding to produce such

result and such coverage shall be reviewed by the Insurance Consultant not less frequently than annually. Any self-insurance program shall be subject to annual review by the Insurance Consultant who shall provide a written report to the City which shall include recommendations relating to such self-insurance program. The City shall provide to the Trustee annual certification evidencing compliance with the Insurance Consultant's recommendations. The Trustee has no duty or obligation to make any determination as to the sufficiency of the insurance required to be maintained hereunder.

(C) All costs and expenses of providing the insurance required by this Section 10.01 shall be payable solely from the Gross Revenues of the System as an Operation and Maintenance Expense.

[End of Article X]

ARTICLE XI - ADDITIONAL COVENANTS

Section 11.01 Additional Covenants to Secure Bonds.

The City further covenants and agrees:

(A) That neither the System, nor any part thereof, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except in accordance with the provisions hereof;

(B) That it will permit no free service to be rendered, or use to be made of the services and facilities of the System, and for the services and facilities of the System used by the City, the reasonable cost and value of such services and facilities shall be paid as such services accrue. The revenue so received from the City shall be deemed revenue derived from the operation of the System, and shall be accounted for in the same manner as other revenues of the System;

(C) That, to the extent lawful, it will not permit competing systems to operate within its boundaries;

(D) That, it will permit no customer to be connected to the System, or to receive any service afforded by the System, unless a proper meter is installed, and such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force;

(E) That so long as there are any Bonds Outstanding and unpaid, it will perform all duties with reference to the System required by the Constitution and statutes of the State;

(F) That it will not pledge, mortgage, or otherwise encumber the System or any portion thereof, or any revenues therefrom except in the manner herein authorized, and (except as provided in Section 11.03 herein) it will not sell, lease or otherwise dispose of any portion of the System, necessary or useful in the operation of the System, until all Bonds shall be paid in full, or unless and until provision shall have been made for the payment of all Bonds and the interest thereon in full, and the City further obligates itself and covenants and agrees with the Bondholders to maintain in good condition and to operate said System, and to collect and charge such rates for the services and facilities of the System so that the income and revenues of the System will be sufficient at all times to meet the requirements of this Bond Ordinance. If, pursuant to this Section, anything belonging to the System which is not deemed by the City to be necessary or useful therefor shall be sold or disposed of, the proceeds of such sale or disposition shall be deposited in the Depreciation and Contingent Fund;

(G) That it will permit, so long as there are any Bonds Outstanding, any Bondholder to inspect the System and all records and accounts thereof under reasonable terms and conditions and after reasonable notice has been given;

(H) That it will not make any use, and it shall direct the Trustee and each Fiduciary not to make any use of the proceeds of any Series of Bonds which Bonds were intended upon the issuance thereof to be exempt from federal income taxation, which, if such use had been reasonably expected on the date of the issuance of the Bonds of such Series would have caused such Bonds or any other Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and will observe and not violate the requirements of Section 148 of the Code;

(I) That, as to any Series of Bonds that was intended at the time of their issuance to be exempt from federal income taxation, it will take all actions required of it under the Code that are necessary to preserve the tax-exempt status of such Series of Bonds, including without limitation, actions necessary to comply with all information reporting requirements and any obligation to rebate arbitrage earnings on the proceeds of such Bonds to the United States Government;

(J) That it will make all payments or deposits required under Articles VII and VIII of this Bond Ordinance in a timely manner; and

(K) That no payments on account of appropriations to the general fund of the City shall be made except as permitted under Section 8.08 hereof.

Section 11.02 Acquisition of Additional Utilities.

No provision of this Bond Ordinance shall prevent the combining of the System with any other utility system or enterprise of whatever type if such combination then be permitted or authorized by the provisions of the South Carolina Code and if the requirements set forth below are met; but no such combination shall impair the validity or priority of the pledge of revenues and the lien thereon created by this Bond Ordinance. The City shall have the right, from time to time, to add other utilities, enterprises, activities and facilities (which at the date of enactment of this Bond Ordinance were not included in the definition of System hereunder) to the definition of System hereunder, provided that:

(A) the City Council shall have determined that such utilities, enterprises, activities or facilities are of a similar public utility nature as are the utilities now constituting the System;

(B) if necessary, the City Council shall have adopted an appropriate amendatory ordinance to this Bond Ordinance;

(C) the City shall have received an opinion of Bond Counsel to the effect that such action to be taken under this Section is authorized under this Bond Ordinance and the laws of the State and will not adversely affect the excludability of interest on the Bonds which were intended upon their issuance to be exempt from federal income taxation; and

(D) for each of the five (5) Fiscal Years following the date of the additions to the System, Net Earnings, as shall have been forecasted either by Independent Consultants with a reputation for expertise in the type of enterprise being added to the System, by the Auditors or by the Chief Financial Officer, will be not less than one hundred twenty percent (120%) of the

Annual Principal and Interest Requirements on all Bonds then proposed to be Outstanding in each of such five (5) Fiscal Years; provided, however, that in the event that Bonds are being issued to acquire or improve the acquired utility, this paragraph (D) shall not apply and the City shall meet the requirements of Article IV hereof before issuing such Bonds and acquiring such utility.

Section 11.03. Sale, Exchange, Removal or Disposal of Component of System.

(A) The City may from time to time sell, exchange, remove or dispose of, (but not lease, contract or agree for the use thereof) an entire component comprising a part of the System, if it determines by ordinance:

(1) that the sale, exchange, removal or other disposition thereof would not materially reduce Net Earnings; or

(2) that the sale, exchange, removal or other disposition thereof (1) would not materially adversely affect the ability of the City to comply with the rate covenant, set forth in Section 5.01 hereof, for the current and next succeeding Fiscal Year, and (2) would be for a consideration of not less than reasonable value as may be determined in the sole discretion of the City Council.

(B) In addition to the provisions of Section 11.03(A) hereof, if the City determines to sell, exchange, remove or dispose of an entire component comprising a part of the System the following conditions shall also be met:

(1) an opinion of Bond Counsel to the effect that the sale, exchange, removal or disposal of a component of the System from the System has been effected in accordance with the terms of this Bond Ordinance; and

(2) notice shall be provided to any rating agency, if any, then rating any Series of Bonds regarding the sale, exchange, removal or disposal of such component from the System.

(C) If the City sells, exchanges, removes or otherwise disposes a component of the System, the proceeds, if any, of such transaction may be applied, at the discretion of the City, as follows:

(1) to the payment or satisfaction, in whole or in part, of (1) Bonds associated with or related to such component and (2) any other type of indebtedness of the City associated with or related to such component; or

(2) to the payment or satisfaction, in whole or in part, of the amount due under any type of contractual obligations of the City associated with or related to such component; or

(3) to the payment of the construction or purchase of additional improvements or expansions to the System.

[End of Article XI]

ARTICLE XII - MODIFICATION OF ORDINANCE

Section 12.01 Modification Without Bondholder Approval.

(A) Provided always that the security of the Bonds shall not be diminished, or in any manner impaired, the City Council may for any one or more of the following purposes at any time, or from time to time, enact an ordinance, supplementing this Bond Ordinance, which supplemental ordinance shall be fully effective in accordance with its terms:

(1) to provide for the issuance of a Series of Bonds in accordance with Article IV of this Bond Ordinance;

(2) to add to the covenants and agreements of the City in this Bond Ordinance, other covenants and agreements thereafter to be observed;

(3) to surrender any right, power or privilege reserved to or conferred upon the City by this Bond Ordinance;

(4) to cure, correct and remove any ambiguity or inconsistent provisions contained in this Bond Ordinance;

(5) to implement an addition to the System pursuant to Section 11.02 hereof; and

(6) for any other purpose which, in the opinion of Bond Counsel, does not materially affect the interests of the Bondholders.

(B) It is further provided that such supplemental ordinance shall not become effective until a copy thereof, duly certified, shall have been filed in the office of the Clerk of Court for the County. The Trustee will promptly give notice of enactment and a copy of any modification made hereunder to any Insurer.

Section 12.02 Modification with Bondholder Approval.

The rights and duties of the City and the Bondholders and the terms and provisions of this Bond Ordinance may be modified or altered in any respect by an ordinance enacted by the City Council with the consent of the Holders of fifty-one percent (51%) in principal amount of all Bonds of each Series which would be affected by such modification or alteration then Outstanding, if any, of each such Series of Bonds, such consent to be evidenced in such manner as may be acceptable to the Trustee, however no such modification or alteration shall, without the consent of the Holders of all Bonds affected by such change or modification:

(A) Effect a change as to the type of currency in which the City is obligated to effect payment of the principal, interest and redemption premium of any Bond;

- (B) Permit the creation of a pledge of the revenues of the System prior to or equal to the Bonds except as may be permitted under the provisions of this Bond Ordinance;
- (C) Permit preference or priority of any Bonds to others;
- (D) Alter or modify the provisions of Section 4.02 or of Articles V, VII, and VIII; or
- (E) Reduce the percentage required for the written consent to the modification or alteration of the provisions of this Bond Ordinance.

Section 12.03 Procedure for Procuring Bondholder Approval.

The City and the Trustee may rely upon the registry books maintained by the Registrar to determine who are the Holders of the Bonds. Any and all modifications made pursuant to Section 12.02 shall not become effective until (1) there has been filed with the Clerk of Court for the County and with the Trustee a copy of such amendatory ordinance hereinabove provided for, duly certified, and (2) proof of consent to such modification by the Holders (depending on the type of type of type of modification) of (A) fifty-one percent (51%) in principal amount of the Bonds of each Series then Outstanding or (B) all Bonds Outstanding, shall be filed with the Trustee. In the event that any Series of Bonds are held under a book-entry system pursuant to Section 4.20, the approvals of Bondholders may be obtained in the manner provided in the agreement with the Securities Depository.

Section 12.04 Notice to Rating Agencies.

Any rating agency rating a Series of Bonds shall be provided notice and a copy of any amendment to this Bond Ordinance or to any Series Ordinance within fifteen (15) days of its execution or enactment; notice provided via the Municipal Securities Rulemaking Board's EMMA system shall be sufficient for purposes of this Section 12.04.

[End of Article XII]

ARTICLE XIII - EVENTS OF DEFAULT

Section 13.01 Events of Default.

(A) Each of the following events is hereby declared to be an “*Event of Default*”:

(1) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption;

(2) Payment of any installment of interest on any Bonds shall not be made when the same becomes due and payable;

(3) Payment of any installment of either interest or principal on any Junior Lien Bonds shall not be made when the same becomes due and payable or any other event of default shall exist with respect to any Junior Lien Bonds;

(4) Except as provided in Section 5.01(C) hereof, the City shall not comply with the rate covenant in Section 5.01(B) herein;

(5) The City shall for any reason be rendered incapable of fulfilling its obligations hereunder;

(6) An order or decree shall be entered with the consent or acquiescence of the City appointing a receiver, or receivers, of the System, or of the revenues thereof, or any proceedings shall be instituted with the consent or acquiescence of the City for the purpose of effecting a composition between the City and its creditors whose claims relate to the System, or for the purpose of adjusting claims of such creditors, pursuant to any federal or State statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the City, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry thereof, or if such proceeding having been instituted without the consent or acquiescence of the City, shall not be withdrawn or any orders entered shall not be vacated, discharged, or stayed on appeal within sixty (60) days after the institution of such proceedings, or the entry of such orders;

(7) The City shall fail to operate the System in an efficient and businesslike fashion so as to materially impair the operations of the System or shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in this Bond Ordinance, and such default as to efficient operation or otherwise shall continue for thirty (30) days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the City by any Bondholder, provided that in the case of default specified in this paragraph (7), if the default be such that it cannot be corrected within the said thirty (30) day period, it shall not constitute an event of default if corrective action is instituted by the City within said thirty (30) day period and diligently pursued until the default is corrected;

(8) The occurrence of an event of default on the part of the City under any reimbursement agreement between the City and a provider of a surety bond, insurance policy or letter of credit as contemplated under Section 7.05(D) hereof; and

(9) Such other events of default as may be specified in a Series Ordinance.

In determining whether a default in payment has occurred under paragraphs (1) or (2) of this subsection (A) and in determining whether a payment on Bonds has been made under any other provision of this Bond Ordinance, no effect shall be given to payments made under a Municipal Bond Insurance Policy.

(B) The foregoing provisions of paragraphs (4), (5) and (6) of the preceding subsection (A) are subject to the following limitations: If by reason of “force majeure” the City is unable in whole or in part to carry out its agreements herein contained (other than the obligations on the part of the City contained in any of Section 4.02 or Articles V, VII and VIII as to which this paragraph shall have no application), the City shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, tunnels or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the City, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the City, and the City shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the City unfavorable to the City.

[End of Article XIII]

ARTICLE XIV - REMEDIES

Section 14.01 Acceleration; Annulment of Acceleration.

(A) Upon the occurrence of an Event of Default, the Trustee shall, upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding, by notice in writing to the City, declare all Bonds Outstanding immediately due and payable, and such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Bond Ordinance to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(B) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Bond Ordinance, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if:

(1) Moneys shall have been deposited in Debt Service Fund sufficient to pay all matured installments of interest and principal (other than principal then due only because of such declaration) of all Outstanding Bonds;

(2) Moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee;

(3) All other amounts then payable by the City hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and

(4) Every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 14.02 Additional Remedies and Enforcement of Remedies.

(A) Upon the occurrence and continuance of any Event of Default, subject to the provisions of Section 17.01 hereof, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall proceed forthwith to protect and enforce its rights and the rights of the Bondholders under this Bond Ordinance by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(1) Seeking a *writ of mandamus*, requiring the City to carry out its duties and obligations under the terms of this Bond Ordinance and under the Enabling Act;

(2) Suit upon all or any part of the Bonds;

(3) Civil action to require the City to account as if it were the trustee of an express trust for the Holders of Bonds;

(4) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; or

(5) Enforcement of any other right of the Bondholders conferred by law or by this Bond Ordinance including the right to make application for the appointment of a receiver to administer and operate the System.

(B) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, and upon receipt of assurances of indemnification of the Trustee, the sufficiency of which shall be determined in the Trustee's sole discretion, shall institute and maintain such suits and proceedings as it may be advised by counsel shall be necessary or expedient:

(1) To prevent any impairment of the security under this Bond Ordinance by any acts which may be unlawful or in violation of this Bond Ordinance; or

(2) To preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this Bond Ordinance and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

(C) When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 14.03 Application of Revenues and Other Moneys After an Event of Default.

(A) The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee:

(1) Forthwith, all moneys and securities then held by the City which are credited to any fund under this Bond Ordinance. Any moneys and securities in any construction fund created with proceeds of Bonds if construction of the projects to be paid for thereby has been completed or terminated but exclusive of any amounts

remaining in such construction fund that are in dispute between the City and any contractor. However, any monies in a Debt Service Reserve Fund shall be applied only toward a Series of Bonds for which such Debt Service Reserve Fund was established; and

(2) As promptly as practicable after receipt thereof, all Gross Revenues.

(B) During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, Gross Revenues, payments and receipts in its possession and the income therefrom as follows and in the following order:

(1) To the payment of the reasonable and proper charges of the Trustee and its reasonable counsel fees and expenses;

(2) To the payment of necessary Operation and Maintenance Expenses;

(3) To the payment of the interest and principal (and redemption premium, if any) then due on the Bonds, as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

(i) First: To the payment of the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference;

(ii) Second: To the payment to the persons entitled thereto of the unpaid Principal Installments (and redemption premiums, if any) of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal (plus redemption premium, if any) due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any differences as to the respective rates of interest specified in the Bonds;

- (4) To the payment of the amounts required by Section 8.04, ratably, according to the amounts due thereon to the persons entitled thereto;
- (5) To the payment of the amounts required by Section 8.05, ratably, according to the amounts due thereon to the persons entitled thereto;
- (6) To the payment of the amounts required by Section 8.06, ratably, according to the amounts due thereon to the persons entitled thereto; and
- (7) To the payment of the amounts required by Section 8.07, ratably, according to the amounts due thereon to the persons entitled thereto.

Section 14.04 Remedies Not Exclusive.

No remedy by the terms of this Bond Ordinance conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Ordinance or existing at law or in equity or by statute (including the Enabling Act) on or after the date hereof.

Section 14.05 Remedies Vested in Trustee.

All rights of action (including the right to file proof of claims) under this Bond Ordinance or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 14.03 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 14.06 Majority of Bondholders Control Proceedings.

If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Bond Ordinance to the contrary, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Bond Ordinance or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Bond Ordinance (including indemnity to the Trustee) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Bondholders not joining in such direction and provided further that nothing in this Section 14.06 shall impair the right of the Trustee in its discretion to take any other action under this Bond Ordinance which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 14.07 Individual Bondholder Action Restricted.

(A) No Holder of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Bond Ordinance or for the execution of any trust hereunder or for any remedy under this Bond Ordinance unless:

(1) An Event of Default has occurred:

(a) under paragraph (1) or (2) of subsection (A) of Section 13.01 hereof;

(b) as to which a Responsible Officer of the Trustee has actual notice; and

(c) as to which the Trustee has been notified in writing

(2) The Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Bond Ordinance or to institute such action, suit or proceeding in its own name; and

(3) Such Bondholders shall have provided assurances of indemnification of the Trustee, the sufficiency of which shall be determined in the Trustee's sole discretion; and

(4) The Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity.

(B) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Bond Ordinance or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(C) Nothing contained in this Bond Ordinance shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond:

(1) To receive payment of the principal of or interest on such Bond on the due date thereof; or

(2) To institute suit for the enforcement of any such payment on or after such due date.

Section 14.08 Termination of Proceedings.

In case any proceeding taken by the Trustee or any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the City, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 14.09 Waiver and Nonwaiver of Event of Default.

(A) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article XIV to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(B) The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Ordinance, or before the completion of the enforcement of any other remedy under this Bond Ordinance.

(C) Notwithstanding anything contained in this Bond Ordinance to the contrary but subject to the provisions of Section 17.01 hereof, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one Series of Bonds shall at the time be Outstanding, the Holders of a majority in principal amount of all Bonds then Outstanding of each such Series), shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (B) of Section 14.01 hereof or subsection (B) of this Section 14.09, a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

(D) In case of any waiver by the Trustee of an Event of Default hereunder, the City, the Trustee, each Insurer and the Bondholders shall be restored to their former positions and rights under this Bond Ordinance, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 14.09.

Section 14.10 Notice of Events of Default.

(A) Within thirty (30) days after:

(1) The receipt of notice of an Event of Default as provided in Section 14.07(A)(1)(b) or (c) hereof; or

(2) The occurrence of an Event of Default under paragraphs (1) or (2) of subsection (A) of Section 13.01 hereof, as to which the Trustee shall be deemed to have notice,

the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Insurer of any Series of Bonds then Outstanding, if any, and to each Holder of Bonds then Outstanding, provided that, except in the case of a default in the payment of principal of, together with premium, if any and interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(B) The Trustee shall immediately notify the City and each Insurer of any Series of Bonds then Outstanding of any Event of Default actually known to a Responsible Officer of the Trustee.

Section 14.11 Rights of Insurers.

Any Series Ordinance may provide that any Insurer, insuring the applicable Series of Bonds, upon the occurrence of an Event of Default and with respect to all remedies provided herein, may prevent the acceleration of the Bonds of all Series or may prevent the annulment of the acceleration of the Bonds of all Series. Such Insurer may be subrogated to the rights to payment of the Holders of any Bonds with respect to which it pays any principal or interest on the Bonds owned by that Holder.

[End of Article XIV]

ARTICLE XV - TRUSTEE AND ITS FUNCTIONS; OTHER FIDUCIARIES

Section 15.01 Appointment and Vesting of Powers in Trustee; Limitation of Rights of Bondholders to Appoint Trustee.

Prior to the delivery of any Bonds pursuant to this Bond Ordinance, the City shall appoint the Trustee. Such appointment shall be made by means of the Series Ordinance adopted by the City Council in connection with the issuance of the first Series of Bonds pursuant to this Bond Ordinance. The Trustee shall be and is hereby vested with all rights and powers necessary to enable it to discharge its duties hereunder but the right of the Bondholders to appoint a Trustee hereunder is limited to the circumstances contemplated by Section 15.10 hereof.

Section 15.02 Functions of Trustee.

The Trustee shall have the following additional functions:

- (A) To authenticate the Bonds of all Series that may be issued;
- (B) To act as custodian of the Debt Service Fund;
- (C) Except as otherwise provided herein, to act as custodian of the Debt Service Reserve Funds, if any;
- (D) Except as otherwise provided herein, to act as Paying Agent for the Bonds;
- (E) Unless otherwise prescribed by any Series Ordinance, to act as Registrar for the Bonds, and to maintain a set of registration books therefor, which shall at all times accurately reflect the names and addresses of all those who may be Holders of any Bonds;
- (F) To make reports to the City on a monthly or such other basis as may be requested by the City, but not less often than semi-annually:
 - (1) Establishing balances on hand;
 - (2) Listing investments made for any fund handled by the Trustee;
 - (3) Establishing the market value of the Debt Service Reserve Funds; and
 - (4) Listing all securities, if any, pursuant to Section 15.13 hereof.

Section 15.03 Duty of Trustee with Respect to Deficits in the Debt Service Fund.

It shall be the further duty of the Trustee to give written notice to the City three (3) Business Days prior to each Bond Payment Date, if there is any deficiency in any Debt Service Fund Account which would result in a need for further moneys to meet the payment of interest

and/or principal falling due on the next ensuing Bond Payment Date, and the extent, if any, to which resort must be had to the respective Debt Service Reserve Fund to meet such deficiency.

Section 15.04 Acceptance by Trustee Required.

Prior to the delivery of any Bonds, the Trustee appointed pursuant to Section 15.01 hereof shall signify its acceptance of the powers, duties and obligations conferred and imposed upon it by this Bond Ordinance, by executing and delivering to the City a written acceptance thereof.

Section 15.05 Liability as to Recitals in Bond Ordinance and Bonds.

The recitals of fact made in this Bond Ordinance and in the Bonds shall be taken as statements of the City, and the Trustee shall not be deemed to have made any representation as to the correctness of the same, nor shall the Trustee be deemed to have made any representation whatsoever as to the validity or sufficiency of this Bond Ordinance or of the Bonds issued hereunder except with respect to the authentication of any Bonds. Nor shall the Trustee be under any responsibility or duty with respect to the issuance of said Bonds, or the application of the proceeds thereof, except to the extent provided for herein. Nor shall the Trustee be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 15.06 Trustee May Rely on Notices, etc.

The Trustee shall at all times be protected in acting upon any notice, resolution, request, consent, order, certificate, statement, opinion, bond, or other paper or document believed to be genuine and to have been signed by the proper party or parties.

Section 15.07 Trustee Permitted to Resign.

The Trustee may, at any time, resign and be discharged of its duties and obligations hereunder by giving to the City and the Bondholders written notice of such resignation, specifying a date (not less than sixty (60) days after such notice) when such resignation is intended to take effect. Such resignation shall take effect immediately upon but not before the appointment and qualification of such successor. If after sixty (60) days no successor has been appointed, the Trustee may petition a court of competent jurisdiction to appoint a successor.

Section 15.08 Removal of Trustee.

(A) The Trustee may be removed at any time by the Holders of not less than fifty percent (50%) of the principal amount of Bonds at such time Outstanding upon 30 days written notice to the Trustee.

(B) Provided an Event of Default has not occurred and is not continuing, the Trustee may be removed at any time by the City upon 30 days written notice to the Trustee.

(C) Any such removal shall take effect immediately (after the 30 day notice period) upon, but not before the appointment and qualification of such successor.

Section 15.09 Appointment of Successor Trustee Upon Resignation or Removal of Trustee.

(A) In case at any time the Trustee shall resign, or be removed or become incapable of acting, or be adjudged bankrupt or insolvent, or a receiver of its property shall be appointed, or any public officer shall take charge or control of its property or affairs, a successor thereto shall be promptly appointed by an ordinance of the City duly enacted. Such successor shall in all instances be a bank or a trust company, and duly chartered pursuant to the laws of the United States or of any state and shall have a combined capital and surplus of not less than \$500,000,000.

(B) Immediately following such appointment the City shall give written notice of such appointment to the Bondholders and any Registrar other than the Trustee.

Section 15.10 When Bondholder May Seek Successor Trustee.

If, in a proper case, no appointment of a successor Trustee shall be promptly made pursuant to Section 15.09, any Bondholder, the resigning or removed Trustee may make application to any court of competent jurisdiction for the appointment of a successor and said court may thereupon, after such notice, if any, as such court may prescribe, appoint a successor.

Section 15.11 Acceptance by Successor Trustee.

Any successor Trustee appointed hereunder shall execute and deliver to its predecessor and to the City a written acceptance of such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder with like effect as if originally named as such Trustee and its predecessor shall be obligated to pay over, transfer, assign and deliver all moneys, securities and other property held by it to its successor, and on the written request of the City, or the successor, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may be reasonably required for the vesting and confirming in such successor all the right, title and interest of the predecessor in and to any property held by it.

Section 15.12 Effect of Trustee Merging With Another Bank.

Any bank or trust company into which the Trustee may be merged, or with which it may be consolidated, or any bank or trust company resulting from any merger or consolidation to which it shall be a party, or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall become the successor without the execution or filing of any paper or the performance of any further act; provided, always, that if the City shall be dissatisfied with the institution resulting from the merger, consolidation or other action spoken of above, then the City may at any time within thirty (30) days after such action

name a new Trustee (with the qualifications prescribed by Section 15.09 hereof) in lieu of the Trustee then acting.

Section 15.13 Trustee to Secure Funds and Securities Held in Trust.

Unless the same be secured as trust funds in the manner provided by the regulations of the Comptroller of the Currency as from time to time in effect, all funds or securities in the custody of the Trustee, in excess of the amount of such deposit insured by the Federal Deposit Insurance Corporation, shall be invested in Authorized Investments at the written direction of the City.

Section 15.14 Disposition of Paid Bonds.

It shall be the duty of the Trustee to cancel all Bonds which shall have been paid, whether upon their maturity or redemption prior to maturity; such cancellation shall be done in such fashion as to render such Bonds incapable of further negotiation or hypothecation. In any event it shall furnish appropriate certificates to the City indicating the disposition of such Bonds. Upon effecting such cancellation, the Trustee shall furnish appropriate certificates to the City setting forth the disposition made of the Bonds so canceled.

Section 15.15 Appointment of Substitute Registrar.

The City may, from time to time, appoint a Registrar or Registrars to act in the place and stead of the Trustee as Registrar of the Bonds of one or more Series. The City shall cause written notice of such appointment to be mailed to the Holders of all Bonds affected by such appointment thirty (30) days prior to the effective date of such appointment.

Section 15.16. Additional Provisions Regarding the Trustee.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Bond Ordinance, and no implied covenants or obligations should be read into this Bond Ordinance against the Trustee. If any Event of Default under this Bond Ordinance shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Bond Ordinance and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of such prudent person's own affairs.

The Trustee agrees to perform the trust functions provided herein upon and subject to the following expressed terms and conditions:

(A) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers appointed with due care.

(B) The permissive items assigned to the Trustee as enumerated herein shall not be construed as a duty.

(C) The Trustee shall not be accountable for the use or application by the City of any money paid over by the Trustee in accordance with the provisions of this Bond Ordinance.

(D) Before taking any action under this Bond Ordinance relating to an Event of Default or in connection with its duties under this Bond Ordinance other than making payments of principal and interest on the Bonds as they become due or causing an acceleration of the Bonds whenever required by this Bond Ordinance, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all costs and expenses to which it may be put (including legal fees, costs and expenses) and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any action so taken.

(E) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(F) None of the provisions of this Bond Ordinance shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds cannot be assured to the Trustee's satisfaction.

(G) So long as investments are made in Authorized Investments, the Trustee may conclusively rely upon the City's written instructions as to both the suitability and legality of all investments directed hereunder. To the extent invested in Authorized Investments, the Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge reasonable fees for such trades, including cash sweep accounts. Notwithstanding anything to the contrary herein, in the absence of written investment instructions from the City, the Trustee shall not be responsible or liable for keeping moneys held by it hereunder fully invested. While invested in Authorized Investments, the Trustee shall not be liable for any losses from such investments. Broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered.

(H) The Trustee shall have no duty to review or analyze any financial statements delivered to it hereunder (including the audit required by Section 9.02 hereof) or verify the accuracy thereof and shall hold such financial statements solely as a repository for the benefit of the Bondholders; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein.

(I) The City shall pay to the Trustee reasonable compensation for all services performed by it hereunder and also its reasonable expenses, charges and other disbursements and the fees, costs, and expenses of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder. If the Trustee is required by governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto, the Trustee shall notify the City of same in writing. Payment for such extraordinary fees, costs and expenses (including but not limited to reasonable attorney's fees, costs and expenses) shall be made promptly by the City only after said notice.

(J) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Bond Ordinance arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation: acts of God; earthquakes; fire; flood; hurricanes or other catastrophic storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(K) Upon request from any Bondholder and absent any further direction or consent of the City, the Trustee may disseminate a copy of the financial statements to such requester.

(L) The Trustee shall have the right to accept and act upon directions or instructions delivered using Electronic Means; provided, however, that the City shall provide to the Trustee an incumbency certificate listing Qualified Officers with the authority to provide such directions or instructions (each a "*Qualified Officer*") and containing specimen signatures of such Qualified Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act upon such directions or instructions, the Trustee's understanding of such directions or instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by an Qualified Officer listed on the incumbency certificate provided to the Trustee have been sent by such Qualified Officer. The City shall be responsible for ensuring that only Qualified Officers transmit such directions or instructions to the Trustee and that all Qualified Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may

be more secure methods of transmitting directions or instructions and (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

[End of Article XV]

ARTICLE XVI - DEFEASANCE

Section 16.01 Defeasance Generally.

Subject to the provisions of any Series Ordinance, if all of the Bonds issued pursuant to this Bond Ordinance and any other amounts required to be paid to a provider of a surety bond, line of credit, insurance policy or letter of credit hereunder shall have been paid and discharged, then the obligations of the City under this Bond Ordinance, the pledge of Pledged Revenues made hereby, and all other rights granted hereby shall cease and determine. Subject to the provisions of any Series Ordinance, Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances:

(A) The Trustee shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, sufficient money for the payment thereof.

(B) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred and thereafter tender of such payment shall have been made, and the Trustee shall then hold in trust and irrevocably appropriated thereto, sufficient money for the payment thereof to the date of the tender of such payment.

(C) If the City shall have deposited with the Trustee, or any other bank or trust company which would otherwise meet the chartering and capital and surplus requirements contained in Section 15.09(A) hereof, in irrevocable trust money or Defeasance Obligations, the principal of and interest on which when due (without reinvestment thereof) will, as certified in a verification report provided by an independent entity providing such services and selected by the City, provide money which, together with the money, if any, deposited at the same time, shall be sufficient to pay, when due, the principal, interest and redemption premium, if any, due and to become due on and prior to the maturity, or, if the City has irrevocably elected to redeem Bonds, on and prior to the redemption date, of such Bonds.

Section 16.02 Money to be Held in Trust - When Returnable to the City.

Any money which at any time shall be deposited with the Trustee or other escrow holder authorized under Section 16.01(C), by or on behalf of the City, for the purpose of paying and discharging any Bonds or the interest thereon, shall be and is hereby assigned, transferred and set over to the Trustee or such other escrow holder in trust for the respective Holders of the Bonds, and such money shall be and is hereby irrevocably appropriated to the payment and discharge thereof. But if, through lapse of time or otherwise, the Holders of said Bonds shall no longer be entitled to enforce payment of their obligations, then, in such event, it shall be the duty of the Trustee or such other escrow holder to forthwith return said funds to the City.

Section 16.03 Deposits With Trustee Subject to Conditions of Article XVI.

The City covenants and agrees that any money which it shall deposit with the Trustee shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of this Article, and that whenever it shall have elected to redeem Bonds it will irrevocably bind and

obligate itself to give notice of redemption thereof, and will further authorize and empower the Trustee to cause the publication of such notice of redemption in its name and on its behalf.

Section 16.04 No Defeasance of Series of Bonds Paid by Insurer.

In the event that the principal and/or interest due on a Series of Bonds shall be paid by an Insurer pursuant to a Municipal Bond Insurance Policy, such Series of Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City until the Insurer has been reimbursed in full therefor in accordance with the terms of the Municipal Bond Insurance Policy, and the assignment and pledge of the Net Revenues of the System and all covenants, agreements and other obligations of the City to the registered Holders shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered Holders.

[End of Article XVI]

ARTICLE XVII - MISCELLANEOUS

Section 17.01 Miscellaneous Rights of an Insurer.

(A) Notwithstanding any provision of this Bond Ordinance to the contrary, each Insurer shall be deemed the exclusive Holder of all Bonds insured by that Insurer, for the purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies. No rights granted to an Insurer by this Bond Ordinance shall be effective at any time that such Insurer is in breach of its obligations under the Municipal Bond Insurance Policy or is subject to bankruptcy or receivership proceedings. Additionally, this paragraph (A) shall be effective only in the event the Insurer's Municipal Bond Insurance Policy results in the applicable Series of Bonds being rated at least investment grade by either Standard & Poor's or Moody's Investors Service, Inc.

(B) Any provision of this Bond Ordinance expressly recognizing or granting rights in or to an Insurer may not be amended in any manner which affects the rights of such Insurer hereunder without the prior written consent of each such Insurer.

(C) To the extent that an Insurer makes payment of the principal of or interest on any Bonds, it shall become the owner and Holder of such Bonds, appurtenant coupons or right to payment of such principal of or interest on such Bonds and shall be fully subrogated to all of the registered Holders' rights thereunder, including the registered Holders' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note Insurer's rights as subrogee on the registration books of the City maintained by the Trustee or Registrar upon receipt of proof from the Insurer as to payment of interest thereon to the registered Holders of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Insurer's rights as subrogee on the registration books of the City maintained by the Trustee or Registrar upon surrender of the Bonds by the registered Holders thereof to the Insurer or its agent.

(D) In the event that the principal of and/or interest on any Bonds shall be paid by the Insurer pursuant to the terms of its Municipal Bond Insurance Policy, (i) such Bonds shall continue to be "Outstanding" under this Bond Ordinance and (ii) the assignment and pledge of the Net Revenues and all covenants, agreements and other obligations of the City to the registered Holders shall continue to exist, and the Insurer shall be fully subrogated to all of the rights of such registered Holders in accordance with the terms and conditions of subparagraph (C) above and the Insurer's Municipal Bond Insurance Policy.

(E) The terms and provisions of this Bond Ordinance or of any applicable Series Ordinance may not be terminated as long as there are any moneys owed to an Insurer under such terms and provisions of this Bond Ordinance or the applicable Series Ordinance or any agreement between such Insurer and the City.

Section 17.02 Purpose of Covenants in Bond Ordinance.

Every covenant, undertaking and agreement made on behalf of the City, as set forth in this Bond Ordinance is made, undertaken and agreed to, for the proper securing of the payment of the principal of and interest on the Bonds. Each shall be deemed to partake of the obligation of the contract between the City and the Bondholders and shall be enforceable accordingly. In this connection, any provider of a surety bond, line of credit, insurance policy or letter of credit as contemplated under Section 7.05(D) hereof may enforce the terms, conditions and obligations under this Bond Ordinance as a third party beneficiary hereunder. Nothing in this Bond Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, an Insurer, the Trustee, and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Bond Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, an Insurer, the Trustee, and the registered owners of the Bonds.

Section 17.03 Severability.

If any Section, paragraph, clause or provision of this Bond Ordinance shall be held invalid, the invalidity of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Ordinance.

Section 17.04 Remedies Granted by Ordinance Not Being Available to Holders of Other Bonds.

If it shall be held by any court of competent jurisdiction that any right or remedy granted by the Bond Ordinance or any Series Ordinance to the Holders of any Bond is not available to the Holders of all other Bonds, then such rights and remedies are herewith conferred upon the Holders of such other Bonds.

Section 17.05 Authorization to Sign.

For purposes of all consents and other necessary documentation associated with the issuance of Bonds, the Authorized Officers and the Clerk shall be authorized to sign on behalf of the City and the City Council.

Section 17.06 Repealing Clause.

All resolutions, or parts thereof, inconsistent herewith shall be and the same are hereby repealed to the extent of such inconsistencies.

Section 17.07 Governing Law.

The provisions of this Bond Ordinance shall be governed by the laws of the State, without regard to conflict of law principles.

EXHIBIT A

**CONSENT OF SOUTH CAROLINA WATER QUALITY
REVOLVING FUND AUTHORITY**

The undersigned hereby certifies that she is authorized to execute and deliver this Consent on behalf of the South Carolina Water Quality Revolving Fund Authority (the "**Authority**") as holder of the now outstanding installments of the original issued:

- (a) the now outstanding installments of the originally issued \$1,650,000 Water and Sewer System Revenue Bond, Series 2002 (the "**2002 Bond**");
- (b) the now outstanding installments of the originally issued not exceeding \$33,733,234, plus capitalized interest, if any, Water and Sewer System Improvement Revenue Bond, Series 2009 (the "**2009 Bond**"); and
- (c) the now outstanding installments of the originally issued not exceeding \$3,734,073, plus capitalized interest, if any, Water and Sewer System Improvement Revenue Bond, Series 2015 (the "**2015 Bond**" and together with the 2002 Bond and the 2009 Bond, the "**Outstanding Bonds**").

The Authority hereby consents to the execution and delivery of "A MASTER BOND ORDINANCE COLLAPSING AND TERMINATING AN AMENDED AND RESTATED INDENTURE OF TRUST IN ORDER TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CAYCE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO" dated February 2, 2016 (the "**Bond Ordinance**").

By granting this Consent and subject to the Effective Date condition in the Bond Ordinance, the Authority expressly authorizes the Outstanding Bonds to be governed by the terms of the Bond Ordinance. Further, the Authority expresses no opinion as to whether the consent of any other person is required for such amendment.

**SOUTH CAROLINA WATER QUALITY REVOLVING
FUND AUTHORITY**

By: _____
Bonnie Ammons
Office of Local Government
SC Rural Infrastructure Authority

Dated: February 3, 2016

EXHIBIT B

ACKNOWLEDGMENT OF U.S. BANK NATIONAL ASSOCIATION

The undersigned, as a duly authorized representative of U.S. Bank National Association (successor to Wachovia Bank, N.A., formerly known as First Union National Bank), as Trustee under the Indenture of Trust acknowledges, subject to the occurrence of the Effective Date under the terms of the Bond Ordinance, the collapse and termination of the Indenture of Trust by City Council. Upon the Effective Date, all Bonds of the City shall be issued under the terms and provisions of the Bond Ordinance and to the extent recited therein, U.S. Bank National Association shall serve as Trustee under the terms and provisions thereof.

U.S. BANK NATIONAL ASSOCIATION

By: _____

Its: _____

Memorandum

To: Mayor and Council

From: Rebecca Vance, City Manager

Date: December 31, 2015

Subject: Discussion and Approval of Ordinance 2016-02 Providing for the Issuance and Sale of Water and Sewer System Refunding Revenue Bonds, to be Designated Series 2016, in the Principal Amount of Not Exceeding Fifteen Million Dollars (\$15,000,000), of the City of Cayce, South Carolina, and Other Matters Relating Thereto – First Reading

Issue

Council approval is needed for Ordinance 2016-02.

Background/Discussion

As authorized by the Master Bond Ordinance, the 2016 Series Ordinance authorizes the issuance of the not to exceed \$15,000,000 Water and Sewer System Refunding Revenue Bonds, Series 2016. The 2016 Bonds will defease/pay off the outstanding portions of the City's originally issued \$18,795,000 Water and Sewer System Refunding and Improvement Bonds, Series 2007 A. The bonds are being refunded to reduce annual debt service costs and underlying rate pressures on the City's utility customers.

Recommendation:

Staff recommends approval of first reading of this Ordinance.

AN ORDINANCE

PROVIDING FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS, TO BE DESIGNATED SERIES 2016, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING FIFTEEN MILLION DOLLARS (\$15,000,000), OF THE CITY OF CAYCE, SOUTH CAROLINA; AND OTHER MATTERS RELATING THERETO.

**DATED: FEBRUARY 2, 2016
(2016 SERIES ORDINANCE)**

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STATE OF SOUTH CAROLINA)	<u>ORDINANCE</u>
)	
COUNTY OF LEXINGTON)	AN ORDINANCE
)	PROVIDING FOR THE ISSUANCE
CITY OF CAYCE	)	AND SALE OF WATER AND SEWER
	)	SYSTEM REFUNDING REVENUE
	)	BONDS, TO BE DESIGNATED
	)	SERIES 2016, IN THE PRINCIPAL
	)	AMOUNT OF NOT EXCEEDING
	)	FIFTEEN MILLION DOLLARS
	)	(\$15,000,000), OF THE CITY OF
	)	CAYCE, SOUTH CAROLINA; AND
	)	OTHER MATTERS RELATING
	)	THERE TO.

NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL DULY ASSEMBLED, AS FOLLOWS:

ARTICLE I - FINDINGS OF FACT

Section 1.01 Findings.

Incident to the enactment of this series ordinance (this “*2016 Series Ordinance*”), and the issuance of the bonds provided for herein, the City Council of the City of Cayce (the “*City Council*”), the governing body of the City of Cayce, South Carolina (the “*City*”), finds that the facts set forth in this Article exist and the following statements are in all respects true and correct:

(1) The City Council has made general provision for the issuance from time to time of Water and Sewer System Revenue Bonds (the “*Bonds*”) of the City by an amended and restated bond ordinance entitled, “A MASTER BOND ORDINANCE COLLAPSING AND TERMINATING AN AMENDED AND RESTATED INDENTURE OF TRUST IN ORDER TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CAYCE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO,” enacted by the City Council on February 2, 2016 (the “*Bond Ordinance*”). Terms utilizing initial capitals and not otherwise defined herein shall have the meanings ascribed thereto in the Bond Ordinance.

(2) It is provided in and by the Bond Ordinance that, upon enactment of a “Series Ordinance,” there may be issued one or more series of Bonds for the purpose of, among other things: (1) obtaining funds for expansions, additions and improvements to the Water and Sewer System of the City (the “*System*”), including the recoupment of funds already so expended; (2) providing funds for the payment of any bond anticipation notes; (3) refunding Bonds or other obligations; (4) providing funds for the payment of interest due on any Bonds; (5) funding a

Debt Service Reserve Fund, if any, in an amount equal to the Reserve Requirement; and (6) paying the costs of issuance of Bonds, including any credit enhancement therefor.

(3) The City currently has the following indebtedness which is paid solely from the revenues derived from the System:

(a) the now outstanding installments of the originally issued \$1,650,000 Water and Sewer System Revenue Bond, Series 2002 (the “**2002 Bond**”);

(b) the now outstanding installments of the originally issued \$18,795,000 Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2007A (the “**2007 Bonds**”);

(c) the now outstanding installments of the originally issued not exceeding \$33,733,234, plus capitalized interest, if any, Water and Sewer System Improvement Revenue Bond, Series 2009 (the “**2009 Bond**”); and

(d) the now outstanding installments of the originally issued not exceeding \$3,734,073, plus capitalized interest, if any, Water and Sewer System Improvement Revenue Bond, Series 2015 (the “**2015 Bond**” and together with the 2002 Bond and the 2009 Bond, the “**SRF Bonds**”).

(4) The City has determined to provide for the advance refunding of all of the 2007 Bonds (the “**Refunded Bonds**”).

(5) The City has determined to issue the Series 2016 Bonds (as defined herein) to: (1) provide for the defeasance of the Refunded Bonds; (2) fund, if necessary, the 2016 Debt Service Reserve Fund (as defined herein) with cash, or to pay the premium associated with the issuance of a liquidity facility for the 2016 Debt Service Reserve Fund; and (3) pay the costs of issuance of the Series 2016 Bonds, including the payment of any premium due on any Municipal Bond Insurance Policy (as defined in the Bond Ordinance).

(6) Upon the defeasance of the Refunded Bonds and the receipt of the consent from the holder of the SRF Bonds, the Effective Date shall have occurred and the provisions of the Bond Ordinance shall be in full force and effect. It is intended that the Series 2016 Bonds be issued under the terms of the Bond Ordinance as a Series of Bonds thereunder.

(7) By reason of the foregoing, the City has determined to enact this 2016 Series Ordinance in accordance with the terms and provisions of the Bond Ordinance in order to issue bonds for the purposes described in Paragraph 5 above.

[End of Article I]

ARTICLE II - DEFINITIONS AND CONSTRUCTION

Section 2.01 Definitions.

(a) Except as provided in subsection (b) below, all terms which are defined in Section 2.02 of the Bond Ordinance shall have the same meanings in this 2016 Series Ordinance as such terms are prescribed to have in the Bond Ordinance.

(b) As used in this 2016 Series Ordinance, unless the context shall otherwise require the following terms shall have the following respective meanings:

“2016 Series Ordinance” shall mean this ordinance of the City Council.

“2016 Debt Service Fund” shall mean the fund of that name established by this 2016 Series Ordinance pursuant to Section 7.04 of the Bond Ordinance.

“2016 Debt Service Reserve Fund” shall mean the fund of that name established by this 2016 Series Ordinance pursuant to Section 7.05 of the Bond Ordinance.

“2016 Reserve Requirement” if any, shall mean an amount determined by the Authorized Officer in compliance with the provisions and requirements of the Code.

“Authorized Officer” shall have the meaning ascribed thereto in the Bond Ordinance, but for purposes of making the determinations provided for under the provisions of this 2016 Series Ordinance, the City Manager shall constitute the Authorized Officer.

“Bond Purchase Agreement” shall mean the contract between the City and the Underwriter pursuant to Section 7.01 of this 2016 Series Ordinance.

“City Manager” shall mean the City Manager of the City of Cayce, South Carolina.

“Continuing Disclosure Agreement” shall mean the agreement, which may also be referred to as the Disclosure Dissemination Agent Agreement, of the City pursuant to Section 9.02 of this 2016 Series Ordinance.

“Insurer” shall mean the institution, if any, chosen by the City, acting through the Authorized Officer, to insure the Series 2016 Bonds.

“Series 2016 Bonds” shall mean the Series of Bonds authorized and designated by Section 4.01 of this 2016 Series Ordinance.

“Trustee” shall mean U.S. Bank National Association, its successors and assigns.

“Underwriter” shall Wells Fargo Securities or such other banking institutions, as senior manager and including any co-managers, chosen by the Authorized Officer upon the advice of the City’s financial advisor.

Section 2.02 Authority for this 2016 Series Ordinance.

This 2016 Series Ordinance is enacted pursuant to the provisions of the Bond Ordinance and its provisions shall become fully effective on the Effective Date.

[End of Article II]

ARTICLE III - USEFUL LIFE

Section 3.01 Determination of the Useful Life of the System.

The period of usefulness of the System is hereby determined to be not less than forty (40) years from the date of enactment of this 2016 Series Ordinance.

[End of Article III]

ARTICLE IV - AUTHORIZATION AND TERMS OF THE SERIES 2016 BONDS

Section 4.01 Principal Amount; Designation of Series 2016 Bonds.

Pursuant to the provisions of the Bond Ordinance, a Series of Bonds of the City entitled to the benefits, protection, and security of the provisions of the Bond Ordinance is hereby authorized in the principal amount of not exceeding fifteen million dollars (\$15,000,000); such Bonds so authorized shall be designated the "City of Cayce Water and Sewer System Revenue Refunding Bonds, Series 2016" (the "**Series 2016 Bonds**"). As determined by the Authorized Officer, the Series 2016 Bonds may be sold in multiple series bearing any such designation as appropriate. References herein to the Series 2016 Bonds shall include all Series of Bonds. As authorized by Section 4.18 of the Bond Ordinance, any series of the Series 2016 Bonds issued as taxable obligations shall bear an appropriate designation so as to distinguish its tax status.

Section 4.02 Purposes of the Series 2016 Bonds.

The Series 2016 Bonds are authorized for the principal purposes of:

- (1) providing for the advance refunding of all of the Refunded Bonds;
- (2) funding the 2016 Debt Service Reserve Fund, if any, in an amount equal to the 2016 Reserve Requirement, or for paying the premium associated with the issuance of a credit instrument, which, in lieu of cash, shall satisfy the 2016 Reserve Requirement for the 2016 Debt Service Reserve Fund; and
- (3) paying certain costs and expenses relating to the issuance of the Series 2016 Bonds, including the payment of any premium due on any Municipal Bond Insurance Policy.

Section 4.03 Date of Issue; Interest Rates; Maturity; Redemption.

The Date of Issue of the Series 2016 Bonds shall be the date of delivery thereof, or such date as designated by the Authorized Officer. The Series 2016 Bonds shall have such principal amounts and shall bear interest at such rates and shall mature as Serial Bonds or as Term Bonds with such mandatory sinking fund installments as are set forth in a schedule approved by the Authorized Officer prior to or simultaneously with the issuance of the Series 2016 Bonds, provided that the final maturity of the Series 2016 Bonds shall not extend beyond 45 years from the Date of Issue.

Interest on the Series 2016 Bonds shall be payable on such dates as determined by the Authorized Officer. The Record Dates for the payment of interest on the Series 2016 Bonds shall be the 15th day of the month prior to each interest payment date.

The Series 2016 Bonds shall be subject to redemption prior to maturity, upon such terms and conditions, and at such prices, as may be established by the Authorized Officer prior to or simultaneously with the issuance of the Series 2016 Bonds.

Section 4.04 Authentication; Payment of Series 2016 Bonds.

(a) Each of the Series 2016 Bonds shall be authenticated on such dates as they shall, in each case, be delivered. Each Series 2016 Bond shall bear interest from the Date of Issue if no interest has yet been paid; otherwise from the last date to which interest has been paid and which date is on or prior to the date of such Series 2016 Bond's authentication.

(b) The interest on all Series 2016 Bonds shall be paid by check or draft mailed from the office of the Trustee to the person in whose name each Series 2016 Bond is registered at the close of business on the Record Date; provided, however, that any Holder of Series 2016 Bonds in the aggregate principal amount of \$1,000,000 or more may request (in writing, delivered to the paying agent), prior to the applicable Record Date, that interest payments be made by wire transfer to such Holder at an account maintained by a financial institution located in the continental United States specified in such request.

Section 4.05 Denomination and Numbering of the Series 2016 Bonds.

The Series 2016 Bonds shall be issued in denominations of \$5,000 or any multiple thereof, not exceeding the principal amount of the Series 2016 Bonds maturing in such year. Each Series 2016 Bond shall be numbered by the Trustee in such a fashion as to reflect the fact that it is one of the Series 2016 Bonds, and to identify the owner thereof on the books kept by the Registrar.

Section 4.06 Establishment of 2016 Debt Service Fund.

In accordance with Section 7.04 of the Bond Ordinance, the 2016 Debt Service Fund is hereby directed to be established by the Trustee on the date of original delivery of the Series 2016 Bonds for the benefit of the Holders of the Series 2016 Bonds.

Section 4.07 2016 Debt Service Reserve Fund.

In accordance with Section 7.05 of the Bond Ordinance and the terms of this 2016 Series Ordinance, if an Authorized Officer determines that the 2016 Debt Service Reserve Fund is necessary and desirable, he shall direct the Trustee to establish such 2016 Debt Service Reserve Fund. If established, the 2016 Debt Service Reserve Fund shall be maintained by the Trustee in accordance with the provisions of the Bond Ordinance in an amount equal to the 2016 Reserve Requirement, as may be determined in accordance with Section 4.11 hereof. The 2016 Debt Service Reserve Fund, if established, may be funded by cash or another method permitted by Section 7.05(D) of the Bond Ordinance, such method of funding to be determined by an Authorized Officer.

Section 4.08 Appointment of Trustee, Paying Agent and Registrar.

The Trustee is hereby appointed to act as Trustee, Paying Agent, and Registrar under the Bond Ordinance and this 2016 Series Ordinance. The Trustee shall signify its acceptance of the duties of Trustee, Paying Agent and Registrar upon delivery of the Series 2016 Bonds. The City shall pay to the Trustee from time to time reasonable compensation based on the then-

standard fee schedule of such parties for all services rendered under the Bond Ordinance and this 2016 Series Ordinance, and also all reasonable expenses, charges, counsel fees, and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Bond Ordinance and this 2016 Series Ordinance.

The Series 2016 Bonds shall be presented for registration of transfers and exchanges, and notices and demands to or upon the Trustee and the City in respect of the Series 2016 Bonds may be served, at the corporate trust office of the Trustee.

The Trustee shall be a member of the Federal Deposit Insurance Corporation (the “*FDIC*”) and shall remain such a member throughout the period during which it shall act as Trustee, Paying Agent, and Registrar. The Trustee, in its capacity as Trustee, Paying Agent, and Registrar, shall accept its appointment by a written instrument embodying its agreement to remain a member of the FDIC. Unless the same be secured as trust funds in the manner provided by the applicable regulations of the Comptroller of the Currency of the United States of America, and unless otherwise provided for in the Bond Ordinance and in this 2016 Series Ordinance, all moneys in the custody of the Trustee in excess of the amount of such deposit insured by the FDIC, shall be secured by Government Obligations at least equal to the sum on deposit and not insured by the FDIC.

Section 4.09 Form of Series 2016 Bonds.

The Series 2016 Bonds, together with the certificate of authentication, certificate of assignment and/or statement of insurance, if any, are to be in substantially the following form with necessary and appropriate variations, omissions and insertions as permitted or required by the Bond Ordinance or this 2016 Series Ordinance, to wit:

(FORM OF BOND)

**CITY OF CAYCE
STATE OF SOUTH CAROLINA
WATER AND SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 2016__**

No. _____

Interest Rate

Maturity Date

Date of Issue

CUSIP

Registered Holder:

Principal Amount: DOLLARS (\$_____)

CITY OF CAYCE, SOUTH CAROLINA (the “*City*”), acknowledges itself indebted and for value received hereby promises to pay, solely from the sources and as hereinafter provided, to the Registered Holder named above or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, unless this Series 2016__ Bond (this “*Series 2016 Bond*”) be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, at the corporate trust office of U.S. Bank National Association. (the “*Trustee*”) in the City of Columbia, State of South Carolina, and to pay interest on such principal amount at the annual Interest Rate stated above (calculated on the basis of a 360-day year of twelve (12) 30-day months) until the obligation of the City with respect to the payment of such principal amount shall be discharged.

This Series 2016 Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Trustee, as Registrar.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinances (as such term is defined below). Certified copies of the Ordinances are on file in the office of the Trustee and in the offices of the Clerk of Court for Lexington County, South Carolina.

This Series 2016 Bond is one of the Series 2016 Bonds issued in the aggregate principal amount of not exceeding _____ Dollars (\$_____) of like tenor, except as to number, rate of interest, date of maturity and redemption provisions issued pursuant to and in accordance with the Constitution and statutes of the State of South Carolina (the “*State*”) including particularly Chapter 17, Title 6 and Chapter 21, Title 11, inclusive, Code of Laws of South Carolina, 1976, as amended (the “*South Carolina Code*”), and by an ordinance entitled, “A MASTER BOND ORDINANCE COLLAPSING AND TERMINATING AN AMENDED AND RESTATED INDENTURE AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF CAYCE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO,” enacted by the City Council of the City of Cayce (the “*City Council*”), the governing body of the City, on February 2, 2016 (the “*Bond Ordinance*”), and a series ordinance entitled, “AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS, TO BE DESIGNATED SERIES 2016, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING FIFTEEN MILLION DOLLARS (\$15,000,000), OF THE CITY OF CAYCE, SOUTH CAROLINA; AND OTHER MATTERS RELATING THERETO” (the “*2016 Series Ordinance*”) duly enacted by the City Council on February 2, 2016 (the *Bond Ordinance* and the *2016 Series Ordinance* are hereinafter together referred to as the “*Ordinances*”).

This Bond is being issued to: (1) provide for the advance refunding of all of the Refunded Bonds (as defined in the 2016 Series Ordinance); (2) fund, if necessary, the 2016 Debt Service Reserve Fund (as defined in the 2016 Series Ordinance) with cash, or to pay the premium associated with the issuance of a liquidity facility for the 2016 Debt Service Reserve Fund; and (3) pay the costs of issuance of this Bond, including the payment of any premium due on any financial guaranty insurance policy.

The Date of Issue of the Series 2016 Bonds is set forth on the face hereof. The Series 2016 Bonds shall be authenticated on such dates as they shall, in each case, be delivered. Each Series 2016 Bond shall bear interest from the Date of Issue if no interest has yet been paid; otherwise from the last date to which interest has been paid and which date is on or prior to the date of such Series 2016 Bond’s authentication. Interest on this Series 2016 Bond is payable on _____ 1 and _____ 1 of each year beginning _____, 20____. The interest so payable on any _____ 1 or _____ 1 will be paid to the person in whose name this Series 2016 Bond is registered at the close of business on the _____ 15 or _____ 15 immediately preceding such _____ 1 or _____ 1 (the “*Record Date*”).

Interest hereon shall be payable by check or draft mailed at the times provided herein from the office of the Paying Agent to the person in whose name this Series 2016 Bond is registered on the Record Date at the address shown on the registration books; provided, however, that any Holder of Series 2016 Bonds in the aggregate principal amount of \$1,000,000 or more may request in writing delivered to the Paying Agent, prior to the applicable Record Date, that interest payments be made by wire transfer to such Holder at an account maintained by a financial institution located in the continental United States specified in such request. The principal of, redemption premium, if any, and interest on this Series 2016 Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Series 2016 Bond is being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinances. One bond certificate with respect to each date on which the Series 2016 Bonds are stated to mature is being issued and is required to be deposited with the Securities Depository (as defined in the Bond Ordinance) and immobilized in its custody. The book-entry system will evidence positions held in this Series 2016 Bond by the Securities Depository's participants (as described in the Series Ordinance), beneficial ownership of the Series 2016 Bonds in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants.

For the payment of the principal of and interest on this Series 2016 Bond issued pursuant to the Bond Ordinance, there are hereby irrevocably pledged the Net Revenues. Such pledge securing the Series 2016 Bonds shall have priority over all other pledges except those made to secure any Bonds (as defined hereinbelow) as may be currently outstanding or issued from time to time in the future.

THIS SERIES 2016 BOND SHALL NOT IN ANY EVENT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR STATUTES OF THE STATE, OTHER THAN THOSE PROVISIONS AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A REVENUE-PRODUCING PROJECT NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE; AND THE FAITH, CREDIT AND TAXING POWER OF THE CITY ARE EXPRESSLY NOT PLEDGED THEREFOR. THE CITY IS NOT OBLIGATED TO PAY THIS SERIES 2016 BOND, OR THE INTEREST HEREON, SAVE AND EXCEPT FROM THE NET REVENUES.

The Bond Ordinance authorizes the issuance of additional bonds on a parity with the Series 2016 Bonds and any outstanding parity bonds which, when issued in accordance with the provisions of the Bond Ordinance, will rank equally and be on a parity herewith and therewith ("*Additional Bonds*" and together with the Series 2016 Bonds and any parity bonds, collectively the "*Bonds*").

The City has covenanted to continuously operate and maintain the System and fix and maintain such rates for the services and facilities furnished by the System as shall at all times be sufficient (a) to provide for the payment of Operation and Maintenance Expenses, (b) to maintain the Debt Service Funds and thus provide for the punctual payment of the principal of and interest on all Bonds, (c) to maintain the Debt Service Reserve Funds, if any, in the manner prescribed in the Bond Ordinance, (d) to pay all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy or letter of credit as contemplated under Section 7.05(d) of the Bond Ordinance, (e) to provide for the punctual payment of the principal of and interest on all Junior Lien Bonds that may from time to time hereafter be outstanding, (f) to build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order and (g) to discharge all

obligations imposed by the Enabling Act and by the Bond Ordinance and any applicable Series Ordinance.

The Bond Ordinance provides that, in addition to other remedies, upon a default in payment of principal of or interest on any Bond, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding shall, declare all Bonds Outstanding immediately due and payable.

This Series 2016 Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer and certain franchise taxes.

This Series 2016 Bond is transferable, as provided in the Bond Ordinance, only upon the registration books of the City kept for that purpose and maintained by the Registrar, by the holder hereof in person or by his duly authorized attorney, upon (a) surrender of this Series 2016 Bond and an assignment with a written instrument of transfer satisfactory to the Trustee or any other Registrar, as the case may be, duly executed by the Holder hereof or his duly authorized attorney and (b) payment of the charges, if any, prescribed in the Ordinances. Thereupon a new Series 2016 Bond or Series 2016 Bonds of the same aggregate principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance. The City, the Trustee and the Registrar may deem and treat the person in whose name this Series 2016 Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of the Series 2016 Bonds, the City or the Trustee or Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

[Insert Redemption Provisions]

If less than all of the Series 2016 Bonds are to be redeemed, the particular Series 2016 Bonds or portions of Series 2016 Bonds to be redeemed shall be selected in such order of maturity as determined by the City. In the event of redemption of less than all of the Series 2016 Bonds of any maturity, the Series 2016 Bonds or portions of Bonds to be redeemed shall be selected by the Trustee by lot. Series 2016 Bonds in a denomination of more than \$5,000 may be redeemed in part from time to time in one or more units of \$5,000 in the manner provided in the Bond Ordinance.

If any of the Series 2016 Bonds, or portions thereof, are called for redemption, the Trustee will give notice to the Holders of any such Series 2016 Bonds to be redeemed, in the name of the City, of the redemption of such Series 2016 Bonds, or portions thereof. Notice and redemption conditions shall otherwise comply with Section 4.13 of the Bond Ordinance.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, be performed or happen precedent to or in the issuance of this Series 2016 Bond, exist, have been performed and have happened, that the amount of this Series 2016 Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by such Constitution or statutes.

IN WITNESS WHEREOF, THE CITY OF CAYCE, SOUTH CAROLINA, has caused this Series 2016 Bond to be signed by the signature of the Mayor of the City, its corporate seal to be reproduced hereon and the same to be attested by the signature of the City Clerk.

CITY OF CAYCE, SOUTH CAROLINA

(SEAL)

By: _____
Mayor

Attest:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Series 2016 Bond is one of the Series 2016 Bonds of the issue described in the within mentioned Ordinances.

U.S. BANK NATIONAL ASSOCIATION, as Registrar

By: _____
Authorized Officer

Date: _____, 2016

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(please print or type name and address of Transferee and Social Security or other identifying number of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
(Signature Guaranty)

Authorized Individual or Officer

NOTICE: Signature(s) to the assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or any change whatever.

Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program (“STAMP”) or similar program enlargement.

(STATEMENT OF INSURANCE)

_____ has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Series 2016 Bond to _____, or its successor, as paying agent for the Bonds. Such policy is on file and available for inspection at the offices of the paying agent and a copy thereof may be obtained therefrom.

Section 4.10 Book-Entry System.

Pursuant to Section 4.20 of the Bond Ordinance, the Series 2016 Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by The Depository Trust Company, New York, New York (“*DTC*”), and transfers of beneficial ownership of the Series 2016 Bonds shall be made only through *DTC* and its participants in accordance with rules specified by *DTC*. Such beneficial ownership must be of a \$5,000 principal amount of the Series 2016 Bonds of the same maturity or any integral multiple of \$5,000, with each increment of \$5,000 being separately of a single maturity.

The Series 2016 Bonds shall be issued in fully registered form, one certificate for each of the maturities of the Series 2016 Bonds, in the name of Cede & Co., as the nominee of *DTC*. When any principal of, premium, if any, or interest on the Series 2016 Bonds becomes due, the Trustee, from available monies on deposit for such purposes under the provisions of the Master Bond Ordinance, shall transmit or cause the Paying Agent to transmit to *DTC* an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of *DTC* as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of *DTC* shall be considered to be the owner of the Series 2016 Bonds so registered for all purposes of this 2016 Series Ordinance, including, without limitation, payments as aforesaid and receipt of notices and exercise of rights of beneficial owners of Series 2016 Bonds.

The Trustee shall notify *DTC* of any notice of redemption required to be given pursuant to this 2016 Series Ordinance at least thirty (30) days prior to the date fixed for redemption.

DTC is expected to maintain records of the positions of participants in the Series 2016 Bonds, and the participants and persons acting through participants are expected to maintain records of the beneficial owners in the Series 2016 Bonds. The City makes no assurances that *DTC* and its participants will act in accordance with such rules or expectations on a timely basis, and the City shall have no responsibility for any such maintenance of records of transfer or payments by *DTC* to its participants, or by the participants or persons acting through participants to the beneficial owners.

If (a) *DTC* determines not to continue to act as securities depository for the Series 2016 Bonds, or (b) the City has advised *DTC* of the City’s determination that *DTC* is incapable of discharging its duties, the City shall attempt to retain another qualified securities depository to replace *DTC*. Upon receipt by the City of the Series 2016 Bonds together with an assignment duly executed by *DTC*, the City shall execute and deliver to the successor depository, Series 2016 Bonds of the same principal amount, interest rate and maturity.

If the City is unable to retain a qualified successor to *DTC* or the City has determined that it is in the best interest of the City and the System not to continue the Book-Entry System of transfer or that the interest of the beneficial owners of the Series 2016 Bonds might be adversely affected if the Book-Entry System of transfer is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit them to make any such determination), and has made provision to so notify beneficial owners of the

Series 2016 Bonds by mailing an appropriate notice to DTC, upon receipt by the City of the Series 2016 Bonds together with an assignment duly executed by DTC, the City shall execute physical certificates for, and cause to be authenticated and delivered pursuant to the instructions of DTC, the Series 2016 Bonds in fully registered form, in substantially the form set forth in this 2016 Series Ordinance, in the denomination of \$5,000 or any integral multiple thereof.

Notwithstanding any other provisions of the Bond Ordinance to the contrary, so long as any Series 2016 Bond is registered in the name of Cede & Co., all payments with respect to the principal of, premium, if any, and interest on such Series 2016 Bonds and all notices with respect to such Series 2016 Bonds shall be made and given, respectively, to DTC, as provided in the letter of representations from the City to DTC.

In connection with any notice or other communication to be provided to the Holders by the City or the Trustee with respect to any consent or other action to be taken by the Holders, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

Section 4.11 Delegations to Authorized Officer.

The City Council hereby delegates to the Authorized Officer the authority: (a) to determine the aggregate principal amount of the Series 2016 Bonds to be issued, and the interest rates, initial interest payment date, maturities and redemptions provisions with respect thereto; (b) to determine the Date of Issue of the Series 2016 Bonds; (c) to determine whether to use bond insurance with respect to the Series 2016 Bonds and, if so, make appropriate arrangements therefor, including the execution of any documentation associated therewith; (d) to determine the amount of the 2016 Reserve Requirement and the method of funding the 2016 Debt Service Reserve Fund, if any; (e) to determine whether to purchase a credit instrument to fund the 2016 Debt Service Reserve Fund in lieu of cash; (f) to determine whether to issue multiple series of Bonds; (g) to determine the redemption provisions for the Series 2016 Bonds; and (h) to make any such other decisions concerning the Series 2016 Bonds as may be necessary, appropriate or otherwise delegated herein.

The Authorized Officer is further directed to consult with the City's financial advisor and such other advisors as he determines to be appropriate in making any such decisions.

[End of Article IV]

ARTICLE V - EXECUTION; NO RECOURSE

Section 5.01 Execution of the Series 2016 Bonds.

The Series 2016 Bonds shall be executed and authenticated in accordance with the applicable provisions of the Bond Ordinance.

Section 5.02 No Recourse on the Series 2016 Bonds.

All covenants, stipulations, promises, agreements and obligations of the City contained in the Bond Ordinance or in this 2016 Series Ordinance shall be deemed to be the covenants, stipulation, promises, agreements and obligations of the City and not those of any officer or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the Series 2016 Bonds or for any claim based thereon or on the Bond Ordinance or on this 2016 Series Ordinance, either jointly or severally, against any officer or employee of the City or any person executing the Series 2016 Bonds.

[End of Article V]

ARTICLE VI - APPLICATION OF BOND PROCEEDS

Section 6.01 Use and Disposition of Bond Proceeds.

Upon the delivery of the Series 2016 Bonds and receipt of the proceeds thereof, net of underwriter's discount or premium, such funds shall be disposed of as follows:

(1) the sum necessary to refund the Refunded Bonds shall be distributed by the City to the Trustee for the 2007 Bonds, for ultimate distribution to the holders of the 2007 Bonds, in accordance with the terms and conditions of an escrow deposit agreement dated as of the date of closing of the Series 2016 Bonds (the "*Escrow Deposit Agreement*");

(2) if the Authorized Officer determines to fund the 2016 Debt Service Reserve Fund: (A) the sum equal to the 2016 Reserve Requirement shall be deposited into the 2016 Debt Service Reserve Fund held with the Trustee; or in the alternative, (B) an amount equal to the premium or fees due on any credit instrument, which in lieu of cash shall be issued in an amount equal to the 2016 Reserve Requirement for the 2016 Debt Service Reserve Fund shall be transferred to the provider thereof; and

(3) the sum necessary to pay costs of issuance shall be deposited with the Trustee in the 2016 Cost of Issuance Fund (the "*2016 COI Fund*") and used to pay the costs of issuance on the Series 2016 Bonds, including the costs of any Municipal Bond Insurance Policy.

Section 6.02 Establishment of 2016 COI Fund.

There is hereby established, in accordance with Section 4.01 of the Bond Ordinance, the 2016 COI Fund. There shall be paid into the 2016 COI Fund the sums prescribed by Section 6.01(3) hereof. The 2016 COI Fund shall be held and controlled by the Trustee, unless otherwise determined by the Authorized Officer at the closing of the Series 2016 Bonds. Withdrawals for the payment of costs of issuance from the 2016 COI Fund shall be made upon written order of the City. The Trustee shall be fully protected in releasing monies from the 2016 COI Fund based upon such written orders of the City.

Subject to Section 15.16 of the Bond Ordinance, moneys in the 2016 COI Fund shall be invested and reinvested at the written direction of the City in Authorized Investments. Upon written notification from the City that the payment of all costs of issuance for the Series 2016 Bonds have been paid, the remaining sums therein shall be transferred by the Trustee and applied to the 2016 Debt Service Fund.

[End of Article VI]

ARTICLE VII - SALE OF BONDS

Section 7.01 Approval of Underwriter and Execution of Bond Purchase Agreement.

The Series 2016 Bonds shall be sold to the Underwriter pursuant to the terms of the Bond Purchase Agreement to be negotiated by and between the City (acting through the Authorized Officer) and the Underwriter. The Bond Purchase Agreement shall be executed on behalf of the City by the official(s) designated therein and with such changes as such official(s) shall approve. The execution of the Bond Purchase Agreement by such official(s) shall constitute conclusive evidence of their approval to any changes herein authorized and the selection of the Underwriter.

In the event the Series 2016 Bonds are sold in a private placement, no Bond Purchase Agreement shall be required.

Section 7.02 Approval of Preliminary and Final Official Statement.

The Preliminary Official Statement, in the form presented to City Council prior to the enactment of this 2016 Series Ordinance, with such changes as an Authorized Officer may approve prior to the distribution thereof, is hereby approved and its use by the Underwriter is hereby approved and ratified. Such Preliminary Official Statement is hereby “deemed final” within the meaning of Rule 15c2-12 of the rules and regulations of the United States Securities and Exchange Commission. The preparation and distribution by the Underwriter of a final Official Statement for such purposes, dated the date of the Bond Purchase Agreement, in substantially the form of the Preliminary Official Statement, with such changes as contemplated by the Bond Purchase Agreement and as may be approved by the officials of the City executing the final Official Statement, is hereby approved and authorized. The execution of the final Official Statement by such officials shall constitute conclusive evidence of their approval to any changes herein authorized.

In the event the Series 2016 Bonds are sold in a private placement, no Preliminary Official Statement or final Official Statement shall be disseminated.

[End of Article VII]

ARTICLE VIII - COMPLIANCE WITH REQUIREMENTS OF THE CODE

Section 8.01 General Covenant.

The City hereby represents and covenants that it will comply with all requirements of the Code, and that it will not take any action which will, or fail to take any action (including, without limitation, filing the required information report with the Internal Revenue Service) which failure will, cause interest on the Series 2016 Bonds to become includable in the gross income of the Holders thereof for federal income tax purposes. Without limiting the generality of the foregoing, the City represents and covenants that:

(a) All property financed or refinanced with the net proceeds of the Series 2016 Bonds will be owned by the City for federal income tax purposes.

(b) The City shall not permit the proceeds of the Series 2016 Bonds or any property financed or refinanced with the proceeds of the Series 2016 Bonds to be used such that (i) five percent (5%) or more of such proceeds are considered as having been used in a Private Business Use; or (ii) an amount greater than the lesser of five percent (5%) of such proceeds or \$5,000,000 are considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(c) The City is not a party to and will not enter into or permit any other party to enter into, any contracts with any entity involving the management of any property provided with the proceeds of the Series 2016 Bonds that do not conform to the guidelines set forth in Revenue Procedure 97-13, as amended by Revenue Procedure 2001-39, or a successor revenue procedure, Code provision or Federal Income Tax Regulation.

(d) The City will not sell or lease or permit any other party to sell or lease, any property financed or refinanced with the proceeds of the Series 2016 Bonds to any person unless it obtains the opinion of nationally recognized bond counsel that such lease, sale or other disposition will not adversely affect the tax exemption of the Series 2016 Bonds.

(e) The Series 2016 Bonds will not be “federally guaranteed” within the meaning of Section 149(b) of the Code. The City shall not enter into any leases or sales or service contracts with any federal government agency unless it obtains the opinion of nationally recognized bond counsel that such action will not adversely affect the tax exemption of the Series 2016 Bonds.

Section 8.02 Arbitrage Covenant; Authorization to Execute Tax Compliance Agreement and Arbitrage Certificates.

(a) The City hereby covenants that no use of the proceeds of the Series 2016 Bonds will be made which, if such use had been reasonably expected on the date of issue of the Series 2016 Bonds, would have caused the Series 2016 Bonds to be an issue of “arbitrage bonds,” as defined in the Code, and that it will comply with the requirements of Section 148 of the Code and Regulations with respect to the Series 2016 Bonds.

(b) In order to comply with the requirements of paragraph (a) of this Section, the City further agrees to compute and pay arbitrage rebate required under Section 148(f) of the Code.

(c) Supplemental to the covenants of Section 8.01 hereof and in no way in limitation thereof, the Authorized Officer of the City is hereby authorized and directed to execute, at or prior to delivery of the Series 2016 Bonds, a certificate or certificates specifying actions taken or to be taken by the City, and the reasonable expectations of such officials, with respect to the Series 2016 Bonds, the proceeds thereof or the System.

[End of Article VIII]

ARTICLE IX – CONTINUING DISCLOSURE

Section 9.01 State Law Continuing Disclosure.

The City covenants to comply with the requirements of S.C. Code Section 11-1-85 by filing with a central repository for availability in the secondary bond market when requested:

- (i) An annual independent audit, within thirty (30) days of the City’s receipt of the audit; and
- (ii) Event specific information within thirty (30) days of an event adversely affecting more than five percent (5%) of the Gross Revenues or the City’s tax base.

The City specifically reserves the right to amend the above covenant in order to reflect any applicable change in law, including without limitation said Section 11-1-85, without the consent of the Insurer, the Trustee or the Holders of any Series 2016 Bonds.

Section 9.02 Rule 15c2-12 Undertaking.

The Mayor of the City and/or the Authorized Officer is hereby authorized to execute and deliver on behalf of the City the Continuing Disclosure Agreement in a form similar to that presented to City Council prior to the enactment of this 2016 Series Ordinance, with such changes thereto as such official(s) shall approve. The City hereby covenants and agrees to comply with and carry out its obligations pursuant to said Continuing Disclosure Agreement. Additionally, the Authorized Officer is authorized to contract with DAC Bond for certain dissemination services associated with the execution and delivery of the Continuing Disclosure Agreement.

In the event the Series 2016 Bonds are sold in a private placement, no Continuing Disclosure Agreement shall be required.

Section 9.03 Remedy.

The only remedy for failure by the City to comply with the covenants set forth in Sections 9.01 and 9.02 hereof shall be an action for specific performance of such covenants; and failure to comply with such covenants shall not constitute a default or an “Event of Default” under the Bond Ordinance or this 2016 Series Ordinance. The Trustee shall have no responsibility to monitor the City’s compliance with such covenants. However, any holder of the Series 2016 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Article.

[End of Article IX]

**ARTICLE X - AUTHORIZATION TO REDEEM BONDS AND
EXECUTE ESCROW DEPOSIT AGREEMENT**

Section 10.01. Authorization to Redeem Bonds.

The City Council does hereby determine that the 2007 Bonds to be redeemed by the Series 2016 Bonds shall be irrevocably called for redemption on such dates as determined by the Authorized Officer. The Authorized Officer is hereby authorized to (i) determine and select which maturities of the 2007 Bonds are to be refunded with a portion of the proceeds of the Series 2016 Bonds, and (ii) provide for the notice of defeasance and notice of redemption, in such manner, forms and times as required by the proceedings authorizing the issuance of the 2007 Bonds and the Enabling Act.

Section 10.02. Authorization to Execute Escrow Deposit Agreement.

The Authorized Officer is authorized to execute and deliver the Escrow Deposit Agreement in such form as he deems necessary in order to establish an escrow deposit account. The Authorized Officer is further authorized to determine the type of investments that shall be made in the Escrow Deposit Agreement and to select the escrow agent.

[End of Article X]

ARTICLE XI – MISCELLANEOUS

Section 11.01 Severability.

If any one or more of the covenants or agreements provided in this 2016 Series Ordinance on the part of the City or any fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this 2016 Series Ordinance.

Section 11.02 Additional Documents.

The City Council authorizes the Authorized Officer to execute and sign all other documents necessary to effect the purchase and sale of the Series 2016 Bonds.

Section 11.03 Table of Contents and Section Headings Not Controlling.

The Table of Contents and the headings of the several articles and sections of this 2016 Series Ordinance have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this 2016 Series Ordinance.

[End of Article XI]

DONE, RATIFIED AND ENACTED this 2nd day of February, 2016.

CITY OF CAYCE, SOUTH CAROLINA

(SEAL)

By: _____
Mayor

Attest:

By: _____
City Clerk

First Reading: January 5, 2016
Second Reading: February 2, 2016

Memorandum

To: Mayor and Council

From: Rebecca Vance, City Manager
Shaun Greenwood, Asst. City Manager
Layne West, Director of Planning and Development

Date: December 29, 2015

Subject: First Reading of an Ordinance amending Section 6.10-3
("Development Standards") of the Zoning Ordinance of the City of
Cayce (as it pertains to signage in the Overlay District).

ISSUE

Council approval is needed for the First Reading of an Ordinance amending Section 6.10-3 ("Development Standards") of the Zoning Ordinance of the City of Cayce (as it pertains to signage in the Overlay District).

BACKGROUND/DISCUSSION

Staff is requesting to amend **Section 6.10-3 Development Standards** to add language that will require all signage in the Knox Abbott Drive Overlay District (OD) to conform to C-3 (Central Commercial) district standards. The Knox Abbott OD begins at the Blossom Street Bridge and ends at 12th Street. The zoning within this overlay district has been uniformly C-3 (Central Commercial) in the past, but recent re-zonings have included various zoning districts. Staff believes it is the intention of the Zoning Ordinance to require all signage in the Knox Abbott Drive OD to be uniform and consistent. The C-3 zoning districts permits signs to have a maximum height of 7 feet. The amendment will ensure that all future development on Knox Abbott Drive will follow the same standards regardless of zoning district.

The Planning Commission considered the request for the text amendment at its regular meeting on December 21, 2015. The text amendment request was opened for public hearing. No one from the public was present to speak for or against the text amendment.

The Planning Commission voted unanimously to recommend the requested text amendment.

RECOMMENDATION

The Planning Commission recommends that Council approve First Reading of an Ordinance amending Section 6.10-3 (“Development Standards”) of the Zoning Ordinance of the City of Cayce (as it pertains to signage in the Overlay District).

STATE OF SOUTH CAROLINA)
)
 COUNTY OF LEXINGTON)
)
 CITY OF CAYCE)

ORDINANCE 2016-03
Amending Section 6.10-3
("Development Standards") of the
Zoning Ordinance of the City of
Cayce

WHEREAS, the Council has determined that it is in the interest of the public in understanding the provisions of the Zoning Ordinance, and in the interest of the City in administering and enforcing the Zoning Ordinance, to amend Section 6.10-3 ("Development Standards") of the Zoning Ordinance to add language to include regulations for signage in the Knox Abbott Drive Design Overlay District; and

WHEREAS, the Planning Commission held a public hearing on this request to receive comments from the public; and

WHEREAS, the Planning Commission met on December 21, 2015, to review public comments and vote on recommending the text amendment and unanimously decided that they do recommend this text amendment,

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Council of the City of Cayce, in Council, duly assembled, that Section 6.10-3 ("Development Standards") of the Zoning Ordinance of the City of Cayce is hereby amended to read as follows:

Section 6.10-3 Development Standards

Applicable to Knox Abbott Drive

Applicable to 12th Street Ext.

Walkways shall be provided between the building entrance and the sidewalk	Signage shall be in accord with the requirements for signage in the C-3 District
No portion of a building constructed of unadorned masonry or metal siding shall front on or face Knox Abbott Drive	No portion of a building constructed of unadorned masonry or metal siding shall front on or face 12 th Street Extension
Colors shall be consistent with character of development	Colors shall be consistent with character of development
All service utility lines shall be placed underground	All service utility lines shall be placed underground
Signage shall be in accord with the requirements for signage in the C-3 District	No strip shopping malls shall be allowed
	Where possible curb cuts and driveways shall be combined
	All buildings shall observe a 50' setback from 12 th Street Extension. Except for walks, driveways and permitted signs, the required setback area (yard) shall be completely landscaped, in accord with guidelines contained in Article 10. No off-street parking shall be permitted in the required setback area

This Ordinance shall be effective from the date of second reading approval by Council.

DONE IN MEETING DULY ASSEMBLED, this _____ day of _____ 2016.

Elise Partin, Mayor

Attest:

Mendy Corder, CMC, Municipal Clerk

First Reading: _____

Second Reading and Adoption: _____

Approved as to form: _____
Danny C. Crowe, City Attorney

Section 6.10-3 Development Standards

Applicable to Knox Abbott Drive

Applicable to 12th Street Ext.

Walkways shall be provided between the building entrance and the sidewalk	Signage shall be in accord with the requirements for signage in the C-3 District
No portion of a building constructed of unadorned masonry or metal siding shall front on or face Knox Abbott Drive	No portion of a building constructed of unadorned masonry or metal siding shall front on or face 12 th Street Extension
Colors shall be consistent with character of development	Colors shall be consistent with character of development
All service utility lines shall be placed underground	All service utility lines shall be placed underground
<u>Signage shall be in accord with the requirements for signage in the C-3 District</u>	No strip shopping malls shall be allowed
	Where possible curb cuts and driveways shall be combined
	All buildings shall observe a 50' setback from 12 th Street Extension. Except for walks, driveways and permitted signs, the required setback area (yard) shall be completely landscaped, in accord with guidelines contained in Article 10. No off-street parking shall be permitted in the required setback area

Section 6.11 Development Agreement District (DAD)

Section 6.11-1 Establishment of DAD

A DAD shall be established on the Official Zoning Map by the same procedure as for amendments generally (Article 4) with an additional Public Hearing to be held by City Council prior to Council action and in accord with the requirements of this section. Both

**CITY OF CAYCE
PLANNING COMMISSION
STAFF EVALUATION REPORT**

CASE NO. TA005-15

APPLICANT: Staff

TYPE OF REQUEST: Text Amendment

LOCATION/ADDRESS: N/A

TAX MAP NUMBER: N/A

NUMBER OF ACRES: N/A

EXISTING ZONING CLASSIFICATION: N/A

REQUESTED ACTION:

The Planning and Development Director is requesting to add criteria to language to the development standards for the Knox Abbott Drive Overlay District (Section 6.10-3).

COMPLIANCE WITH COMPREHENSIVE PLAN: N/A

STAFF COMMENTS/CONCERNS:

Staff is requesting to amend **Section 6.10-3 Development Standards** to add language applicable to signage regulations in the Knox Abbott Drive Overlay District. The Knox Abbott OD begins at the Blossom Street Bridge and terminates at 12Th Street. The zoning within this overlay district has been C-3 (Central Commercial) in the past. Currently re-zoning of some properties has been approved, changing the uniform zoning. Staff believes it is the intention of the Zoning Ordinance to require all signage in the Knox Abbott Drive Overlay to follow C-3 zoning regulations. The C-3 zoning districts permits signs to have a maximum height of 7 feet. Staff further believes signs for new developments along this section of Knox Abbott should be in-line with existing signs.

City of Cayce
South Carolina

Text Amendment Application

Date Filed : 11-23-15

Request No. : TA005-15

Fee : N/A

Receipt No : N/A

Text amendments may be initiated by a property owner (s), the Planning Commission, the Director of Planning & Development, or the City Council. If the application is on behalf of the property owner(s), all owners must sign. If the applicant is not an owner, the owner(s) must sign the Designation of Agent section.

APPLICANT(S) [print]: Planning Director

Address : City Hall

Telephone: _____ [business] _____ [residence]

Interest: _____ Owner(s): _____ Agent of owner(s): Other: _____

OWNER(S) [if other than Applicant(s)] : _____

Address: _____

Telephone: _____ [business] _____ [residence]

[use reverse side if more space is needed;]

PROPOSED TEXT AMENDMENT

THE APPLICANT HEREBY REQUESTS that the following changes, additions or deletions be considered for the following Code of Ordinances, City of Cayce, South Carolina; Chapter: _____, Article: _____, Section: 6.10-3

Existing Code States: N/A

Proposed changes / additions / deletions:

Add criteria for signage in the Knox Abbott Drive Overlay District

Justification:

In the past, zoning along Knox Abbott, from Bridge to 12th Street has been CV-3 but now different zoning exists (PDD - Bank Area and RA - Apartments)

DESIGNATION OF AGENT [complete only if owner is not applicant]

I (we) hereby appoint the person named as Applicant as my (our) agent to represent me (us) in this request.

Date: _____ N/A _____

Owner signature(s)

CERTIFICATION

I (we) certify that to the best of my(our) knowledge that the information contained herein is accurate and correct.

Date: _____ N/A _____

Applicant signature(s)

OFFICIAL USE ONLY:

Published in Newspaper on: 12-4-15 The State Newspaper

PLANNING COMMISSION: _____ RECOMMENDATION: _____

(Public Hearing)

CITY COUNCIL [1st Reading] _____ ACTION: _____

CITY COUNCIL [2nd / Final Reading] _____ ACTION: _____

Notice to applicant sent on _____ advising of Councils action. If approved a statement to the effect that our ordinance now reflects the new text. If disapproved, the reasons for disapproval, and a statement that reconsideration will be in accordance with Section 14-7 of the Zoning Ordinance.

Memorandum

To: Mayor and Council

From: Rebecca Vance, City Manager
Shaun Greenwood, Asst. City Manager
Layne West, Director of Planning and Development

Date: December 29, 2015

Subject: First Reading of an Ordinance annexing property located at the corner of Ninth Street and F Avenue (TMS# 004675-01-004(P)) and properties located at Still Hopes Drive (TMS# 004675-01-007 and TMS# 04675-01-005(P)) into the City Limits.

ISSUE

Council approval is needed for the First Reading of an Ordinance annexing property located at the corner of Ninth Street and F Avenue (TMS# 004675-01-004(P)) and properties located at Still Hopes Drive (TMS# 004675-01-007 and TMS# 04675-01-005(P)) into the City Limits.

BACKGROUND/DISCUSSION

The properties are undeveloped and jurisdiction is split between the City and Lexington County.

The applicant wishes to annex so that each parcel, in its entirety, will be under the jurisdiction of the City. The requested C-3 zoning designation is in compliance with surrounding parcels.

The Planning Commission considered the request for annexation in conjunction with a C-3 zoning designation at its regular meeting on December 21, 2015. The annexation request was opened for public hearing. A few from the public were present to speak for and against the map amendment. Comments against the development of the land mostly centered on the issue of the trees that will be removed in conjunction with any new development.

The Planning Commission voted unanimously to recommend the request for annexation in conjunction with a C-3 zoning designation.

RECOMMENDATION

The Planning Commission recommends Council approve First Reading of an Ordinance annexing property located at the corner of Ninth Street and F Avenue (TMS# 004675-01-004(P)) and properties located at Still Hopes Drive (TMS# 004675-01-007 and TMS# 04675-01-005(P)) into the City Limits.

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)
)
CITY OF CAYCE)

ORDINANCE 2016-04
Annexing Property Located at the Corner
of Ninth Street and F Avenue (TMS#
004675-01-004(P)) and Properties located
at Still Hopes Drive (TMS# 004675-01-007
and TMS# 04675-01-005(P)) into the City
Limits Under the Provisions of South
Carolina Code Section 5-3-150(3).

WHEREAS, a proper petition has been filed with the City of Cayce by the owner of 100 percent of the assessed value of the contiguous properties hereinafter described petitioning for annexation of the properties to the City of Cayce under the provisions of S.C. Code Section 5-3-150(3); and

WHEREAS, it appears to Council that annexation would be in the best interest of the property owners and the City of Cayce,

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Council of the City of Cayce, in Council, duly assembled, that the following properties herein described are hereby annexed to and become a part of the City of Cayce:

PROPERTY DESCRIPTION

All those certain pieces, parcels or lots of land, situate, lying and being near the City of Cayce in the County of Lexington, State of South Carolina, being shown on attached Exhibit "A" which is made part of this Ordinance, and consisting of :

- (1) any portion of the parcel of property not currently within the City that is located at the corner of Ninth Street and F Avenue and is further identified as Lexington County Tax Parcel TMS # 004675-01-004(P),
- (2) any portion of the parcel of property not currently within the City that is located at the corner of Still Hopes Drive and F Avenue and is further identified as Lexington County Tax Parcel TMS# 004675-01-005(P), and
- (3) the parcel of property adjoining parcel (2) above that is located on Still Hopes Drive and is further identified as Lexington County Tax Parcel TMS# 004675-01-007.

The properties shall be zoned C-3, Central Commercial, in accord with City of Cayce Zoning Ordinance, Section 3.15, and this classification shall become effective upon the effective date of this annexation ordinance. These properties are added to Voting District Number (1).

This Ordinance shall be effective from the date of second reading approval by Council.

DONE IN MEETING DULY ASSEMBLED, this _____ day of _____, 2016.

Elise Partin, Mayor

Attest:

Mendy Corder, Municipal Clerk

First Reading: _____

Second Reading and adoption: _____

Approved as to form: _____
Danny C. Crowe, City Attorney

**CITY OF CAYCE
PLANNING COMMISSION
STAFF EVALUATION REPORT**

CASE NO. MA007-15

APPLICANT: Indigo Associates LLC

TYPE OF REQUEST: Map Amendment

LOCATION/ADDRESS: N/A

TAX MAP NUMBER: 004675-01-004(P), 004675-01-005 and, 004675-01-005

NUMBER OF ACRES:

EXISTING ZONING CLASSIFICATION: N/A

REQUESTED ACTION: The applicant is requesting annexation in conjunction with a C-3 zoning designation.

COMPLIANCE WITH COMPREHENSIVE PLAN: N/A

STAFF COMMENTS/CONCERNS:

The applicant is requesting annexation of the above mentioned properties, in conjunction with a C-3 zoning designation. The properties are undeveloped and are abutting current C-3 zoning districts.

Annexation Request MA007-15

TO THE MAYOR AND COUNCIL OF THE CITY OF CAYCE, SOUTH CAROLINA

The undersigned, being 100 percent of the freeholders owning 100 percent of the assessed value of the property in the contiguous territory described below and shown on the attached plat or map, hereby petition for annexation of said territory to the City of Cayce by ordinance effective as soon hereafter as possible, pursuant to South Carolina Code Section 5-3-150(3). I (we) also acknowledge receipt of the Resolution adopted April 13, 2004 by the City "Approving the Method and Criteria for Annexing and Zoning Property into the City Limits of the City of Cayce".

The territory to be annexed is described as follows;

SEE ATTACHED

The property is designated as follows on the Lexington/Richland County Tax Maps;
ANY PORTION OF TMS 4675-01-04 NOT CURRENTLY IN THE CITY.
ALL OF TMS 4675-01-07
ANY PORTION OF TMS 4675-01-05 NOT CURRENTLY IN THE CITY.
It is requested that the property be zoned as follows; C-3

INDIGO ASSOCIATES LLC

P. O. BOX 50909

COLUMBIA, SC 29250

(2116 COLLEGE STREET, SUITE 200) 29205

Signature

Street Address

Date

[Signature], MANAGER 11/12/15

FOR MUNICIPAL USE:

Petition received by: _____, Date _____

Description and Ownership verified by: _____, Date _____

Recommendation: _____

By: _____, Date _____

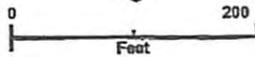
MA001-15



Lexington County

This is My Map

Printed: Oct 15, 2015



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PUBLIC HEARING
NOTICE
THE CITY OF DANCE
706-90-20

Memorandum

To: Mayor and Council

From: Rebecca Vance, City Manager

Date: December 30, 2015

Subject: Discussion and Approval for Public Safety Electrical Upgrades

Issue

Council discussion and approval is needed for Staff's request to utilize General Fund fund balance monies for new electrical upgrades to the Public Safety buildings.

Discussion

Cayce staff is requesting approval to utilize up to \$100,000 of the General Fund fund balance for new electrical panel installations and other electrical upgrades to the Public Safety buildings. Presently the electrical panels are not adequate enough to maintain the amount of electrical service needed. The current system is a single phase residential which needs to be upgraded to a three phase commercial system. This would increase the amps from 150 to 300.

The Public Safety buildings also have an air quality issue. The current HVAC units throughout the buildings do not provide any outside ventilation air. New units need to be installed based on the sizes required to provide ventilation. The ductwork in the buildings is in poor condition and is not sealed and needs to be replaced per the mechanical survey report that was performed by the consulting engineers.

The current electrical system is operating at max capacity and would not sustain a new unit. A licensed electrical contractor would need to be hired to perform the necessary work. After the electrical improvements are made, the HVAC system improvements can be designed and funding for those improvements will be requested.

Recommendation

Staff recommends Council approve the use of General Fund fund balance monies to use for electrical upgrades to the Public Safety buildings and allow for the City Manager to enter into a contract with a licensed electrical contractor for this work.

THE HOUSING AUTHORITY OF THE CITY OF CAYCE, S.C.
August 18th, 2015

The Board of Commissioners of The Housing Authority of the City of Cayce, S.C. convened at 5:10 P.M., Tuesday, August 18th, 2015 in Cayce City Hall.

The Chairman called the meeting to order and upon roll call, those present and absent were as follows:

PRESENT: Jack L. Sightler, Jr., Chairman
Bruce Smith, Chair-Elect
Silvia Sullivan, Commissioner
Gilbert Walker, Secretary

ABSENT: Janice Mixon, Commissioner

STAFF: Howard Thomas, Angel Cruz, Arthur Robertson, Shate Griffin

Mr. Smith opened with a prayer.

Upon motion of Ms. Sullivan, seconded by Mr. Smith, the minutes of the April 14th, 2015 meeting were unanimously approved. Upon motion of Mr. Smith, seconded by Ms. Sullivan, the minutes of the meeting held June 16th, 2015 were unanimously approved.

Mr. Robertson gave the Operations Report for May, June and July. All is going well in the Cayce communities and no issues have presented themselves. The unit damaged by fire has been completed and re-occupied with a new tenant; the former tenant moved into another unit within the same community.

There were 3 reports for the previous reporting period. Columbia Police Department worked with Cayce PD to serve an outstanding warrant on Poplar St. There was a criminal domestic violence report from Poplar and a report of bullet holes in a car with a suspended tag in one of the communities. Final cost on the burned unit was approximately \$63,000.

Mr. Walker gave a briefing on the new Mobi Rec program. Through a partnership with TD Bank and other community partners, a van equipped with recreational equipment has been purchased and outfitted to serve the CHA communities. The van will visit neighborhoods and encourage physical activity; interns from the University of SC will staff the van. A press conference to kick off the program is scheduled for next week.

Ms. Griffin gave an update on FSS activities in Cayce. Approximately 30 residents have had meetings to determine their needs and interests. Community

relationships are being built with local organizations and businesses to supply services to the residents. A homeownership class was held in July and attended by 6 people. Additional programs are being planned with Edventure and updates will be provided as things progress.

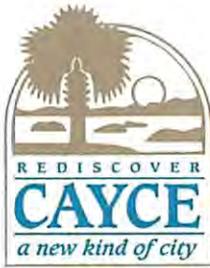
Mr. Thomas gave an update on RAD. Staff has been working with the HUD Coordinator and participating in weekly conference calls. The program has changed somewhat since the initial 60,000 units were approved; less funding is available than initially thought. Staff is working through the financial process now to see if the conversion would still be viable. The Riverside unit will be added to the application in January of 2016 and that process has already been started. A Green Physical Needs Assessment will be need to be conducted by an outside service; that will identify any repairs that may need to be done to the units over the next 10 years. Staff expects this assessment to come in high as the numbers are based on replacing equipment based on the manufacturer's recommendations. More information should be available in time for the October meeting.

Mr. Thomas gave an update on the two properties being considered for purchase. Both sellers have verbally committed to sell but staff is currently waiting to hear from Lexington County if they have the funds to proceed. Updates will be provided as needed.

There being no additional business, it was unanimously decided to adjourn the meeting at 5:55pm.

Secretary

APPROVED: _____



**APPROVED MINUTES
BOARD OF ZONING APPEALS
CAYCE TENNIS CENTER
1120 FORT CONGAREE TRAIL, CAYCE SC
Monday, November 16, 2015
6:00 PM**

I. CALL TO ORDER

The meeting was called to order at 6:00 pm. Members present were Frank Dickerson, Jason Simpson, Robin DiPietro, and Robert McLeod. Bob McArver was absent excused. Staff present was Layne West and Monique Ocean.

II. NEW BUSINESS

a. Introduction of New Planning Director, Layne West

Mr. Layne West introduced himself as the new Planning Director and gave information on his background.

b. Introduction of New Zoning Board Member, Robin DiPietro

Ms. DiPietro was introduced and welcomed as a new member.

c. Nomination and Election of 2015 Zoning Board Officers

Mr. Simpson made a motion to nominate Mr. McLeod as the Chair for the 2015 year. The motion was seconded by Mr. Dickerson. All were in favor and the vote passed unanimously. A motion was made by Mr. Dickerson to nominate Mr. Simpson as Vice-Chair. The motion was seconded by Ms. DiPietro. All were in favor. The vote passed unanimously. A motion was made by Mr. McLeod to elect Ms. Ocean as the secretary for the 2015 year. The motion was seconded by Mr. Dickerson. All were in favor. The vote passed unanimously.

III. APPROVAL OF MINUTES - January 26, 2015

A motion was made by Mr. Simpson to approve the minutes as written. Mr. Dickerson seconded the motion. All were in favor. The vote passed unanimously.

IV. STATEMENT OF NOTIFICATION

Mr. McLeod inquired if the public had been notified of the meeting and public hearing. Ms. Ocean confirmed that everyone had been notified.

V. PUBLIC HEARING – Variance Request 001-15 [A request for a variance of 3 feet from *The Cayce Zoning Ordinance Section 6.7 Table 3, Schedule of Lot Area, Setbacks, Height & Lot Coverage Requirements* to reduce the required side yard setback (5 feet) in a C-4(Highway Commercial) zoning district]

a. Opening Statement

Mr. West explained that the applicant's desire to subdivide the property would create a non-conformity by the way of the required setbacks. Mr. West stated the applicant submitted a surveyed plat that placed the property line within 3 feet of each building - despite the fact the required setback is 5 feet in this zoning district. Mr. Xanthakos came forward as the applicant to address the Board. Mr. Xanthakos mentioned that he would like to subdivide the property to create two separate parcels. Mr. Xanthakos explained that the property contains a

BOARD OF ZONING APPEALS

APPROVED MINUTES

Nov. 16, 2015

PAGE 2 OF 2

restaurant and a gas station and there is a prospective buyer for the gas station – if the variance to reduce the required setbacks is granted. Mr. Xanthakos pointed out the buildings were constructed in 1958 and probably before City zoning requirements existed. After discussion with the applicant, members of the Board and Mr. West clarified the following matters: (1.) The Board may add conditions to any variance and (2.) the Board may grant the variance as requested and add a stipulation that any new construction would have to follow current zoning regulations.

b. Public Statement

No one from the public was present to speak on the variance request.

c. Adjourn Public Hearing

The public hearing was adjourned by Mr. McLeod.

VI. MOTION – Variance Request 001-15

Mr. McLeod made a motion to grant the variance as requested with the stipulation that, in the event, of new construction current zoning regulations must be followed. The motion was seconded by Mr. Dickerson. All were in favor and the vote passed unanimously.

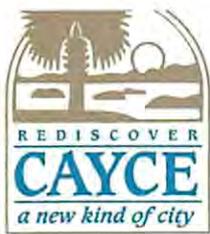
VII. OTHER BUSINESS

There was no other business.

VIII. ADJOURN

Mr. Simpson made a motion to adjourn the meeting. The motion was seconded by Mr. Dickerson. All were in favor.

**A quorum of Council may be present.
No discussion or action on the part of Council will be taken.**



**APPROVED MINUTES
PLANNING COMMISSION
CAYCE TENNIS CENTER
1120 FORT CONGREE TRAIL, CAYCE SC
Monday, November 16, 2015
6:30 PM**

I. CALL TO ORDER

Chair Ed Fuson called the meeting to order at 6:30 pm. Members present were Chris Kueny, Butch Broehm, John Raley, Larry Mitchell, and Robert Power. Maryellyn Cannizzaro was absent excused. Staff present was Layne West and Monique Ocean.

II. APPROVAL OF MINUTES - September 21, 2015

Mr. Mitchell made a motion to approve the minutes, as written. Mr. Raley seconded the motion. All were in favor. The vote to approve the minutes passed unanimously.

III. STATEMENT OF NOTIFICATION

Mr. Fuson inquired if the public had been notified of the meeting and the public hearing. Ms. Ocean confirmed that everyone had been notified.

IV. PUBLIC HEARING – Text Amendment 004-15 [A request by the Planning Director to amend sections of the *Cayce Zoning Ordinance* to add special exception criteria for **Parks and Recreational Areas]**

a. Opening Statement

Layne West began by explaining it was discovered that the Zoning Ordinance only allows for parks and recreational areas in zoning districts usually intended for high-intensity uses. Mr. West pointed out, in the case of the Planning Commission's previous re-zoning request for the development of a private baseball field, one of the allowable zoning district would be C-4 and the Commission appeared to have reservations about this. Mr. West mentioned that staff believes the convenient way to ease the situation is to permit the use as a special exception. Mr. West made clear that approval of special exceptions go before the Cayce Zoning Board of Appeals instead of requiring re-zoning or even outright denial of the proposed use.

The Planning Commission received clarification on the following matters:

- 1) The earlier request for re-zoning for the baseball field will not go to Council.
- 2) Council does not feel the re-zoning to C-4 would best serve the area where the baseball field is to be located.
- 3) Mr. West spoke with several Planning Directors who agreed that special exceptions would be a quick and legitimate solution for allowing parks and recreational areas in all zoning districts.
- 4) The Zoning Board can add conditions to special exception requests.
- 5) Staff is in the process of updating the entire Zoning Ordinance and the requirements for mandatory parks and recreational areas will be written into the Ordinance at a later date.
- 6) New residential subdivisions may be required to have "tot lots".

b. Public Testimony

No one was present to speak for or against the text amendment.

c. Adjourn Hearing

With no further discussion, the public hearing was closed.

V. MOTION - Text Amendment 004-15

Mr. Kueny made a motion to approve Text Amendment 004-15. Mr. Broehm seconded the motion. All were in favor. The vote passed unanimously.

VI. OTHER BUSINESS

VII. ADJOURNMENT

**A quorum of Council may be present.
No discussion or action on the part of Council will be taken.**

All open positions will be advertised on the City's website and Facebook page.

COUNCIL ACTION REQUIRED

In accordance with the bylaws for both the Beautification Foundation and the Public Safety Foundation, Sec. 3.4 (c) (2), Council Members are to be elected to serve each January.

Beautification Foundation

Council Member Tara Almond is currently serving on the Beautification Foundation.

Public Safety Foundation

Council Member Eva Corley is currently serving on the Public Safety Foundation.

NO COUNCIL ACTION REQUIRED

The following positions have been postponed by Council until receipt of potential member applications.

ACCOMMODATIONS TAX COMMITTEE – THREE (3) POSITIONS

Ms. Cherelle Davis is no longer employed with the Country Inn & Suites. Ms. Sue Wofford is no longer with Knights Inn. These positions must be filled by someone from the motel industry in Cayce. The staff liaison is currently speaking with motel managers regarding this position. Mr. Peter Fikas is no longer employed with Red Lobster. This position must be filled by someone from the restaurant industry in Cayce.

BEAUTIFICATION BOARD – THREE (3) POSITIONS

Ms. Sue Perry and Ms. Sue Miles both resigned from the Board in October. There is also one additional open position on the Board. The Board has no recommendation at this time.

EVENTS COMMITTEE – ONE (1) POSITION

There is one open position on the Committee since the membership increased from nine members to eleven. There are no recommendations at this time.

MUSEUM COMMISSION – ONE (1) POSITION

Ms. Lynn Summer recently resigned from the Commission which leaves one open position. The Commission has received two potential member applications which they plan to discuss at their January 6, 2016 meeting. The Commission has a working meeting in December in preparation for Christmas Traditions so no formal action is taken at this meeting.

PUBLIC SAFETY FOUNDATION – FIVE (5) POSITIONS

At the February 3, 2015 Council Meeting Council approved amendments to the Cayce Public Safety Foundation's Bylaws. In order to ensure that Council is able to recruit more directors to the Foundation, the Foundation Bylaws now read that Council may appoint directors from within the City at large and directors need not be from particular Council districts.

Also, the amended Bylaws state a quorum consists of the number of directors attending a meeting; provided, that in no event shall a quorum consist of fewer than two (2) directors. Therefore any action needed can be taken at each meeting.