



City of Cayce, South Carolina

Preparing for the Future



Cayce's new state-of-the-art Regional Wastewater Treatment Plant

Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2012

CITY OF CAYCE, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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, 2012

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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
KENNETH D. JUMPER

COUNCIL MEMBERS
F. STEVEN ISOM
TIMOTHY M. JAMES
JAMES E. JENKINS

CITY MANAGER
REBECCA V. RHODES

ASSISTANT CITY MANAGER
TAMMY P. BARKLEY

October 26, 2012

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, 2012 (FY 2012). 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 supplementary 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, 2012 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, 2012.

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 12,528 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 appropriated amount) is established by 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, commercial and 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, 2012, elected officials were as follows:

MAYOR

Elise Partin

515 Lafayette Avenue, Cayce, SC 29033

Telephone: 361-8280

MEMBERS OF COUNCIL

District 1

Steve Isom

1423 Jessamine St., Cayce, SC 29033

Telephone: 796-9832

District 3

Kenneth D. Jumper

1500 Granby Rd., Cayce, SC 29033

Telephone: 794-1182

District 2

James "Skip" Jenkins

2224 Lee St., Cayce, SC 29033

Telephone: 796-9046

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, 2012, 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 which has been experiencing weak financial conditions due to the national recession, while prior year's experienced 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 II 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 is currently under design and property acquisition and will extend from south of the City's raw water intake to the Thomas Newman Boat landing. Future plans are to extend the Riverwalk to Interstate 77 where it will connect to the proposed 12,000 Year History Park that is under consideration and design as a joint effort among several agencies and also to the Cayce Tennis and Fitness Center that is being constructed in that area by the Lexington County Recreation and Aging Commission. SCANA Corp. is also considering connecting their corporate headquarters to the Cayce Riverwalk 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 ongoing 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. This activity and plans to expand and upgrade the regional wastewater treatment plant and the water distribution and sewer utility 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. All of this construction has taken place since SCANA, the only Fortune 500 Corporation headquartered in South Carolina, announced that they would relocate their corporate headquarters from the City of Columbia to the City of Cayce. Construction of the SCANA Corporate Headquarters on Saxe Gotha Drive is now complete. SCANA employees are now occupying most of the huge corporate complex. The SCANA Corporate Headquarters Project includes five buildings for the corporate headquarters. The permitted value of the project was approximately \$110 million. The SCANA project will increase tax and license revenues in the City budget over the following years. Already, spin-off construction for service business, retail, and restaurants is taking place. The City has reviewed SCANA's Phase II master plan which includes high rise hotels, upscale restaurants, office parks, medical parks, townhomes, apartment complexes, and a gated subdivision. In addition, a new residential subdivision named Concord Park is now under construction on Taylor Rd. and 12th St. and will consist of 208 upscale single family residences. This subdivision is adjacent to the same area where the Cayce Tennis and Fitness Center is 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. has been completed and is occupied. This four story \$10 million building headquarters Southern First Bank, a regional bank now located in Greenville, SC that is relocating 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. 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 Old Wire Rd. and will extend almost to the I-77 and 12th Street at Exit 2 of Interstate 77. The park is connected to Interstate 77 by a new connector road that Lexington County has constructed so tenants in the park will have direct access to the Interstate and 12th Street. As most know, Amazon has built a new distribution center within the Industrial Park and, though not within the City of Cayce, it will have a beneficial impact on Cayce and the surrounding area. Another major development is the City providing water and sewer service to the South Carolina State Farmer's Market. The farmer's market has relocated from Bluff Rd. in Richland County (across the street from USC's William Brice Stadium) to Lexington County on US Highway 321.

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.

The City plans to continue the development of the Cayce Riverwalk Park on the Congaree River through the extension of the Parkway to I-77. The City will partner with the River Alliance, Department of Natural Resources, S.C. Parks Recreation and Tourism, Lexington County and SCANA Corp to establish the "12,000 Year History Park". Cost estimates and construction schedules are unknown at this time.

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, 2011. 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 stormwater 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 has submitted paperwork for FY12 which we expect 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

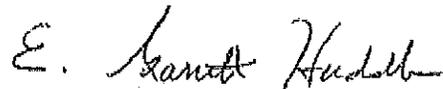
By June 30th of each year, the City enacts, through passage of an ordinance, a legal budget along with the establishment of property tax levy (millage) for the upcoming fiscal year. Annually, the City gathers information about assessed values of real and personal property located within the City limits. The total assessments are then applied to the applicable tax rates in order to determine estimated tax revenues. The City's FY 2012 budget appropriated General Fund expenditures are 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. Disclosures related to actuarial valuations and accounting treatment of the benefit in effect at June 30, 2012 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 Milhous 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

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

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

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

REPORT OF INDEPENDENT AUDITOR

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Cayce, South Carolina (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my 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, each major fund, and the aggregate remaining fund information of the City of Cayce, South Carolina, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

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.

— CONTINUED —



The combining and individual fund financial statements and other financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year summarized comparative information presented in the 2012 individual fund financial statements and schedules has been derived from the City's 2011 audited financial statements, and in my report dated October 11, 2011, expressed an unqualified opinion on those individual fund financial statements.

I did not audit the introductory and statistical sections of this report, and accordingly, do not express an opinion or any other form of assurance on this information.

A handwritten signature in black ink, reading "Robert E. McElroy, CPA, P.A." in a cursive style.

October 25, 2012
Columbia, South Carolina

City of Cayce, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2012

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, 2012. Please read it in conjunction with City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Per the Government-wide *Statement of Net Assets*, the City's total assets at year end June 30, 2012 were \$159.7 million and exceeded total liabilities by \$86.6 million. Of the total net assets at June 30, 2012, \$3.2 million were unrestricted and available to support short term operations of the City.

Per the Government-wide *Statement of Activities*, the City's total net assets increased by \$11.1 million for the year ended June 30, 2012. The Governmental Activities resulted in a net increase of \$.8 million, while the Business-type Activities contributed a positive net change in net assets of \$10.3 million, which was substantially funded by capital contributions recognized during the year.

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 Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets exceeded total liabilities by \$86.6 million at the close of June 30, 2012.

Below is a 'condensed' Statement of Net Assets at June 30, 2012, which depicts the major components of the City's assets, liabilities and net assets (with comparative amounts for June 30, 2011).

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Assets						
Cash and cash equivalents:						
Unrestricted	\$ 2,485,149	\$ 1,122,025	\$ 1,237,939	\$ 2,479,764	\$ 3,723,088	\$ 3,601,789
Restricted	1,403,669	1,439,002	18,495,344	13,680,356	19,899,013	15,119,358
Other current assets	365,293	413,147	2,243,788	2,338,138	2,609,081	2,751,285
Deferred charges, net of accumulated amortization	8,333	10,000	1,192,168	1,336,468	1,200,501	1,346,468
Capital assets, net of accumulated depreciation	6,725,571	6,179,762	125,569,984	107,938,537	132,295,555	114,118,299
Total assets	\$ 10,988,015	\$ 9,163,936	\$148,739,223	\$127,773,263	\$159,727,238	\$136,937,199
Liabilities and Net Assets						
Current liabilities	\$ 2,257,710	\$ 1,299,363	\$ 1,176,939	\$ 1,107,577	\$ 3,434,649	\$ 2,406,940
Current liabilities payable from restricted assets	406,460	390,562	6,891,033	7,745,910	7,297,493	8,136,472
Non-current liabilities	3,704,798	3,701,906	58,701,880	47,205,356	62,406,678	50,907,262
Total liabilities	6,368,968	5,391,831	66,769,852	56,058,843	73,138,820	61,450,674
Net invested in capital assets	3,847,244	3,542,010	66,405,669	58,750,650	70,252,913	62,292,660
Restricted	912,655	1,215,170	12,186,134	8,300,588	13,098,789	9,515,758
Unrestricted (deficit)	(140,852)	(985,075)	3,377,568	4,663,182	3,236,716	3,678,107
Total net assets	\$ 4,619,047	\$ 3,772,105	\$ 81,969,371	\$ 71,714,420	\$ 86,588,418	\$ 75,486,525

Of total net assets of \$86.6 million at June 30, 2012, (and \$75.5 million at June 30, 2011), \$4.6 million (and \$3.8 million in 2011) represents net assets of the City's Governmental Activities while \$82.0 million (and \$71.7 million in 2011) represents net assets of the City's Business-type Activities.

By far the largest portion of the City's net assets (\$70.3 million, or 81%) reflects its 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 assets, \$13.1 million, or 15.1% 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 (\$.9 million of Governmental Activities), and restricted net assets for debt service and capital projects (totaling \$12.2 million of the City's Business-type Activities) Water and Sewer Utility Fund. The remaining balance of *unrestricted net assets* (\$3.2 million, or 3.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

Government-Wide Financial Analysis (continued)

While Governmental Activities total assets and liabilities remained about the same in 2012 (as compared to 2011), Business-type Activities total assets increased in 2012 by approximately \$20.9 million primarily due to the continued construction of the new 25 million gallons per day (mgd) wastewater treatment plant (a \$65-70 million capital project scheduled for completion in the fall of 2012), plus collection and current system improvements.

Total Governmental Activities unrestricted net deficit decreased in 2012 primarily due to the City collecting settlements on business licenses previously disputed. However, a major fire in the City limits resulted in the City being liable for related costs of amounts exceeding \$1.0 million, which has been recorded as an extraordinary item (see further discussion herein).

Business-type restricted net assets increased in 2012 by \$10.3 million primarily due to capital contributions for the new wastewater treatment plant, while unrestricted net assets decreased in 2012 by approximately \$1.2 million primarily due to increased construction and debt payables, plus the continued implementation of GASB Statement #45 which records the City's post employment benefit actuary-determined liability for Business-type Activities.

The City's components of changes in net assets (condensed from the Statement of Activities) for FY 2012 and FY 2011 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenue						
Program Revenue:						
Charges for services	\$ 1,053,270	\$ 1,006,202	\$ 12,113,231	\$ 11,113,085	\$ 13,166,501	\$ 12,119,287
Operating grants and contributions	163,049	387,123	—	—	163,049	387,123
Capital grants and contributions	267,131	49,323	9,848,764	13,721,503	10,115,895	13,770,826
General revenue:						
Property taxes	3,756,223	3,408,455	—	—	3,756,223	3,408,455
State shared and unallocated intergovernmental	412,797	439,907	—	—	412,797	439,907
Licenses and other	4,087,220	2,909,802	—	—	4,087,220	2,909,802
Other	524,371	72,566	25,957	46,084	550,328	118,650
Total revenue	10,264,061	8,273,378	21,987,952	24,880,672	32,252,013	33,154,050
Expenses						
General government	224,912	497,316	—	—	224,912	497,316
Information technology	73,396	—	—	—	73,396	—
Finance	82,275	101,476	—	—	82,275	101,476
Public safety	4,514,375	3,878,041	—	—	4,514,375	3,878,041
Public works	1,305,014	1,187,652	—	—	1,305,014	1,187,652
Planning and development	595,472	3,297,107	—	—	595,472	3,297,107
Parks and museum	541,286	469,933	—	—	541,286	469,933
Garage	244,377	200,620	—	—	244,377	200,620
Depreciation and amortization (unallocated)	671,692	593,095	—	—	671,692	593,095
Interest	123,814	128,429	—	—	123,814	128,429
Water and sewer utility	—	—	11,733,001	10,873,285	11,733,001	10,873,285
Total expenses	8,376,613	10,353,669	11,733,001	10,873,285	20,109,614	21,226,954
Change in net assets before extraordinary item	1,887,448	(2,080,291)	10,254,951	14,007,387	12,142,399	11,927,096
Extraordinary Item – Fire	(1,040,506)	—	—	—	(1,040,506)	—
Changes in net assets	846,942	(2,080,291)	10,254,951	14,007,387	11,101,893	11,927,096
Beginning net assets	3,772,105	5,852,396	71,714,420	57,707,033	75,486,525	63,559,429
Ending net assets	\$ 4,619,047	\$ 3,772,105	\$ 81,969,371	\$ 71,714,420	\$ 86,588,418	\$ 75,486,525

Government-Wide Financial Analysis (continued)

As stated earlier, net assets in Governmental Activities had a total increase of \$846,942 in 2012 compared to a decrease of \$2,080,291 in 2011. This was primarily due to the City contributing over \$2.1 million toward the Cayce Tennis and Fitness Center in 2011. Net assets in Business-type Activities resulted in an increase of \$10.2 million in 2012 down from \$14.0 million in 2011, primarily resulting from fewer capital contributions received from developers (deeded infrastructure plus impact/capacity fees) and capital contributions from the Town of Lexington (Town) and the Lexington County Joint Water and Sewer Commission (Commission).

Key Governmental Activities revenue highlights are as follows: Total Program Revenue increased by \$40,802 in 2012 (or 3%) primarily due to increases in capital grants received for Parks and Recreation. While General Revenues of property taxes and related revenues increased (\$347,768 or 10% in 2012), state shared revenues decreased primarily due to the State reducing its local government support as a result of the state and local economy. Miscellaneous revenues increased from \$63,069 to \$520,318 primarily due to additional fees charged to the City's Utility Fund in 2012.

Governmental Activity expense changes between 2012 and 2011 resulted in the following: General Government and Finance expenses decreased by \$218,209 due to position vacancies and cost cutting measures. Public Works (which includes sanitation, street lighting, and public buildings) increased \$117,362, while Public Safety, Parks and Museum, and Garage had increased expenses in 2012 due to increased costs for operations.

Key Business-type Activity revenue highlights are as follows: Total Program Revenue decreased \$2,872,593 (or 11.6%) primarily due to decreases in capital contributions. Business-type Activity expense changes in 2012 resulted in an increase of \$859,716 (or 7.9%) due to increased costs of operations and related fuel costs. As stated above, capacity charges and other capital contributions from the Town and the Commission resulted in 103% of the total change in net assets for Business-type Activities in 2012.

Expenses and Program Revenues – Governmental Activities - Governmental expenses (totaling \$9.4 million) are funded in part by program-specific revenues of fees for services, grants and contributions. As shown below, Governmental Activities were overall funded by 15.8% 'program revenues', leaving 84.2% 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	\$ (224,912)	\$ —	\$ (224,912)	—	100%
Information technology	(73,396)	—	(73,396)	—	100%
Finance	(82,275)	—	(82,275)	—	100%
Public safety	(4,514,375)	752,605	(3,761,770)	16.7%	83.3%
Public works	(1,305,014)	432,704	(872,310)	33.1%	66.9%
Planning and development	(595,472)	27,757	(567,715)	4.7%	95.3%
Parks and museum	(541,286)	270,384	(270,902)	50.0%	50.0%
Garage	(244,377)	—	(244,377)	—	100%
Depreciation and amortization	(671,692)	—	(671,692)	—	100%
Interest	(123,814)	—	(123,814)	—	100%
Total before extraordinary item	(8,376,613)	1,483,450	(6,893,163)	17.7%	82.3%
Extraordinary Item – Fire	(1,040,506)	—	(1,040,506)	—	100%
Totals	\$ (9,417,119)	\$ 1,483,450	\$ (7,933,669)	15.8%	84.2%

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 2012.

General Revenues by Source – Governmental Activities

As shown in the table on the preceding page, General Revenues funded the City's Governmental Activities by 84.2% in the following categories.

	<u>2012</u>	<u>2011</u>
Property taxes	\$ 3,756,223	\$ 3,408,455
State shared revenue	412,797	439,907
Licenses and other	4,087,220	2,909,802
Investment earnings	4,053	9,497
Miscellaneous	520,318	63,069
Total	<u>\$ 8,780,611</u>	<u>\$ 6,830,730</u>

Overall, the City experienced a 28.6% increase in General Revenues (or \$1,949,881 from 2011 to 2012) primarily due to property taxes and business licenses.

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 \$12.1 million in 2012 (as compared to \$11.1 million in 2011) and includes water sales and connection fees of \$4.8 million plus \$7.0 million from sewer services and connection fees. Operating income at year ended June 30, 2012, totaled \$1,674,318 (as compared to \$1,413,968 in 2011). Capacity charges, consisting primarily of system enhancement, capacity (impact) fees, and capital contributions from the Town and the Commission totaled \$9.8 million in 2012 (as compared to \$13.7 million in 2011). The number of sewer customers grew nominally from 10,812 for 2011 to 12,150 for 2012. The number of water customers grew nominally from 8,337 for 2011 to 8,490 for 2012. As stated earlier, the change in net assets of the Water and Sewer Utility Fund (\$10.2 million) was primarily a result of capital contributions from the Town and the Commission.

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 2011, actual General Fund revenues for 2012 increased by \$1,652,863 (or 22%), primarily due to property tax collections, business licenses and grants. General Fund expenditures, net of Utility Fund overhead allocations and capital outlay, increased by \$1,261,726 (or 17.2%) from 2011 to 2012 primarily due to increased repairs, maintenance, and other costs associated with Public Safety, Planning and Community Development, and Public Works. The General Fund's 'final' budgeted revenues totaled \$8,110,361 and actual revenues achieved equaled \$9,102,636, or \$992,275 more than budget. The City had actual General Fund expenditures before Extraordinary Items of \$8,608,533, compared to a 'final' budget of \$8,904,763 for a favorable variance of \$296,230 for the fiscal year ended June 30, 2012.

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 unspent amounts for prior-year fund balance appropriation, GASB #45-OPEB annual required contribution, and employee merit/Christmas bonus/COLA pool, which respective category expenditures did not occur in fiscal year 2012 and resulted in a favorable budget-to-actual variance.

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 \$794,402, but actually achieved an increase of revenue over expenditures before Other Financing Sources and Uses and Extraordinary Item of \$494,103. The General Fund's other financing sources included \$755,402 in 2012 from an installment purchase contract for equipment.

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 2012 compared to 2011 actual amounts achieved.

General Fund	2012		Variances Favorable (Non- favorable)	2011
	Final Budget	Actual		Actual
Revenue				
Property taxes	\$ 2,921,423	\$ 2,991,471	\$ 70,048	\$ 2,730,057
Licenses and permits	3,065,070	4,145,714	1,080,644	2,945,593
Fines and forfeitures	335,000	316,604	(18,396)	328,356
State shared revenue	305,446	310,703	5,257	349,755
Current services	726,558	658,095	(68,463)	620,316
Grants and other	754,464	678,064	(76,400)	473,265
Interest income	2,400	1,985	(415)	2,431
Total revenue	<u>8,110,361</u>	<u>9,102,636</u>	<u>992,275</u>	<u>7,449,773</u>
Expenditures				
Current (net of Utility Fund overhead allocations and capital outlay):				
General government	251,950	237,577	14,373	243,093
Information technology	84,562	73,396	11,166	—
Finance	89,535	87,707	1,828	69,582
Public safety	4,498,213	4,544,851	(46,638)	3,336,985
Public works	1,274,690	1,321,336	(46,646)	1,085,494
Planning and community development	511,651	543,828	(32,177)	380,740
Parks and museum	570,890	548,525	22,365	404,681
Garage	254,251	250,402	3,849	165,610
Support services	976,882	618,680	358,202	934,028
Debt service	223,321	213,413	9,908	141,885
Capital outlay	168,818	168,818	—	584,709
Total expenditures	<u>8,904,763</u>	<u>8,608,533</u>	<u>296,230</u>	<u>7,346,807</u>
Excess (deficiency) of revenue over (under) expenditures	(794,402)	494,103	1,288,505	102,966
Other financing sources and (uses)	794,402	793,149	(1,253)	538,963
Net change before extraordinary tem	—	1,287,252	1,287,252	641,929
Extraordinary Item – Fire	—	(1,040,506)	(1,040,506)	—
Net change in fund balance	<u>\$ —</u>	<u>\$ 246,746</u>	<u>\$ 246,746</u>	<u>\$ 641,929</u>

General Fund Financial Analysis and Budgetary Highlights (continued)

Extraordinary Item - On June 29, 2012, the Worldwide Plastic Recycling Plant, on Foreman Street in the City of Cayce, caught on fire. The resulting air and water quality issues forced the City to hire an outside company to help contain and clean-up the fire and mitigate the environmental threats to the citizens of Cayce. The firefighting efforts and environmental cleanup cost totaled \$1,040,506, which the City hopes to recover from the property owners. (See *Note 12* for further discussion of the Extraordinary Item.)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2012, the City's investment in capital assets for its Governmental Activities totaled \$15.7 million, less accumulated depreciation of \$9.0 million for a net carrying value of \$6.7 million. For its Business-type Activities, total investment in capital assets equaled \$153.7 million, less accumulated depreciation of \$28.1 million for a net carrying value of \$125.6 million. The City's investment in 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 was 24 new public safety vehicles and a sanitation truck purchased via installment purchase arrangements. In addition to capital infrastructure and plant improvements for the Business-type Activities (Water and Sewer Utility Fund), the City continued constructing a new 25 million gallons per day (mgd) wastewater treatment plant. The cost of this new plant is estimated to exceed \$65 million. 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 \$3.4 million, and Business-type Activities of \$55.7 million. Governmental Activities debt consists of a tax increment financing (TIF) bond with an outstanding balance of \$2.2 million, and various installment purchase notes with an outstanding balance of \$1.2 million at June 30, 2012. During 2012, the City continued to draw from a State Revolving Fund (SRF) Loan, Series 2009 for the construction of the new wastewater treatment plant. The new wastewater treatment plant is scheduled to be completed in the Fall of 2012. Additional information on the City's long-term debt can be found in *Note 6* of this report.

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.

BASIC FINANCIAL STATEMENTS

CITY OF CAYCE, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,485,149	\$ 1,237,939	\$ 3,723,088
Receivables, net	279,352	2,105,413	2,384,765
Internal balances, net	44,328	(44,328)	—
Inventories	41,613	182,703	224,316
Restricted cash and cash equivalents	1,403,669	18,495,344	19,899,013
Total current assets	<u>4,254,111</u>	<u>21,977,071</u>	<u>26,231,182</u>
Non-current assets:			
Capital assets, net of depreciation	4,276,139	60,413,846	64,689,985
Capital assets not subject to depreciation	2,449,432	65,156,138	67,605,570
Deferred charges, net	8,333	1,192,168	1,200,501
Total non-current assets	<u>6,733,904</u>	<u>126,762,152</u>	<u>133,496,056</u>
Total Assets	<u>\$ 10,988,015</u>	<u>\$ 148,739,223</u>	<u>\$ 159,727,238</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 1,242,640	\$ 380,453	\$ 1,623,093
Accrued expenses and other liabilities	278,491	95,132	373,623
Accrued compensated absences – current portion	129,128	27,313	156,441
Construction contracts & retainages payable	79,602	219,813	299,415
Unearned revenue, deposits and prepayments	61,629	454,228	515,857
Performance bond – restricted	87,972	—	87,972
Installment purchase contracts payable – current portion	378,248	—	378,248
Current liabilities payable from restricted assets	406,460	6,891,033	7,297,493
Total current liabilities	<u>2,664,170</u>	<u>8,067,972</u>	<u>10,732,142</u>
Long-term (non-current) liabilities:			
Installment purchase contracts payable	838,859	—	838,859
Future capacity charges and credits	—	5,304,986	5,304,986
SRF loans payable	—	34,093,159	34,093,159
TIF and revenue bonds payable	1,813,087	18,824,143	20,637,230
Accrued compensated absences	238,651	50,922	289,573
Other post-employment benefit (OPEB) obligation	814,201	428,670	1,242,871
Total long-term liabilities	<u>3,704,798</u>	<u>58,701,880</u>	<u>62,406,678</u>
Total liabilities	<u>6,368,968</u>	<u>66,769,852</u>	<u>73,138,820</u>
Net assets:			
Invested in capital assets, net of related debt	3,847,244	66,405,669	70,252,913
Restricted for:			
Debt service	497,847	6,213,598	6,711,445
Capital projects	375	5,972,536	5,972,911
Community development and tourism	322,195	—	322,195
Law enforcement	92,238	—	92,238
Unrestricted (deficit)	(140,852)	3,377,568	3,236,716
Total net assets	<u>4,619,047</u>	<u>81,969,371</u>	<u>86,588,418</u>
Total Liabilities and Net Assets	<u>\$ 10,988,015</u>	<u>\$ 148,739,223</u>	<u>\$ 159,727,238</u>

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

Functions and Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ (224,912)	\$ —	\$ —	\$ —	\$ (224,912)	\$ —	\$ (224,912)
Information technology	(73,396)	—	—	—	(73,396)	—	(73,396)
Finance	(82,275)	—	—	—	(82,275)	—	(82,275)
Public safety	(4,514,375)	617,463	135,142	—	(3,761,770)	—	(3,761,770)
Public works	(1,305,014)	432,704	—	—	(872,310)	—	(872,310)
Planning and community development	(595,472)	—	27,757	—	(567,715)	—	(567,715)
Parks and museum	(541,286)	3,103	150	267,131	(270,902)	—	(270,902)
Garage	(244,377)	—	—	—	(244,377)	—	(244,377)
Depreciation and amortization (unallocated)	(671,692)	—	—	—	(671,692)	—	(671,692)
Interest	(123,814)	—	—	—	(123,814)	—	(123,814)
Total governmental activities	(8,376,613)	1,053,270	163,049	267,131	(6,893,163)	—	(6,893,163)
Business-type activities:							
Water and sewer utility	(11,733,001)	12,113,231	—	9,848,764	—	10,228,994	10,228,994
Total business-type activities	(11,733,001)	12,113,231	—	9,848,764	—	10,228,994	10,228,994
Total functions and programs	\$ (20,109,614)	\$ 13,166,501	\$ 163,049	\$ 10,115,895	(6,893,163)	10,228,994	3,335,831
General Revenue							
General Revenue:							
Property taxes					3,756,223	—	3,756,223
State shared and unallocated intergovernmental (unrestricted)					412,797	—	412,797
Business licenses, taxes, and penalties					4,087,220	—	4,087,220
Unrestricted investment earnings					4,053	26,801	30,854
Miscellaneous					520,318	(844)	519,474
Total general revenue					8,780,611	25,957	8,806,568
Changes in net assets before extraordinary item					1,887,448	10,254,951	12,142,399
Extraordinary Item - Fire					(1,040,506)	—	(1,040,506)
Changes in net assets					846,942	10,254,951	11,101,893
Net Assets—beginning of year					3,772,105	71,714,420	75,486,525
Net Assets—end of year					\$ 4,619,047	\$ 81,969,371	\$ 86,588,418

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,233,648	\$ —	\$ 251,501	\$ 2,485,149
Receivables, net	101,926	—	2,175	104,101
Due from other funds	44,328	—	—	44,328
Inventories	41,613	—	—	41,613
Restricted assets:				
Cash and cash equivalents	91,491	717,567	594,611	1,403,669
Total assets	\$ 2,513,006	\$ 717,567	\$ 848,287	\$ 4,078,860
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,242,640	\$ —	\$ —	\$ 1,242,640
Accrued liabilities	230,502	—	14,908	245,410
Construction contract and retainages	—	—	79,602	79,602
Other liabilities	33,081	—	—	33,081
Deferred revenue	—	—	9,421	9,421
Deposits and prepayments	52,208	—	—	52,208
Performance bond – restricted	87,972	—	—	87,972
Total liabilities	1,646,403	—	103,931	1,750,334
Fund balances:				
Nonspendable in:				
Inventories	41,613	—	—	41,613
Restricted for:				
Victims Rights Assistance	88,698	—	—	88,698
Redevelopment plan	—	717,567	—	717,567
Tourism and community development	—	—	147,453	147,453
Law enforcement	—	—	3,540	3,540
ABC permit	—	—	11,898	11,898
Museum	—	—	83,618	83,618
Debt service	—	—	497,847	497,847
UST program	25,000	—	—	25,000
	113,698	717,567	744,356	1,575,621
Assigned for:				
Christmas in Cayce	9,729	—	—	9,729
Congaree Bluegrass Festival	7,532	—	—	7,532
	17,261	—	—	17,261
Unassigned	694,031	—	—	694,031
Total fund balances	866,603	717,567	744,356	2,328,526
Total liabilities and fund balances	\$ 2,513,006	\$ 717,567	\$ 848,287	

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

— CONTINUED —

**Reconciliation to amounts reported for governmental activities in the
Statement of Net Assets (See Note 14):**

Capital assets used in governmental activities are not financial resources and therefore, are not reported in these funds.	6,725,571
Other assets not available to pay for current period expenditures and therefore, not reported in the funds.	183,584
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	<u>(4,618,634)</u>
Net Assets, end of year – Governmental Activities	<u>\$ 4,619,047</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, 2012

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 2,991,471	\$ —	\$ 729,987	\$ 3,721,458
Licenses and permits	4,145,714	—	—	4,145,714
Fines and forfeitures	316,604	—	—	316,604
State shared revenue	310,703	—	136,841	447,544
Current services	658,095	—	—	658,095
Grants and other	678,064	269,744	22,766	970,574
Interest income	1,985	857	1,212	4,054
Total revenue	9,102,636	270,601	890,806	10,264,043
Expenditures				
Current:				
General government	237,577	—	—	237,577
Information technology	73,396	—	—	73,396
Finance	87,707	—	—	87,707
Public safety	4,544,851	—	21,781	4,566,632
Public works	1,321,336	—	—	1,321,336
Planning and community development	543,828	320	59,147	603,295
Parks and museum	548,525	—	956	549,481
Garage	250,402	—	—	250,402
Non-departmental and support services	618,680	—	—	618,680
Debt service	213,413	—	489,231	702,644
Capital outlay	168,818	126,320	165,293	460,431
Total expenditures	8,608,533	126,640	736,408	9,471,581
Excess (deficiency) of revenue over expenditures	494,103	143,961	154,398	792,462
Other Financing Sources (Uses)				
Installment purchase contract	755,402	—	—	755,402
Transfers in	37,747	400,000	—	437,747
Transfers (out)	—	—	(437,747)	(437,747)
Total other financing sources (uses)	793,149	400,000	(437,747)	755,402
Net change in fund balances before extraordinary item	1,287,252	543,961	(283,349)	1,547,864
Extraordinary Item				
Fire	(1,040,506)	—	—	(1,040,506)
Net change in fund balances	246,746	543,961	(283,349)	507,358
Fund balances, beginning of year	619,857	173,606	1,027,705	1,821,168
Fund balances, end of year	\$ 866,603	\$ 717,567	\$ 744,356	\$ 2,328,526

— 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 14):	
Net change in fund balances – total governmental funds	\$ 507,358
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.	545,808
Revenues in the Statement of Activities that do not provide current financial resources are reported as revenues in these funds.	20
Expenses in the Statement of Activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in these funds.	(136,378)
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.	(69,866)
Change in Net Assets — Governmental Activities	<u>\$ 846,942</u>

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

JUNE 30, 2012

	<u>Business-type Activities – Enterprise Fund Water and Sewer Utility</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,237,939
Receivables, net:	
Water and sewer accounts	1,866,238
Other accounts	239,175
Inventories	182,703
	<hr/>
Restricted cash and cash equivalents	3,526,055
Total current assets	18,495,344
	<hr/>
Non-current assets:	
Capital assets, net of depreciation	60,413,846
Capital assets not subject to depreciation	65,156,138
Deferred charges, net	1,192,168
Total non-current assets	126,762,152
	<hr/>
Total assets	<u>\$ 148,783,551</u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 380,453
Accrued payroll and related taxes	93,921
Accrued compensated absences – current portion	27,313
Construction contracts and retainage payable	219,813
Other liabilities	1,211
Due to other funds (internal balance)	44,328
Customer deposits and prepayments	454,228
Current liabilities payable from restricted assets	6,891,033
Total current liabilities	8,112,300
	<hr/>
Long-term (non-current) liabilities:	
Accrued compensated absences	50,922
SRF loans payable	34,093,159
Revenue bonds payable	18,824,143
Future capacity charges and credits	5,304,986
Other post-employment benefit (OPEB) obligation	428,670
Total long-term liabilities	58,701,880
Total liabilities	66,814,180
	<hr/>
Net assets:	
Invested in capital assets, net of related debt	66,405,669
Restricted for:	
Debt service	6,213,598
Capital projects	5,972,536
Unrestricted	3,377,568
Total net assets	81,969,371
	<hr/>
Total liabilities and net assets	<u>\$ 148,783,551</u>

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	Business-type Activities – Enterprise Fund Water and Sewer Utility
Operating Revenue (pledged as security for revenue bonds)	
Water:	
Sales	\$ 4,732,797
Connection fees	82,864
Sewer:	
Service charges	6,958,593
Connection fees	6,662
Re-connection fees	43,220
Penalties	189,722
Miscellaneous income	99,373
Total operating revenue	12,113,231
Operating Expenses	
Administrative	732,536
Water treatment plant	1,154,592
Water distribution and maintenance	1,211,603
Wastewater treatment plant	2,125,008
Sewer collection and outfall lines	1,062,030
Non-departmental and support services	1,721,256
Depreciation and amortization expense	2,431,888
Total operating expenses	10,438,913
Operating income	1,674,318
Non-Operating Revenue (Expenses)	
Interest income	26,801
Gains from sale, disposal of equipment	(844)
Interest expense	(1,194,731)
Bond issuance and refinancing loss amortized	(92,124)
Fiscal agent fees	(7,233)
Total non-operating revenue (expenses)	(1,268,131)
Income before contributions	406,187
Capital Contributions	
Capacity charges and other capital contributions	9,848,764
Net income	10,254,951
Net assets, beginning of year	71,714,420
Net assets, end of year	\$ 81,969,371

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities— Enterprise Fund Water and Sewer Utility</u>
Cash Flows from Operating Activities	
Cash received from:	
Usage fees	\$ 11,710,113
Tap fees	89,526
Service and miscellaneous charges	332,312
Cash paid to (for):	
Employee salaries and related costs	(2,975,295)
Water treatment and distribution costs	(1,779,372)
Sewer treatment and collection costs	(1,229,995)
Other supplies and miscellaneous costs	(2,055,879)
Net cash provided by operating activities	<u>4,091,410</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from SRF loan	13,228,614
Proceeds from sale of capital assets	(839)
Acquisition and construction of capital assets	(19,487,274)
Interest and fiscal agent fees paid on capital related debt	(1,380,212)
Principal payments on bonds and notes	(2,014,851)
Capacity charges and other capital contributions	9,109,514
Net cash (used in) capital and related financing activities	<u>(545,048)</u>
Cash Flows from Investing Activities	
Interest received	26,801
Net cash provided by investing activities	<u>26,801</u>
Net increase in cash and cash equivalents	3,573,163
Cash and cash equivalents, beginning of year (of which \$13,680,356 is restricted)	<u>16,160,120</u>
Cash and cash equivalents, end of year (of which \$18,495,344 is restricted)	<u>\$ 19,733,283</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 1,674,318
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation and amortization expense	2,431,888
Changes in certain assets and liabilities:	
Increase in accounts receivable	(12,013)
Increase in inventory	81,521
Decrease in accounts payable/accrued liabilities	(172,138)
Increase in amounts due to/from others	24,842
Increase in customer deposits and prepayments	30,737
Increase in other post-employment benefit (OPEB) obligation	24,198
Increase in accrued compensated absences	8,057
Net cash provided by operating activities	<u>\$ 4,091,410</u>
Supplemental disclosure of non-cash capital and related financing activities	
Contributed property by developers	\$ 739,249
Amortization of bond issuance costs	\$ (92,124)
Capitalized interest	\$ 647,993

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 130,491
Total assets	<u>\$ 130,491</u>
Liabilities	
Amounts due to others	\$ 130,491
Total liabilities	<u>\$ 130,491</u>

See accompanying notes to financial statements.

CITY OF CAYCE, SOUTH CAROLINA

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

1. Summary of Significant Accounting Policies

A. Reporting Entity

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.

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, as amended, established new financial reporting requirements for governments and caused to restructure much of the information that the City presented in the past. The more significant of the government's accounting policies are described below.

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 Assets 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. At June 30, 2012, there were no material component units of the City.

The Statement of Net Assets reports all financial and capital resources of the City and reports the difference between assets and liabilities as "net assets" 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.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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.

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; 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.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Governmental Funds (Continued)

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 Assets and (if applicable) a Statement of Changes in Fiduciary Net Assets.

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, 2012, 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 can not use those assets to finance its operations.

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.

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

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 assets and revenues, expenses and changes in net assets 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.

The City has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989, in its accounting and reporting practices for its enterprise fund operations.

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 \$8,904,763, plus \$1,690,835 Utility Fund 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 \$12,348,783 (including operation and maintenance of \$9,304,845, capital improvements, debt service principal amounts and coverages totaling \$3,043,938). Actual operating expenses totaled \$10,438,913 (including a charge of \$2,431,888 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, 2012.

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

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 Assets and have been eliminated. Amounts payable to the Governmental activities from the Business-type activities are reported as contra-assets in the Proprietary fund financial statements for consistency and clarity in presentation. 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.

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.

Deferred Charges (Other Assets)

Bond issuance costs, as well as bond premiums and discounts, are deferred and amortized over the life of the related bond issue using the straight-line method.

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.

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

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.

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, 2012. 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 Assets. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, and outstanding portions due on long-term contracts. 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.

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)

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%. 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.

Deferred (or 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 deferred revenue or unearned revenue. Unearned revenue in the Government-wide and in the Proprietary Fund financial statements, is represented by various deposits on contracts. In the Governmental Fund financial statements certain assets that are not yet available to finance expenditures for the current fiscal period are classified as deferred revenue.

Net Assets and Fund Balances

In the Government-wide financial statements, the difference between the City's total assets and total liabilities represents net assets. Net assets for both the governmental and proprietary fund types displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net assets represent the net 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. "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. "Unassigned" fund balance is the residual classification representing fund balance that has not been restricted, committed, or assigned to a specific purpose. Due to its form of government (Council-Manager), the City Manager is authorized to assign amounts to 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)

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.

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).

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)

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.

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, 2012, the City had the following cash and investment balances:

Cash on hand	\$ 1,450
Carrying amount of deposits	13,560,785
Carrying amount of investments	6,774,629
Funds held in trust by State	<u>3,415,728</u>
Total	<u><u>\$ 23,752,592</u></u>
 Statement of Net Asset balances:	
Cash and cash equivalents	\$ 3,723,088
Cash and cash equivalents – restricted	19,899,013
Cash and cash equivalents – fiduciary	<u>130,491</u>
Total	<u><u>\$ 23,752,592</u></u>
 Investments are categorized as follows:	
U.S. Treasuries and Agency Notes	\$ 104,991
State Treasurer’s Investment pool	12,677
Money Market Funds	<u>6,656,961</u>
Total	<u><u>\$ 6,774,629</u></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, 2012, the carrying amount of the City’s cash deposits with financial institutions was \$13,560,785 and the financial institution’s balances totaled \$13,747,993. Of this balance, \$1,016,445 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, 2012, amounted to \$450. 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, 2012, the City had the following investments subject to interest rate risk:

	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasuries and Agency Notes	\$ 104,991	August 30, 2012
State Treasurer's Investment Pool	12,677	60 days weighted average of portfolios
Money Market Funds	6,656,961	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, 2012, 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 98% respectively, of the City's total investments.

3. Receivables

Receivables at June 30, 2012, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 1,485,360	\$ —
Solid waste (sanitation) user fees	25,953	—
Water and sewer accounts	—	1,901,238
Other	42,761	239,175
Housing assistance notes receivable	11,258	—
Due from other governments:		
General Fund:		
State shared revenue	62,474	—
Special Revenue Fund:		
Accommodations tax	24,435	—
ABC Permit Fund:		
Due from state government	1,800	—
Payment in lieu of taxes	4,575	—
Gross receivables	1,658,616	2,140,413
Less, allowance for uncollectible	(1,379,264)	(35,000)
Net total receivables	\$ 279,352	\$ 2,105,413

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, 2012, were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 44,328	\$ —
Water and Sewer Fund	—	44,328
	\$ 44,328	\$ 44,328

Net internal balances shown on the Statement of Net Assets resulted from short-term loans between individual funds.

5. Capital Assets

A summary of the changes in the City's capital assets during the year ended June 30, 2012, are as follows:

Governmental Activities:

	Balance June 30, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land and rights-of-way	\$ 2,244,246	\$ —	\$ —	\$ —	\$ 2,244,246
Construction in progress	259,984	291,613	—	(346,411)	205,186
Total capital assets not being depreciated	2,504,230	291,613	—	(346,411)	2,449,432
Capital assets being depreciated:					
Land improvements	3,711,944	—	—	346,411	4,058,355
Buildings and improvements	1,420,876	87,642	—	—	1,508,518
Furniture, vehicles, equipment	7,151,194	836,579	(283,516)	—	7,704,257
Totals capital assets being depreciated	12,284,014	924,221	(283,516)	346,411	13,271,130
Less, accumulated depreciation for:					
Land improvements	(1,604,918)	(297,635)	—	—	(1,902,553)
Buildings and improvements	(1,047,012)	(31,569)	—	—	(1,078,581)
Furniture, vehicles, equipment	(5,956,552)	(340,821)	283,516	—	(6,013,857)
Total accumulated depreciation	(8,608,482)	(670,025)	283,516	—	(8,994,991)
Total capital assets being depreciated, net	3,675,532	254,196	—	346,411	4,276,139
Net capital assets – Governmental Activities	\$ 6,179,762	\$ 545,809	\$ —	\$ —	\$ 6,725,571

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. Capital Assets (Continued)

Business-Type Activities:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital assets not being depreciated:					
Land and rights-of-way	\$ 330,568	\$ —	\$ —	\$ —	\$ 330,568
Construction in progress	48,898,842	16,836,887	—	(910,159)	64,825,570
Total capital assets not being depreciated	<u>49,229,410</u>	<u>16,836,887</u>	<u>—</u>	<u>(910,159)</u>	<u>65,156,138</u>
Capital assets being depreciated:					
Water plant and distribution system	35,950,029	904,661	—	184,696	37,039,386
Wastewater plant and collection system	44,600,076	1,332,658	—	725,463	46,658,197
Furniture, vehicles, equipment	3,928,022	944,944	(33,840)	—	4,839,126
Total capital assets being depreciated	<u>84,478,127</u>	<u>3,182,263</u>	<u>(33,840)</u>	<u>910,159</u>	<u>88,536,709</u>
Less, accumulated depreciation for:					
Water plant and distribution system	(11,406,355)	(993,000)	—	—	(12,399,355)
Wastewater plant and collection system	(11,887,252)	(1,097,378)	—	—	(12,984,630)
Furniture, vehicles, equipment	(2,475,393)	(289,335)	25,850	—	(2,738,878)
Total accumulated depreciation	<u>(25,769,000)</u>	<u>(2,379,713)</u>	<u>25,850</u>	<u>—</u>	<u>(28,122,863)</u>
Total capital assets being depreciated, net	<u>58,709,127</u>	<u>802,550</u>	<u>(7,990)</u>	<u>910,159</u>	<u>60,413,846</u>
Net capital assets -- Business-type Activities	<u>\$ 107,938,537</u>	<u>\$ 17,639,437</u>	<u>\$ (7,990)</u>	<u>\$ —</u>	<u>\$125,569,984</u>

For the year ended June 30, 2012, 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 \$647,993 was capitalized as part of the construction in progress for Business-type Activities at June 30, 2012.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Long-Term Debt

Long-term debt of the City at June 30, 2012, 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.	\$ 2,219,547
Installment purchase contract, (fire truck) dated October 29, 2002, interest at 4.95 percent per annum, due on or before October 29, 2012.	49,837
Installment purchase contract, (SCBA equipment) dated May 27, 2010, interest at 2.99 percent per annum, due on or before May 15, 2015.	96,413
Installment purchase contract, (pumper fire truck) dated October 5, 2010, interest at 2.53 percent per annum, due on or before November 9, 2015.	404,523
Installment purchase contract, (sanitation vehicle) dated January 10, 2012, interest at 1.83 percent per annum, due on or before January 10, 2016.	521,113
Installment purchase contract, (24 vehicles) dated December 6, 2011, interest at 1.93 percent per annum, due on or before December 5, 2014.	145,222
	3,436,655
Less, current portions (due within one year):	
TIF Revenue Bond, Series 2002 payable	(406,460)
Installment purchase contracts payable	(378,248)
Total long-term debt – Governmental Activities	\$ 2,651,947

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.	\$ 1,046,396
Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2004, interest (2.00% - 4.00% per annum) payable semi-annually, final payment due July 1, 2015.	3,680,000
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	16,430,000
Clean Water State Revolving Funds Loan (SRF), Series 2009, interest (2.25% per annum) payable quarterly, final payment due March 1, 2032.	<u>34,528,152</u> <u>55,684,548</u>
Add:	
Series 2004 Bond premium	25,168
Series 2007A Bond premium	555,329
Series 2007A Bond refunding loss	(201,354)
Less, current portions (due within one year):	
Water and Sewer Bonds payable (2004 and 2007A)	(1,665,000)
State Revolving Fund Loans (2002 and 2009)	<u>(1,481,389)</u>
Total long-term debt – Business-type Activities	<u>\$ 52,917,302</u>

The City obtained financing through the State of South Carolina Clean Water State Revolving Funds (SRF), Series 2009, for the construction of a new wastewater treatment facility in the total amount of \$34,874,535. Interest of \$1,141,301, at a fixed rate of 2.25% for 20 years, was capitalized through the construction period and included in the total loan amount. At June 30, 2012, the City had only drawn on the loan a total of \$30,317,506. Due to the loan's permanent amortization of the total debt, which began March 1, 2012, the City has recorded a restricted asset for the undrawn portion (totaling \$3,415,728) as funds held in trust for project construction.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Long-Term Debt (Continued)

C. Changes in Long-Term Debt

Changes in the long-term debt of the City during the year ended June 30, 2012, were as follows:

	<u>Date of Issue</u>	<u>Outstanding 6/30/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding 6/30/12</u>
Governmental Activities:					
TIF Revenue Bonds	10/24/02	\$ 2,610,109	\$ —	\$ (390,562)	\$ 2,219,547
Installment purchase contracts	Various	\$ 756,680	\$ 755,402	\$ (294,974)	\$ 1,217,108
Accrued compensated absences	—	\$ 341,016	\$ 26,763	\$ —	\$ 367,779
Business-type Activities:					
Clean Water State Revolving Funds Loan	12/01/02	\$ 1,119,864	\$ —	\$ (73,468)	\$ 1,046,396
Water and Sewer System Refunding and Improvement Revenue Bonds	7/15/04	\$ 4,515,000	\$ —	\$ (835,000)	\$ 3,680,000
Water and Sewer System Refunding and Improvement Revenue Bonds	9/11/07	\$ 17,190,000	\$ —	\$ (760,000)	\$ 16,430,000
Clean Water State Revolving Funds Loan	9/15/09	\$ 21,299,538	\$ 13,574,997	\$ (346,383)	\$ 34,528,152
Accrued compensated absences	—	\$ 70,178	\$ 33,269	\$ (25,212)	\$ 78,235

Accrued compensated absences due within one year for the Governmental Activities total \$129,128 and for Business-type Activities total \$27,313 at June 30, 2012.

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:			
2013 (due within one year)	\$ 85,393	\$ 406,460	\$ 491,853
2014	68,848	423,005	491,853
2015	51,629	440,224	491,853
2016	33,709	458,144	491,853
2017	15,060	476,793	491,853
2018	302	14,921	15,223
	<u>\$ 254,941</u>	<u>\$ 2,219,547</u>	<u>\$ 2,474,488</u>
Installment Purchase			
Contracts:			
2013 (due within one year)	\$ 26,243	\$ 378,248	\$ 404,491
2014	16,617	335,570	352,187
2015	9,433	312,980	322,413
2016	3,167	190,310	193,477
	<u>\$ 55,460</u>	<u>\$ 1,217,108</u>	<u>\$ 1,272,568</u>

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Long-Term Debt (Continued)

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

	Interest	Principal	Total Requirements
Business-type Activities:			
SRF Loan, Series 2002:			
2013 (due within one year)	\$ 38,175	\$ 76,262	\$ 114,437
2014	35,275	79,162	114,437
2015	32,265	82,172	114,437
2016	29,139	85,298	114,437
2017	25,896	88,541	114,437
2018-2022	76,333	495,852	572,185
2023-2027	3,937	139,109	143,046
	<u>\$ 241,020</u>	<u>\$ 1,046,396</u>	<u>\$ 1,287,416</u>
Revenue Bonds, Series 2004:			
2013 (due within one year)	\$ 129,800	\$ 870,000	\$ 999,800
2014	94,400	900,000	994,400
2015	57,600	940,000	997,600
2016	19,400	970,000	989,400
	<u>\$ 301,200</u>	<u>\$ 3,680,000</u>	<u>\$ 3,981,200</u>
Revenue Bonds, Series 2007A:			
2013 (due within one year)	\$ 796,594	\$ 795,000	\$ 1,591,594
2014	762,063	830,000	1,592,063
2015	725,075	860,000	1,585,075
2016	685,250	910,000	1,595,250
2017	618,050	1,780,000	2,398,050
2018-2022	1,596,137	8,515,000	10,111,137
2023-2027	385,494	2,230,000	2,615,494
2028	11,794	510,000	521,794
	<u>\$ 5,580,457</u>	<u>\$ 16,430,000</u>	<u>\$ 22,010,457</u>
SRF Loan, Series 2009			
2013 (due within one year)	\$ 765,083	\$ 1,405,127	\$ 2,170,210
2014	733,200	1,437,010	2,170,210
2015	700,594	1,469,616	2,170,210
2016	667,247	1,502,963	2,170,210
2017	633,144	1,537,066	2,170,210
2018-2022	2,626,468	8,224,582	10,851,050
2023-2027	1,650,049	9,201,001	10,851,050
2028-2032	557,708	9,750,787	10,308,495
	<u>\$ 8,333,493</u>	<u>\$ 34,528,152</u>	<u>\$ 42,861,645</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 a contract with the City of Cayce to remit annually sums of money (\$114,437) to reimburse the City for the SRF Loan debt service. Such contract and receipt of revenue are contingent based on the annual budget appropriated by the Town of Springdale.

There are a number of limitations and restrictions contained in the revenue bonds indentures, all of which the City complied at June 30, 2012.

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. Deferred Charges

Bond issuance costs along with related accumulated amortization are as follows:

	Original Amounts	Accumulated Amortization	Net Carrying Amounts
<u>Governmental Activities:</u>			
2002 TIF Revenue Bond	\$ 25,000	\$ 16,667	\$ 8,333
<u>Business-type Activities:</u>			
Contract Obligations	\$ 803,883	\$ 122,660	\$ 681,223
Series 2002, SRF Loan	15,927	7,963	7,964
Series 2004, Refunding Revenue Bonds	684,991	547,993	136,998
Series 2007A, Refunding Revenue Bonds	338,817	84,704	254,113
Series 2009, SRF Loan	117,758	5,888	111,870
	\$ 1,961,376	\$ 769,208	\$ 1,192,168

Bond refunding gains or losses are being amortized over the shorter of the bond life, with such amounts reported net of long-term debt. The Series 2007A bond refunding resulted in a loss of \$345,179, and with an accumulated amortization amount equal to \$143,825, results in a net carrying amount of \$201,354 at June 30, 2012.

Amortized bond issue costs totaled \$1,667 for Governmental Activities and \$92,124 for Business-type Activities for the year ended June 30, 2012. Amortized contract obligation expense totaled \$52,177 for business-type activities.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Net Assets

Net assets of the Government-wide and Proprietary Fund financial statements represent the difference between assets and liabilities. Reported amounts for invested in capital assets and restricted net assets were as follows:

	Governmental Activities	Business-type Activities
<u>Invested in Capital Assets, Net of Related Debt:</u>		
Net capital assets	\$ 6,725,571	\$ 125,569,984
Less, revenue bonds payable	(1,493,646)	(22,742,946)
Less, construction loan payable	—	(33,005,267)
Less, construction and retainages payable	(167,574)	(3,416,102)
Less, installment purchase contracts	(1,217,107)	—
Total invested in capital assets, net of related debt	\$ 3,847,244	\$ 66,405,669
	Governmental Activities	Business-type Activities
<u>Restricted:</u>		
Restricted cash and cash equivalents:		
Debt service	\$ 512,755	\$ 6,761,952
Capital projects	717,567	11,731,750
Housing	79,226	—
Community development	2,630	—
Less, liabilities payable from restricted assets	(732,475)	(6,307,568)
Victim's Rights Assistance	88,698	—
Tourism	144,823	—
Law enforcement	3,540	—
ABC permit activities	11,898	—
Museum	83,618	—
Rental rehabilitation	375	—
Total restricted net assets	\$ 912,655	\$ 12,186,134

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 Retirement Systems, a Division of the State Budget and Control Board of South Carolina. Actuarial determinations are made by the administrators for the system.

The City's total covered payroll for the year ended June 30, 2012, was approximately \$6,927,435 of which \$4,396,115 was for substantially all employees covered by SCRS and \$2,531,320 was for PORS covered employees.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Employee Retirement (Continued)

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 twelve consecutive quarters of compensation for non-public safety employees and 2.14 percent for public safety employees.

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.

State statutes also determine the levels of contributions required by both employers and employees. Non-public safety members are required to contribute 6.50 percent (effective 7-1-06) of their compensation. Under this system, the City's contributions were 9.24 percent (effective 7-1-10 previously 9.09 percent) of each member employee's compensation, which included .15 percent of group life coverage. For FY 11-12 the contribution increased to 9.385 percent. Required and actual contributions to SCRS by the city for the years ending June 30, 2012, 2011 and 2010 were \$422,040, \$382,312, and \$350,459 respectively. For public safety employees, amounts equaled 6.5 percent for member employees' contributions and 11.3 percent (effective 7-1-10) for the City's contribution, which included .2 percent of group life and .2 percent of accidental death coverage. As of July 1, 2011, the contribution increased to 11.363 percent. Required and actual contributions to PORS by the city for the years ending June 30, 2012, 2011 and 2010 were \$297,759, \$274,782, and \$252,436 respectively. The City contributed 100% of the required contribution for each of the plans for the years ending June 30, 2012, 2011, and 2010.

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.

TERI Program

The Teacher and Employee Retention Incentive Program (TERI), is deferred retirement option plan offered by the SCRS and available to City employees. Active SCRS members eligible for service retirement after January 1, 2002 may continue employment after retirement for up to 5 years with no income limitation.

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 \$489.78 for the retiree and \$514.70 for the spouse for the year ended June 30, 2012. The retiree pays nothing for retiree only coverage and pays the full premium rate of \$514.70 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 net assets. At June 30, 2012, the City had five retired employees with an average age of 59 years covered by the program with monthly premium costs averaging \$490 per participant. Total expenses incurred by the City for the year ended June 30, 2012 were \$22,542 or 12.82% of the annual required contribution and have been incurred by the General Fund and \$5,865 have been incurred by the Proprietary Fund. For prior fiscal years' 2011 and 2010, total funding expenses were \$12,973 and \$3,218, respectively. The City contributed 17.7%, 3.3%, and 1.0% of the annual other post-employment benefit cost for the years ended June 30, 2012, 2011, and 2010, 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	\$ 64,831
Amortization of UAL	110,993
Annual required contribution (ARC)	<u>175,824</u>
Interest on net other post-employment benefit (OPEB) obligation	49,982
Adjustment to required annual contribution	<u>(65,253)</u>
Annual other post-employment benefit (OPEB) cost	160,553
Contributions made	<u>(28,407)</u>
Increase in net other post-employment benefit (OPEB) obligation	132,146
Net other post-employment benefit (OPEB) obligation – beginning of year	<u>1,110,725</u>
Net other post-employment benefit (OPEB) obligation – end of year	<u><u>\$ 1,242,871</u></u>

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 \$395,757 and \$378,874 for the prior fiscal years 2011 and 2010, respectively. The City's net other Post-employment benefit (OPEB) obligation was \$1,110,725 and \$727,941 for the prior fiscal years 2011 and 2010, 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, 2011, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan at July 1, 2008) was \$6,927,435, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 26 percent.

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, 2011, 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.

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 officials 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 blanket coverage up to \$50.968 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, 2012, 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, 2012, were as follows:

Contributed property by developers	\$ 739,249
Capacity charges	1,009,762
Other contributions	8,099,753
Total capacity charges and other capital contributions recognized	<u>\$ 9,848,764</u>

12. Commitments

New Sewer Treatment Facility

The City has been designated by the Central Midlands Council of Governments and the South Carolina Department of Health and Environmental Control (SCDHEC), pursuant to Section 208 of the Clean Water Act, 33 U.S.C. 1251, et seq., as the regional wastewater treatment provider. Accordingly, the City is currently designing and engineering an expanded 25 million gallon per day wastewater treatment plant (WWTP) at an estimated construction cost of approximately \$65 million. On August 28, 2009, the City established the "Wastewater Service Agreement" with the Town of Lexington, South Carolina and the Lexington County Joint Municipal Water and Sewer Commission to allocate plant capacity (12.462MGD and 4.6i26 MGD, respectively) for servicing their respective sewage flows. Construction of the facility is currently underway and is scheduled to be completed in the fall of 2012.

Pursuant to the Agreement, the City agreed to certain 'credits' for the Town and the Commission toward their purchased capacity and capital contributions for plant construction (\$4,222,560 and \$1,082,425, respectively). These amounts (totaling \$5,304,986) have been deferred until such time the plant is completed, capacity has been utilized, and other requirements of the Agreement have been met.

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Commitments (continued)

Extraordinary Item

Extraordinary items are transactions or other events that are both unusual in nature, infrequent in occurrence and outside the control of management. On June 29, 2012, the City responded to a fire at World-wide Plastics Recycling Plant. Due to the fire's size, other government's fire departments responded to the emergency in accordance with certain intergovernmental (automatic-aid) agreements, plus the State-wide Fire Mobilization Unit was mobilized. Additionally, the City engaged a 'third party' company to assist with the containment and clean-up to mitigate any environmental threats. As a result, the City incurred \$1,040,506 in expenditures payable to others related to the fire. At this point, any recovery of those costs from the company is unknown.

13. 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 —

14. 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 Assets

The Governmental Fund Balance Sheet includes a reconciliation between fund balance amounts and Net Assets – 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	\$ 15,720,562
Less, accumulated depreciation	(8,994,991)
Net amount reported	\$ 6,725,571

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	\$ 86,910
Property taxes revenue	88,341
Deferred charges, net of amortization	8,333
Net amount reported	\$ 183,584

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	\$ (3,436,654)
Accrued compensated absences	(367,779)
Other post employment benefits (OPEB)	(814,201)
Net amount reported	\$ (4,618,634)

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

14. 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 Assets – 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	\$ 1,215,833
Depreciation expense	<u>(670,025)</u>
Net amount reported	<u>\$ 545,808</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	\$ 20
Net amount reported	<u>\$ 20</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:

Amortization expense	\$ (1,667)
Change in accrued compensated absence	(26,763)
Other post employment benefits (OPEB)	<u>(107,948)</u>
Net amount reported	<u>\$ (136,378)</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:

Proceeds from installment purchase contract	\$ (755,402)
Principal repayments – Installment purchase contracts	294,974
Principal repayments – TIF Bonds	<u>390,562</u>
Net amount reported	<u>\$ (69,866)</u>

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

15. Subsequent Events

Bond Insurer Ratings Down Grade

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 year 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 \$878,000, \$1,776,265 and \$2,352,410, respectively. As a result, the City's ratings on its outstanding bonds remained unaffected. Subsequent to year end, the City is seeking to amend its Supplemental Indenture of Trust in order to reduce the balances of the Debt Service Reserve Accounts.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAYCE, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

YEAR ENDED JUNE 30, 2012
 (With comparative actual amounts for year ended June 30, 2011)

	2012			Variance Positive (Negative)	2011
	Budget		Actual		Actual
	Original	Final			
Revenue					
Property taxes	\$ 2,921,423	\$ 2,921,423	\$ 2,991,471	\$ 70,048	\$ 2,730,057
Licenses and permits	2,840,042	3,065,070	4,145,714	1,080,644	2,945,593
Fines and forfeitures	335,000	335,000	316,604	(18,396)	328,356
State shared revenue	305,446	305,446	310,703	5,257	349,755
Current services	726,558	726,558	658,095	(68,463)	620,316
Grants and other	1,803,335	754,464	678,064	(76,400)	473,265
Interest income	2,400	2,400	1,985	(415)	2,431
Total revenue	8,934,204	8,110,361	9,102,636	992,275	7,449,773
Expenditures					
General Government					
Legislative	46,432	46,432	40,742	5,690	44,523
Administrative	403,724	406,921	428,904	(21,983)	332,686
Recorder's Court	74,596	61,581	54,433	7,148	42,828
Legal	101,300	101,300	85,789	15,511	123,568
Total	626,052	616,234	609,868	6,366	543,605
Less, Utility Fund overhead	—	(364,284)	(372,291)	8,007	(300,512)
Net general government	626,052	251,950	237,577	14,373	243,093
Information Technology					
Administrative	—	169,125	146,792	22,333	—
Total	—	169,125	146,792	22,333	—
Less, Utility Fund overhead	—	(84,563)	(73,396)	(11,167)	—
Net information technology	—	84,562	73,396	11,166	—
Finance					
Finance and accounting	279,401	278,499	270,878	7,621	199,116
Tax collector	19,910	19,910	19,988	(78)	19,803
Total	299,311	298,409	290,866	7,543	218,919
Less, Utility Fund overhead	—	(208,874)	(203,159)	(5,715)	(149,337)
Net finance	299,311	89,535	87,707	1,828	69,582
Public Safety					
Administrative	381,858	378,999	354,367	24,632	260,043
Detectives	655,889	660,003	695,090	(35,087)	482,194
Police and fire	3,531,119	3,536,576	3,572,893	(36,317)	3,180,535
Total	4,568,866	4,575,578	4,622,350	(46,772)	3,922,772
Less, Utility Fund overhead	—	(45,029)	(45,163)	134	(33,744)
Less, capital outlay	—	(32,336)	(32,336)	—	(552,043)
Net public safety	4,568,866	4,498,213	4,544,851	(46,638)	3,336,985

CITY OF CAYCE, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2012			Variance Positive (Negative)	2011
	Budget		Actual		Actual
	Original	Final			
Expenditures (Continued)					
Public Works					
Street lighting	173,500	173,500	146,380	27,120	139,196
Sanitation	1,047,676	1,071,244	1,149,112	(77,868)	864,647
Public buildings	181,118	184,284	178,131	6,153	142,210
Total	1,402,294	1,429,028	1,473,623	(44,595)	1,146,053
Less, Utility Fund overhead	—	(70,248)	(68,197)	(2,051)	(51,965)
Less, capital outlay	—	(84,090)	(84,090)	—	(8,594)
Net public works	1,402,294	1,274,690	1,321,336	(46,646)	1,085,494
Community Relations					
Promotions and events	86,137	119,587	142,209	(22,622)	87,401
Total community relations	86,137	119,587	142,209	(22,622)	87,401
Planning and Development					
Planning and zoning	381,337	392,064	401,619	(9,555)	293,339
Total planning and development	381,337	392,064	401,619	(9,555)	293,339
Parks and Museum					
Parks	433,060	468,236	450,851	17,385	325,282
Museum	125,446	124,412	119,432	4,980	93,608
Total	558,506	592,648	570,283	22,365	418,890
Less, capital outlay	—	(21,758)	(21,758)	—	(14,209)
Net parks and museum	558,506	570,890	548,525	22,365	404,681
Garage					
Garage	331,187	382,910	377,737	5,173	222,594
Less, Utility Fund overhead	—	(98,025)	(96,701)	(1,324)	(56,984)
Less, capital outlay	—	(30,634)	(30,634)	—	—
Net garage	331,187	254,251	250,402	3,849	165,610
Support Services					
Non-departmental and support services	546,532	1,241,023	884,645	356,378	1,780,406
Less, Utility Fund overhead	—	(264,141)	(265,965)	1,824	(836,515)
Less, capital outlay	—	—	—	—	(9,863)
Net support services	546,532	976,882	618,680	358,202	934,028

CITY OF CAYCE, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

— CONTINUED —

	2012			Variance Positive (Negative)	2011
	Budget		Actual		Actual
	Original	Final			
Expenditures (Continued)					
Debt Service					
Principal retirement	304,506	304,506	294,974	9,532	198,445
Interest and fiscal charges	30,476	30,476	25,145	5,331	14,383
Total debt service	334,982	334,982	320,119	14,863	212,828
Less, overhead allocated – Utility Fund	—	(111,661)	(106,706)	(4,955)	(70,943)
Net debt service	334,982	223,321	213,413	9,908	141,885
Capital Outlay	—	168,818	168,818	—	584,709
Total expenditures	9,135,204	8,904,763	8,608,533	296,230	7,346,807
Excess (deficiency) of revenue over expenditures	(201,000)	(794,402)	494,103	1,288,505	102,966
Other Financing Sources (Uses)					
Installment purchase contract	162,000	755,402	755,402	—	499,493
Transfers in: Accommodations Tax Fund	39,000	39,000	37,747	(1,253)	39,470
Total other financing sources (uses)	201,000	794,402	793,149	(1,253)	538,963
Net change before extraordinary item	—	—	1,287,252	1,287,252	641,929
Extraordinary Item					
Fire contract expenses	—	—	(1,040,506)	(1,040,506)	—
Net change in fund balance	—	—	246,746	246,746	641,929
Fund balance, beginning of year	619,857	619,857	619,857	—	(22,072)
Fund balance, end of year	\$ 619,857	\$ 619,857	\$ 866,603	\$ 246,746	\$ 619,857

See Notes to Budgetary Comparison Schedule

CITY OF CAYCE, SOUTH CAROLINA
NOTES TO BUDGETARY COMPARISON SCHEDULE

JUNE 30, 2012

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 \$8,904,763, plus \$1,690,835 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.

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

JUNE 30, 2012

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.

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, 2012

	Special Revenue Funds						Total Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds	
	Rental Rehabilitation Program	Accom- modations Tax	Community Development	ABC Permit Fund	Home Grant	Law Enforcement Grant Fund				Museum Fund
Assets										
Cash and cash equivalents:										
Unrestricted	\$ —	\$ 65,222	\$ —	\$ 89,700	\$ —	\$ 12,961	\$ 83,618	\$ 251,501	\$ —	\$ 251,501
Restricted	65,638	—	2,630	—	13,588	—	—	81,856	512,755	594,611
Other receivables	375	—	—	1,800	—	—	—	2,175	—	2,175
Total assets	\$ 66,013	\$ 65,222	\$ 2,630	\$ 91,500	\$ 13,588	\$ 12,961	\$ 83,618	\$ 335,532	\$ 512,755	\$ 848,287
Liabilities and Fund Balances										
Liabilities:										
Deferred revenue	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,421	\$ —	\$ 9,421	\$ —	\$ 9,421
Accrued liabilities	—	—	—	—	—	—	—	—	14,908	14,908
Construction contract payable	—	—	—	66,593	—	—	—	66,593	—	66,593
Retainage payable	—	—	—	13,009	—	—	—	13,009	—	13,009
Total liabilities	—	—	—	79,602	—	9,421	—	89,023	14,908	103,931
Fund balance:										
Restricted for:										
Debt service	—	—	—	—	—	—	—	—	497,847	497,847
Tourism and community development	66,013	65,222	2,630	—	13,588	—	—	147,453	—	147,453
Law enforcement	—	—	—	—	—	3,540	—	3,540	—	3,540
ABC permit activities	—	—	—	11,898	—	—	—	11,898	—	11,898
Museum	—	—	—	—	—	—	83,618	83,618	—	83,618
Total fund balances	66,013	65,222	2,630	11,898	13,588	3,540	83,618	246,509	497,847	744,356
Total liabilities and fund balances	\$ 66,013	\$ 65,222	\$ 2,630	\$ 91,500	\$ 13,588	\$ 12,961	\$ 83,618	\$ 335,532	\$ 512,755	\$ 848,287

CITY OF CAYCE, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012

	Special Revenue Funds						Total Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
	Rental Rehabilitation Program	Accom- modations Tax	Community Development	ABC Permit Fund	Home Grant	Law Enforcement Grant Fund			
Revenue									
Property taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 729,987	\$ 729,987
State shared	—	86,297	—	15,000	—	—	—	101,297	136,841
Federal state and other grants	—	—	—	150	—	22,616	—	22,766	22,766
Interest income	12	—	—	229	—	—	16	257	1,212
Total revenue	12	86,297	—	15,379	—	22,616	16	124,320	766,486
Expenditures									
Planning/development:									
Tourism related	—	51,807	—	172,633	—	—	—	224,440	224,440
Less capital outlay	—	—	—	(165,293)	—	—	—	(165,293)	(165,293)
Net tourism related	—	51,807	—	7,340	—	—	—	59,147	59,147
Debt service:									
Principal	—	—	—	—	—	—	—	—	390,562
Interest and fiscal charges	—	—	—	—	—	—	—	—	98,669
Other	—	—	—	—	—	21,781	956	22,737	22,737
Capital outlay	—	—	—	165,293	—	—	—	165,293	165,293
Total expenditures	—	51,807	—	172,633	—	21,781	956	247,177	489,231
Excess (deficiency) of revenue over expenditures	12	34,490	—	(157,254)	—	835	(940)	(122,857)	277,255
Other Financing Sources (Uses)									
Transfers in (out)	—	(37,747)	—	—	—	—	—	(37,747)	(400,000)
Net change in fund balances	12	(3,257)	—	(157,254)	—	835	(940)	(160,604)	(122,745)
Fund balances, beginning of year	66,001	68,479	2,630	169,152	13,588	2,705	84,558	407,113	620,592
Fund balances, end of year	\$ 66,013	\$ 65,222	\$ 2,630	\$ 11,898	\$ 13,588	\$ 3,540	\$ 83,618	\$ 246,509	\$ 497,847

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, 2012
(With comparative figures June 30, 2011)

	<u>Current Year</u>	<u>Prior Year</u>
Assets		
Cash and cash equivalents:		
Unrestricted	\$ 2,233,648	\$ 794,746
Restricted	91,491	—
Property taxes receivable	1,263,731	1,104,607
Other receivables	73,288	136,372
Less, allowance for uncollectible accounts	(1,235,093)	(1,060,202)
Due from other funds	44,328	64,499
Notes receivable – housing assistance loans	10,883	10,883
Less, allowance for uncollectible accounts	(10,883)	(10,883)
Inventory – supplies (at cost)	41,613	35,177
Total assets	<u><u>\$ 2,513,006</u></u>	<u><u>\$ 1,075,199</u></u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 1,242,640	\$ 130,040
Accrued salaries and wages	230,502	182,987
Other liabilities	33,081	41,723
Deposits and prepayments	52,208	50,645
Performance bond - restricted	87,972	—
Due to other funds	—	49,947
Total liabilities	<u>1,646,403</u>	<u>455,342</u>
Fund balance:		
Nonspendable in:		
Inventories	41,613	35,177
Restricted for:		
Victims Rights Assistance	88,698	99,169
UST program	25,000	25,000
	<u>113,698</u>	<u>124,169</u>
Assigned for:		
Christmas in Cayce	9,729	8,952
Congaree Bluegrass Festival	7,532	11,315
	<u>17,261</u>	<u>20,267</u>
Unassigned	694,031	440,244
Total fund balance	<u>866,603</u>	<u>619,857</u>
Total liabilities and fund balance	<u><u>\$ 2,513,006</u></u>	<u><u>\$ 1,075,199</u></u>

CITY OF CAYCE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012
(With comparative actual amounts year ended June 30, 2011)

	Current Year			Prior Year
	Final Budget	Actual	Variance Pos. (Neg.)	Actual
Revenue				
Property taxes	\$ 2,921,423	\$ 2,991,471	\$ 70,048	\$ 2,730,057
Licenses and permits	3,065,070	4,145,714	1,080,644	2,945,593
Fines and forfeitures	335,000	316,604	(18,396)	328,356
State shared revenue	305,446	310,703	5,257	349,755
Current services	726,558	658,095	(68,463)	620,316
Grants and other	754,464	678,064	(76,400)	473,265
Interest income	2,400	1,985	(415)	2,431
Total revenue	8,110,361	9,102,636	992,275	7,449,773
Expenditures				
Current (net of Utility Fund overhead allocations and capital outlay):				
Legislative	27,859	24,445	3,414	31,015
Administrative	101,730	107,226	(5,496)	83,171
Recorder's court	61,581	54,433	7,148	42,828
Legal	60,780	51,473	9,307	86,079
Information technology	84,562	73,396	11,166	—
Finance and accounting	69,625	67,719	1,906	49,779
Tax collector	19,910	19,988	(78)	19,803
Public safety:				
Administrative	374,641	350,292	24,349	257,245
Detectives	660,003	695,090	(35,087)	482,194
Police and fire	3,463,569	3,499,469	(35,900)	2,597,546
Street lighting	173,500	146,380	27,120	139,196
Sanitation	1,035,342	1,113,210	(77,868)	847,233
Public buildings	65,848	61,746	4,102	99,065
Community relations	119,587	142,209	(22,622)	87,401
Planning and development	392,064	401,619	(9,555)	293,339
Museum	124,412	119,432	4,980	93,608
Parks	446,478	429,093	17,385	311,073
Garage	254,251	250,402	3,849	165,610
Non-departmental and support services	976,882	618,680	358,202	934,028
Debt service	223,321	213,413	9,908	141,885
Capital outlay	168,818	168,818	—	584,709
Total expenditures	8,904,763	8,608,533	296,230	7,346,807
Excess (deficiency) of revenue over expenditures	(794,402)	494,103	1,288,505	102,966
Other Financing Sources				
Installment purchase contract	755,402	755,402	—	499,493
Transfers in:				
Accommodation tax	39,000	37,747	(1,253)	39,470
Total other financing sources	794,402	793,149	(1,253)	538,963
Net change before extraordinary item	—	1,287,252	1,287,252	641,929
Extraordinary Item – Fire	—	(1,040,506)	(1,040,506)	—
Net change in fund balance	—	246,746	246,746	641,929
Fund balance, beginning of year	619,857	619,857	—	(22,072)
Fund balance, end of year	\$ 619,857	\$ 866,603	\$ 246,746	\$ 619,857

CITY OF CAYCE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUE — BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>
Revenue		
Property taxes:		
Property tax – current (Lexington County)	\$ 1,904,713	\$ 1,941,559
Property tax – current (Richland County)	112,210	121,936
Penalties – current	2,500	3,844
Property tax – delinquent	50,000	37,489
Penalties – delinquent	9,000	6,891
Other property tax collections	100,000	113,891
Fees in lieu of taxes	743,000	765,861
	<u>2,921,423</u>	<u>2,991,471</u>
Licenses and permits:		
Business licenses – current	2,980,333	3,409,264
Business licenses – prior year	2,000	673,543
Penalties – business licenses	5,000	4,414
Building permits	63,387	45,242
Electrical permits	7,000	4,987
Plumbing permits	3,750	4,147
Gas permits	2,000	2,992
Garage sale permits	1,100	990
Miscellaneous permits	500	135
	<u>3,065,070</u>	<u>4,145,714</u>
Fines and forfeitures:		
Criminal fines	55,000	44,990
Traffic fines	240,000	231,507
Parking fines	2,000	1,130
Victims assistance	38,000	38,977
	<u>335,000</u>	<u>316,604</u>
State shared and other revenue:		
Local government fund	233,878	233,094
Merchants inventory tax	71,568	71,566
Local option sales tax	—	5,137
County municipal revenue fund	—	906
	<u>305,446</u>	<u>310,703</u>

— CONTINUED —

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

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Revenue (Continued)		
Current services:		
Fire hydrant service fees	190,000	204,224
Animal control fees	20,400	20,120
Special services – SRO officers	68,000	67,358
Commercial sanitation and tipping fees	367,108	281,991
Duplication services	2,800	3,157
Residential sanitation fee	78,250	81,245
	<u>726,558</u>	<u>658,095</u>
Grants and Other:		
Miscellaneous	55,954	26,226
Sale of plastic bags	3,000	3,668
Sale of personal property	30,000	34,832
Donated revenue – Christmas in Cayce	—	8,200
Donated revenue – Congaree Bluegrass Festival	—	19,557
Admission and rents	500	490
Recycling revenue	9,000	7,308
Grant revenue:		
COPS	162,000	87,750
Dept of Public Safety	50,000	30,776
Utility Fund fees	444,010	459,257
	<u>754,464</u>	<u>678,064</u>
Interest income	2,400	1,985
Total revenue	<u>8,110,361</u>	<u>9,102,636</u>
Other Financing Sources		
Installment purchase contract	755,402	755,402
Transfers in:		
Accommodations tax – General Fund portion	39,000	37,747
Total other financing sources	<u>794,402</u>	<u>793,149</u>
Total revenue and other financing sources	<u>\$ 8,904,763</u>	<u>\$ 9,895,785</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>
Departments		
Legislative:		
Salaries and wages	\$ 23,700	\$ 23,700
Retirement, insurance and other benefits	2,507	2,941
Printing and office supplies	600	621
Postage	550	456
Memberships and dues	875	1,055
Travel	5,700	3,915
Advertising	500	133
Awards	4,500	4,506
Other	7,500	3,415
Total legislative	<u>46,432</u>	<u>40,742</u>
Less, overhead allocation -- Utility Fund	(18,573)	(16,297)
Net legislative	<u>27,859</u>	<u>24,445</u>
Administrative:		
Salaries and wages	291,943	308,331
Retirement, insurance and other benefits	85,447	89,262
Printing and office supplies	1,800	2,563
Postage	1,650	1,397
Publications	300	454
Memberships and dues	2,000	2,394
Travel	7,450	7,878
Automotive operating	6,600	6,600
Telephone	1,200	1,200
Service contracts	4,504	4,446
Advertising expense	400	—
Employee training	2,827	3,181
Professional services	300	131
Other	500	1,067
Total administrative	<u>406,921</u>	<u>428,904</u>
Less, overhead allocation -- Utility Fund	(305,191)	(321,678)
Net administrative	<u>101,730</u>	<u>107,226</u>
Recorder's Court:		
Salaries and wages	30,753	30,834
Retirement, insurance and other benefits	12,413	10,177
Juror fees	3,000	1,109
Printing and office supplies	1,500	987
Postage	225	187
Membership and dues	250	95
Travel	1,160	—
Employee training	870	—
Service contracts	9,590	9,583
Special departmental supplies	1,820	1,461
Total record's court	<u>61,581</u>	<u>54,433</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)		
Legal:		
Printing and office supplies	75	—
Postage	225	186
Professional services	84,000	84,043
Professional services – Prosecutor fees	16,000	—
Codification of City code	1,000	1,560
Total legal	<u>101,300</u>	<u>85,789</u>
Less, overhead allocation – Utility Fund	<u>(40,520)</u>	<u>(34,316)</u>
Net legal	<u>60,780</u>	<u>51,473</u>
Information Technology (IT):		
Salaries and wages	41,000	42,212
Retirement, insurance and other benefits	9,825	9,268
Printing and office supplies	300	85
Website maintenance	1,000	588
Professional services	62,000	37,688
Computer network equipment, non-capital	55,000	56,951
Total IT	<u>169,125</u>	<u>146,792</u>
Less, overhead allocation – Utility Fund	<u>(84,563)</u>	<u>(73,396)</u>
Net IT	<u>84,562</u>	<u>73,396</u>
Finance and Accounting:		
Salaries and wages	172,040	174,729
Retirement, insurance and other benefits	58,847	56,492
Printing and office supplies	4,500	3,189
Postage	3,100	2,573
Memberships and dues	565	465
Automotive operating	1,200	647
Car lease	3,735	—
Service contracts	14,870	14,603
Advertising	300	—
Insurance - vehicles	942	826
Employee training	900	162
Professional services	17,500	17,192
Total finance and accounting	<u>278,499</u>	<u>270,878</u>
Less, overhead allocation – Utility Fund	<u>(208,874)</u>	<u>(203,159)</u>
Net finance and accounting	<u>69,625</u>	<u>67,719</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Tax Collector:		
Printing and office supplies	50	—
Postage	60	50
Professional services	19,800	19,938
Total tax collector	<u>19,910</u>	<u>19,988</u>
Public Safety – administrative:		
Salaries	193,875	177,837
Retirement, insurance and other benefits	64,769	52,869
Printing and office supplies	8,000	10,960
Postage	1,500	1,395
Memberships and dues	410	400
Travel	800	521
Automotive operating	1,600	5,268
Electric and gas	42,500	41,764
Telephone	29,878	28,807
Maintenance and service contracts	7,500	5,349
Building repairs	11,000	14,688
Janitorial supplies	900	1,007
Medical supplies and physician expense	8,500	7,800
Advertising	1,000	—
Insurance - vehicles	942	826
Employee training	—	133
Community relations	200	221
Special contracts	5,125	4,522
Explorer Scouts	500	—
Total public safety – administrative	<u>378,999</u>	<u>354,367</u>
Less, overhead allocation – Utility Fund	(4,358)	(4,075)
Net public safety – administrative	<u>374,641</u>	<u>350,292</u>
Public Safety – detectives:		
Salaries and wages	415,095	440,315
Overtime	14,351	14,636
Retirement, insurance and other benefits	154,518	151,374
Memberships and dues	725	470
Travel	1,300	878
Automotive operating	39,000	51,905
Maintenance and service contracts	3,500	3,568
Machinery and equipment repairs	200	—
Radio supplies	350	499
Uniforms and clothing	5,400	5,453
Insurance - vehicles	10,367	9,088
Employee training	400	529
Specialized department supplies	2,000	2,110
Machines and equipment	12,797	14,265
Total public safety – detectives	<u>660,003</u>	<u>695,090</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 and fire:		
Salaries and wages	2,136,502	2,090,889
Overtime	94,309	106,855
Retirement, insurance and other benefits	856,615	798,872
Fire department overtime	21,973	30,566
Membership and dues	1,155	1,442
Travel	750	1,210
SCMIT/DOJ vest grant expense	5,000	—
Automotive operating	105,000	224,317
Maintenance and service contracts	18,000	10,625
Machinery and equipment repairs	4,500	5,777
Building repairs – dog pound	1,000	9
SLED equipment	2,185	3,186
Small hand tools	1,635	1,623
Radio supplies	500	500
Safety supplies	2,600	3,046
Uniforms and clothing	27,000	60,381
Jail detention	200	559
Laundry and linen service	100	—
Air pack and fire extinguisher	600	—
Insurance - vehicles	48,066	42,140
Employee training	14,955	11,538
Victim’s assistance	55,570	49,448
Department of Juvenile Justice fees	14,000	6,620
Specialized department supplies	25,000	36,268
Animal control supplies	5,810	4,898
Machinery and equipment	93,551	82,124
Total public safety – police and fire	<u>3,536,576</u>	<u>3,572,893</u>
Less, overhead allocation – Utility Fund	(40,671)	(41,088)
Less, capital outlay	(32,336)	(32,336)
Net public safety – police and fire	<u>3,463,569</u>	<u>3,499,469</u>
Street Lighting:		
Electricity	173,500	146,380
Total street lighting	<u>173,500</u>	<u>146,380</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

Departments (Continued)	<u>Final Budget</u>	<u>Actual</u>
Sanitation:		
Salaries and wages	519,318	517,277
Overtime	1,538	1,358
Retirement, insurance and other benefits	210,676	203,739
Printing and office supplies	800	456
Postage	1,750	1,628
Memberships and dues	300	246
Travel expense	500	554
Automotive operating	140,000	209,359
Maintenance and service contracts	400	—
Equipment repairs	2,000	13,593
Waste disposal and tipping fees	130,000	139,150
Small hand tools	2,650	2,125
Safety supplies	3,000	2,029
Uniforms and clothing	4,400	4,213
Cleaning and sanitation supplies	450	276
Medical supplies and physician expense	1,500	1,232
Signs and sign supplies	—	60
Insurance - vehicles	16,022	14,046
Employee training	500	343
Contract labor	500	361
Special supply – garbage bags	2,875	3,310
Special supply – recycle bins and leaf bags	2,000	1,951
Machines and equipment	30,065	31,806
Total sanitation	<u>1,071,244</u>	<u>1,149,112</u>
Less, overhead allocation – Utility Fund	(8,820)	(8,820)
Less, capital outlay	(27,082)	(27,082)
Net sanitation	<u>1,035,342</u>	<u>1,113,210</u>
Public Buildings:		
Salaries and overtime	25,324	23,517
Overtime	103	261
Retirement, insurance and other benefits	11,498	10,043
Electric and gas	32,700	27,199
Telephone	19,600	24,068
Maintenance and service contracts	950	1,477
Equipment repairs	3,500	2,066
Building repairs	8,750	9,894
Paint supplies	400	—
Electric/light supplies	1,500	1,620
Uniform expense	250	179
Janitorial supplies	2,800	2,101
Copy machine/contract	5,325	5,120
Machines and equipment	71,584	69,280
Other	—	1,306
Total public buildings	<u>184,284</u>	<u>178,131</u>
Less, overhead allocation – Utility Fund	(61,428)	(59,377)
Less, capital outlay	(57,008)	(57,008)
Net public buildings	<u>65,848</u>	<u>61,746</u>

CITY OF CAYCE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>
Departments (Continued)		
Community Relations:		
Central Midlands Council of Governments	9,878	7,047
Central Midlands Regional Transportation Association	19,150	15,968
Municipal Association of SC	5,809	5,402
Lexington County Municipal Association	500	—
River Alliance	10,000	10,000
Professional services	15,000	15,000
Christmas decorations and citizen's drop-in	3,900	3,776
Employee/family Christmas party	2,300	2,299
Community programs	40,450	35,535
City newsletter expense	12,600	16,419
Christmas in Cayce festival	—	7,423
Congaree Bluegrass festival	—	23,340
Total community relations	<u>119,587</u>	<u>142,209</u>
Planning and Development:		
Salaries and wages	231,620	239,713
Retirement, insurance and other benefits	77,209	77,450
Printing and office supplies	2,700	2,019
Postage	1,700	1,411
Dues and membership	1,400	1,265
Travel	1,000	1,371
Automotive operating	1,600	3,287
Telephone	1,100	724
Small hand tools	300	50
Uniform expense	250	248
Advertising	1,000	1,817
Insurance - vehicles	1,885	1,652
Employee training	3,000	2,833
NPDES phase II project	46,000	47,684
Professional services	15,350	15,350
Special contract – copier	2,650	2,560
Special department supplies	2,300	1,201
Machine and equipment	1,000	984
Total planning and development	<u>392,064</u>	<u>401,619</u>
Museum:		
Salaries and wages	84,067	83,725
Retirement, insurance and other benefits	29,595	27,980
Printing and office supplies	650	395
Postage	500	415
Dues and memberships	200	—
Travel	200	535
Electric and gas	6,000	5,317
Equipment repairs	500	43
Building repairs	2,700	1,022
Total museum	<u>124,412</u>	<u>119,432</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	257,712	253,658
Overtime	1,538	1,118
Retirement, insurance and other benefits	108,281	90,139
Printing and office supplies	300	1,367
Membership dues	500	551
Travel	500	554
Automotive operating	18,600	25,518
Electric and gas	14,700	14,861
Service contracts	1,750	1,750
Machinery and equipment repairs	8,700	8,977
Building repairs	1,000	510
Small hand tools	1,450	2,065
Safety supplies	1,800	1,715
Uniforms and clothing	1,600	1,907
Cleaning supplies	1,500	1,963
Chemicals	700	698
Medical supplies and physician expense	600	200
Signs and sign supplies	1,500	—
Insurance - vehicles	5,655	4,958
Employee training	600	383
Specialized departmental supplies	4,000	4,058
Beautification board	750	785
Machinery and equipment	34,500	33,116
Total parks	<u>468,236</u>	<u>450,851</u>
Less, capital outlay	(21,758)	(21,758)
Net parks	<u>446,478</u>	<u>429,093</u>
Garage:		
Salaries and wages	203,115	198,780
Overtime	768	661
Retirement, insurance and other benefits	72,102	67,589
Printing and office supplies	400	289
Travel	1,500	1,509
Automotive operating	6,500	5,862
Electric and gas	8,000	7,314
Maintenance and service contracts	3,275	2,795
Machinery and equipment repairs	4,550	4,290
Building repairs	3,000	2,337
Small hand tools	4,000	4,587
Paint supplies	300	—
Electrical supplies	300	152
Uniforms and clothing	2,250	2,284
Insurance – vehicles	1,885	1,652
Employee training	—	35
Specialized department supplies	6,000	7,038
Machinery and equipment	64,965	70,563
Total garage	<u>382,910</u>	<u>377,737</u>
Less, overhead allocation– Utility Fund	(98,025)	(96,701)
Less, capital outlay	(30,634)	(30,634)
Net garage	<u>254,251</u>	<u>250,402</u>

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

— CONTINUED —

	Final Budget	Actual
Departments (Continued)		
Non-departmental and Support Services:		
General insurance (buildings and contents)	86,644	105,274
Retiree insurance expense	17,627	22,542
GASB 45-OPEB	156,000	—
Bonus pool	18,850	—
Surety bonds	1,500	1,427
Allocation of prior-year unreserved funds (contingencies)	205,000	—
Installment purchase contracts	755,402	755,402
Total non-departmental and support services	1,241,023	884,645
Less, overhead allocation – Utility Fund	(264,141)	(265,965)
Net non-departmental and support services	976,882	618,680
Debt Service:		
Note and lease payments	304,506	294,974
Interest and fiscal agent charges	30,476	25,145
Total debt service	334,982	320,119
Less, overhead allocation – Utility Fund	(111,661)	(106,706)
Net debt services	223,321	213,413
Capital Outlay	168,818	168,818
Total expenditures before extraordinary item	\$ 8,904,763	\$ 8,608,533

CITY OF CAYCE, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

CITY OF CAYCE, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2012
(With comparative total figures at June 30, 2011)

	Rental Rehabilitation Program	Accom- modations Tax	Community Development	ABC Permit Fund	Home Grant	Law Enforcement Grant Fund	Museum Fund	Totals	
								2012	2011
Assets									
Cash and cash equivalents:									
Unrestricted	\$ —	\$ 65,222	\$ —	\$ 89,700	\$ —	\$ 12,961	\$ 83,618	\$ 251,501	\$ 327,279
Restricted	65,638	—	2,630	—	13,588	—	—	81,856	81,844
Receivables – housing assistance loans, grants, taxes, net	—	—	—	—	—	—	—	—	375
Other receivables	375	—	—	1,800	—	—	—	2,175	2,100
Due from other funds	—	—	—	—	—	—	—	—	10,850
Total assets	\$ 66,013	\$ 65,222	\$ 2,630	\$ 91,500	\$ 13,588	\$ 12,961	\$ 83,618	\$ 335,532	\$ 422,448
Liabilities and Fund Balances									
Liabilities:									
Deferred revenue	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,421	\$ —	\$ 9,421	\$ 9,419
Construction contracts payable	—	—	—	66,593	—	—	—	66,593	—
Retainage payable	—	—	—	13,009	—	—	—	13,009	—
Due to other funds	—	—	—	—	—	—	—	—	5,916
Total liabilities	—	—	—	79,602	—	9,421	—	89,023	15,335
Fund balance:									
Restricted for:									
Tourism and community development	66,013	65,222	2,630	—	13,588	—	—	147,453	150,698
Museum improvement	—	—	—	—	—	—	83,618	83,618	84,558
Law enforcement	—	—	—	—	—	3,540	—	3,540	2,069
ABC permit activities	—	—	—	11,898	—	—	—	11,898	169,152
Total restricted	66,013	65,222	2,630	11,898	13,588	3,540	83,618	246,509	406,477
Assigned for:									
Law enforcement vests	—	—	—	—	—	—	—	—	636
Total fund balances	66,013	65,222	2,630	11,898	13,588	3,540	83,618	246,509	407,113
Total liabilities and fund balances	\$ 66,013	\$ 65,222	\$ 2,630	\$ 91,500	\$ 13,588	\$ 12,961	\$ 83,618	\$ 335,532	\$ 422,448

CITY OF CAYCE, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2012
(With comparative total figures year ended June 30, 2011)

	Rental Rehabilitation Program	Accommodations Tax	Community Development	ABC Permit Fund	Home Grant	Law Enforcement Grant Fund	Museum Fund	Totals	
								2012	2011
Revenue									
Federal grants	\$ —	\$ —	\$ —	\$ 150	\$ —	\$ 22,616	\$ —	\$ 22,766	\$ 8,671
State shared	—	86,297	—	15,000	—	—	—	101,297	102,556
Other grants	—	—	—	—	—	—	—	—	2,300
Interest income	12	—	—	229	—	—	16	257	250
Total revenue	12	86,297	—	15,379	—	22,616	16	124,320	113,777
Expenditures									
Tourism related	—	51,807	—	172,633	—	—	—	224,440	63,617
Less, capital outlay	—	—	—	(165,293)	—	—	—	(165,293)	—
Net tourism related	—	51,807	—	7,340	—	—	—	59,147	63,317
Other	—	—	—	—	—	21,781	956	22,737	9,102
Capital outlay	—	—	—	165,293	—	—	—	165,293	—
Total expenditures	—	51,807	—	172,633	—	21,781	956	247,177	72,719
Excess (deficiency) of revenue over expenditures	12	34,490	—	(157,254)	—	835	(940)	(122,857)	41,058
Other Financing Sources (Uses)									
Transfers in (out)	—	(37,747)	—	—	—	—	—	(37,747)	(39,470)
Net change in fund balances	12	(3,257)	—	(157,254)	—	835	(940)	(160,604)	1,588
Fund balances, beginning of year	66,001	68,479	2,630	169,152	13,588	2,705	84,558	407,113	405,525
Fund balances, end of year	\$ 66,013	\$ 65,222	\$ 2,630	\$ 11,898	\$ 13,588	\$ 3,540	\$ 83,618	\$ 246,509	\$ 407,113

CITY OF CAYCE, SOUTH CAROLINA

DEBT SERVICE FUND

CITY OF CAYCE, SOUTH CAROLINA

DEBT SERVICE FUND
BALANCE SHEET

JUNE 30, 2012
(With comparative amounts for June 30, 2011)

	<u>Current Year</u>	<u>Prior Year</u>
Assets		
Restricted cash and cash equivalents	\$ 512,755	\$ 638,123
Total assets	<u>\$ 512,755</u>	<u>\$ 638,123</u>
Liabilities and Fund Balance		
Liabilities:		
Accrued interest payable	\$ 14,908	\$ 17,531
Fund balance:		
Restricted for debt service	<u>497,847</u>	<u>620,592</u>
Total liabilities and fund balance	<u>\$ 512,755</u>	<u>\$ 638,123</u>

CITY OF CAYCE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012
(With comparative figures year ended June 30, 2011)

	<u>Current Year</u>	<u>Prior Year</u>
Revenue		
Current property taxes	\$ 729,987	\$ 621,633
State shared revenue	35,544	37,114
Interest on investments	955	1,922
Total revenue	<u>766,486</u>	<u>660,669</u>
Expenditures		
Debt Service:		
Principal	390,562	375,285
Interest and fiscal charges	98,669	114,047
Total expenditures	<u>489,231</u>	<u>489,332</u>
Excess (deficiency) of revenue over expenditures	277,255	171,337
Other Financing Sources (Uses)		
Transfer (out) to Capital Project Fund	<u>(400,000)</u>	<u>(900,000)</u>
Net change in fund balance	(122,745)	(728,663)
Fund balance, beginning of year	<u>620,592</u>	<u>1,349,255</u>
Fund balance, end of year	<u>\$ 497,847</u>	<u>\$ 620,592</u>

CITY OF CAYCE, SOUTH CAROLINA

CAPITAL PROJECTS FUND

CITY OF CAYCE, SOUTH CAROLINA

CAPITAL PROJECTS FUND
BALANCE SHEET

JUNE 30, 2012

(With comparative figures at June 30, 2011)

	<u>Current Year</u>	<u>Prior Year</u>
Assets		
Cash and cash equivalents – restricted	\$ 717,567	\$ 719,035
Total assets	<u>\$ 717,567</u>	<u>\$ 719,035</u>
Liabilities and Fund Balance		
Liabilities:		
Construction contracts and retainages payable	\$ —	\$ 545,429
Fund balance:		
Restricted for redevelopment plan	<u>717,567</u>	<u>173,606</u>
Total liabilities and fund balance	<u>\$ 717,567</u>	<u>\$ 719,035</u>

CITY OF CAYCE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012
(With comparative figures year ended June 30, 2011)

	<u>Current Year</u>	<u>Prior Year</u>
Revenue		
Project revenue	\$ 269,744	\$ 20,081
Interest income	857	4,894
Total revenue	<u>270,601</u>	<u>24,975</u>
Expenditures		
Capital outlay:		
Park	70,687	114,430
Infrastructure	55,633	105,661
Other:		
Brickworks	—	488,220
Cayce Tennis and Fitness Center	—	2,300,000
Other	320	20,702
Total expenditures	<u>126,640</u>	<u>3,029,013</u>
Excess (deficiency) of revenue over expenditures	143,961	(3,004,038)
Other Financing Sources (Uses)		
Transfer in from Debt Service Fund	<u>400,000</u>	<u>900,000</u>
Net change in fund balance	543,961	(2,104,038)
Fund balance, beginning of year	<u>173,606</u>	<u>2,277,644</u>
Fund balance, end of year	<u>\$ 717,567</u>	<u>\$ 173,606</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, 2012
(With comparative figures at June 30, 2011)

	Current Year	Prior Year		Current Year	Prior Year
Assets			Liabilities and Net Assets		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 1,237,939	\$ 2,479,764	Accounts payable	\$ 380,453	\$ 571,226
Receivables:			Accrued salaries and wages	93,921	75,079
Water and sewer accounts (net of allowance for doubtful accounts, \$35,000 in 2012 and 2011)	1,866,238	1,842,595	Accrued compensated absences – current portion	27,313	25,212
Other accounts	239,175	250,805	Construction contracts payable	175,781	11,154
Inventory	182,703	264,224	Retainage payable	44,032	—
Total current assets	3,526,055	4,837,388	Other liabilities	1,211	1,415
Current restricted assets:			Due to other funds (internal balances)	44,328	19,486
Cash and cash equivalents:			Customer deposits and prepayments	454,228	423,491
Employee benefit accounts	1,642	4,132	Total current liabilities	1,221,267	1,127,063
Bond and interest redemption	6,761,952	6,530,270	Current liabilities payable from restricted assets:		
Project and construction funds	11,731,750	7,145,954	Accrued interest payable	548,354	1,052,145
Total current restricted assets	18,495,344	13,680,356	SRF and bonds payable – current portion	3,146,390	1,668,468
Capital assets:			Construction contracts payable	3,196,289	5,025,297
Land and rights-of-way	330,568	330,568	Total current liabilities payable from restricted assets	6,891,033	7,745,910
Equipment	4,839,126	3,928,022	Long-term liabilities:		
Utility plants in service	83,697,583	80,550,105	Accrued compensated absences	50,922	44,966
Construction in process	64,825,570	48,898,842	Future capacity charges and credits	5,304,986	3,900,000
Less, accumulated depreciation	(28,122,863)	(25,769,000)	SRF loans payable	34,093,159	21,299,538
Net capital assets	125,569,984	107,938,537	Revenue bonds payable (\$18,445,000 plus bonds premium \$580,497 less deferred refunding \$201,354 net of amortization of \$20,841 in 2012)	18,824,143	21,556,380
Deferred charges:			Other post-employment benefit (OPEB) obligation	428,670	404,472
'02 SRF loan issue cost (net of amortization of \$7,963 in 2012 and \$7,167 in 2011)	7,964	8,760	Total long-term liabilities	58,701,880	47,205,356
'04 bond issue cost (net of amortization of \$547,993 in 2012 and \$479,494 in 2011)	136,998	205,497	Total liabilities	66,814,180	56,078,329
'07A bond issue cost (net of amortization of \$84,704 in 2012 and \$67,763 in 2011)	254,113	271,054	Net assets:		
'09 SRF loan issue cost (net of amortization of \$5,888 in 2012 and \$— in 2011)	111,870	117,758	Invested in capital assets, net of related debt	66,405,669	58,750,650
Contract obligations, net	681,223	733,399	Restricted for debt and capital projects	12,186,134	8,300,588
Net deferred charges	1,192,168	1,336,468	Unrestricted	3,377,568	4,663,182
Total assets	\$ 148,783,551	\$ 127,792,749	Total net assets	81,969,371	71,714,420
			Total liabilities and net assets	\$ 148,783,551	\$ 127,792,749

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

YEAR ENDED JUNE 30, 2012
(With comparative figures year ended June 30, 2011)

	Current Year	Prior Year
Operating Revenue (pledged as security for revenue bonds)		
Water:		
Sales	\$ 4,732,797	\$ 4,499,593
Connection fees	82,864	97,331
Sewer:		
Service charges	6,958,593	6,224,204
Connection fees	6,662	7,517
Re-connection fees	43,220	41,357
Penalties	189,722	163,716
Miscellaneous income	99,373	79,367
Total operating revenue	12,113,231	11,113,085
Operating Expenses		
Administrative	732,536	618,218
Water treatment plant	1,154,592	960,294
Water distribution and maintenance	1,211,603	844,660
Wastewater treatment plant	2,125,008	1,623,506
Sewer collection and outfall lines	1,062,030	888,784
Non-departmental and support services	1,721,256	2,449,090
Depreciation and amortization expense	2,431,888	2,314,565
Total operating expenses	10,438,913	9,699,117
Operating income	1,674,318	1,413,968
Non-Operating Revenue (Expenses)		
Interest income	26,801	41,837
Gains (losses) from sale, disposal of equipment and property	(844)	4,247
Interest expense	(1,194,731)	(1,080,700)
Bond issuance and refinancing loss amortized	(92,124)	(86,235)
Fiscal agent fees	(7,233)	(7,233)
Total non-operating revenue (expenses)	(1,268,131)	(1,128,084)
Income before contributions and transfers	406,187	285,884
Capital Contributions		
Capacity charges and other capital contributions	9,848,764	13,721,503
Net income	10,254,951	14,007,387
Net assets, beginning of year	71,714,420	57,707,033
Net assets, end of year	\$ 81,969,371	\$ 71,714,420

CITY OF CAYCE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012
(With comparative actual figures year ended June 30, 2011)

	Current Year			Prior Year Actual
	Budget	Actual	Variance Positive (Negative)	
Departments				
<u>Administrative:</u>				
Salaries and wages	\$ 360,475	\$ 337,299	\$ 23,176	\$ 322,683
Overtime	3,486	1,650	1,836	3,251
Retirement, insurance and other benefits	112,973	106,430	6,543	—
Printing and office supplies	9,740	10,643	(903)	8,720
Postage	35,000	39,062	(4,062)	39,522
Memberships and dues	920	870	50	802
Travel	1,980	952	1,028	1,687
Automotive operating expenses	3,075	2,733	342	3,500
Telephone	1,750	2,194	(444)	1,967
Maintenance and service contracts	26,930	22,441	4,489	24,023
Machinery and equipment repairs	360	111	249	330
Safety supplies	255	374	(119)	76
Uniforms and clothing	360	288	72	164
Doctor and medical expenses	4,100	3,251	849	2,985
Advertising	12,000	2,857	9,143	6,217
Insurance	2,827	2,478	349	2,604
General insurance (building and contents)	3,617	4,343	(726)	—
Employee training – continuing education	1,025	654	371	849
Professional services	50,000	31,743	18,257	38,235
Professional services – legal	60,000	26,484	33,516	54,412
Professional services – engineering	30,750	28,233	2,517	27,445
Professional services – consultant fees	20,000	22,683	(2,683)	17,437
Special contracts – CSX	400	250	150	100
Special contracts – copier	2,675	2,560	115	2,425
Special contracts – collection expense	60,000	76,782	(16,782)	58,402
Machines and equipment – non-capital	5,000	5,171	(171)	382
	<u>809,698</u>	<u>732,536</u>	<u>77,162</u>	<u>618,218</u>
<u>Water Treatment Plant:</u>				
Salaries and wages	399,319	400,172	(853)	387,826
Overtime	39,057	41,653	(2,596)	39,904
Retirement, insurance and other benefits	149,209	144,999	4,210	—
Printing and office supplies	550	573	(23)	535
Postage	150	112	38	138
Permit fees	23,000	26,532	(3,532)	20,630
Memberships and dues	975	977	(2)	1,393
Travel	1,805	349	1,456	329
Automotive operating expense	8,000	8,130	(130)	8,014
Electric and gas	227,560	259,911	(32,351)	264,925
Telephone	3,900	4,583	(683)	4,285
Lubrication supplies	900	894	6	803
Maintenance and service contracts	17,449	10,614	6,835	6,311
Machinery and equipment repairs	91,730	55,701	36,029	54,860
Building repairs	500	(112)	612	419

— CONTINUED —

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		
<u>Water Treatment Plant (continued):</u>				
Small hand tools	850	798	52	547
Electrical and lighting supplies	600	270	330	354
Safety supplies	1,500	1,701	(201)	716
Uniforms and clothing	1,850	2,020	(170)	1,629
Cleaning and sanitation supplies	600	583	17	561
Chemicals	150,000	134,581	15,419	130,714
Laboratory supplies	23,000	20,369	2,631	26,441
Insurance	2,827	2,478	349	2,604
General insurance (building and contents)	30,886	24,967	5,919	—
Employee training	1,955	1,041	914	895
Consultant lab tests	9,000	2,468	6,532	4,279
Machines & equipment – non-capital	169,150	8,228	160,922	1,182
	<u>1,356,322</u>	<u>1,154,592</u>	<u>201,730</u>	<u>960,294</u>
<u>Water Distribution and Maintenance:</u>				
Salaries and wages	450,578	456,466	(5,888)	434,672
Overtime	71,757	117,606	(45,849)	94,744
Retirement, insurance and other benefits	197,791	186,510	11,281	—
Dues and memberships	1,500	443	1,057	708
Travel	500	—	500	—
Automotive operating expense	39,000	59,287	(20,287)	50,118
Electricity and gas	33,000	34,268	(1,268)	35,162
Telephone	6,000	6,901	(901)	5,755
Maintenance and service contracts	4,500	909	3,591	2,152
Machinery and equipment repairs	25,000	8,845	16,155	17,216
Building repairs	250	189	61	575
Small hand tools	4,000	3,794	206	4,597
Masonry supplies	1,200	2,269	(1,069)	298
Asphalt supplies	17,000	27,821	(10,821)	24,993
Radio supplies	250	—	250	—
Safety supplies	3,000	2,951	49	2,695
Uniforms and clothing	2,600	1,785	815	1,837
Chemicals	200	—	200	—
Utility repair supplies and meters	197,500	246,081	(48,581)	107,421
Insurance	11,310	9,914	1,396	8,681
General insurance (building and contents)	10,778	11,100	(322)	—
Employee training	3,750	4,355	(605)	1,459
Water distribution equipment meters	50,000	11,547	38,453	39,556
Machines & equipment – non-capital	428,140	18,562	409,578	12,021
	<u>1,559,604</u>	<u>1,211,603</u>	<u>348,001</u>	<u>844,660</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		
<u>Wastewater Treatment Plant:</u>				
Salaries and wages	473,416	483,450	(10,034)	414,526
Overtime	33,009	34,264	(1,255)	29,702
Retirement, insurance and other benefits	175,582	167,081	8,501	—
Printing and office supplies	500	449	51	568
Permit fees – DHEC	3,250	2,739	511	3,116
Memberships and dues	1,200	713	487	1,115
Travel	2,330	2,330	—	1,931
Automotive operating expense	34,600	66,872	(32,272)	46,819
Electric and gas	435,600	510,673	(75,073)	418,581
Telephone	5,650	3,930	1,720	2,873
Lubrication supplies	5,000	2,685	2,315	2,706
Maintenance and service contracts	26,850	2,670	24,180	3,218
Machinery and equipment repairs	80,000	95,929	(15,929)	51,992
Building repairs	750	297	453	242
Sludge disposal fees	230,950	408,733	(177,783)	398,829
Small hand tools	3,300	2,916	384	834
Electrical and lighting supplies	200	—	200	209
Radio supplies	200	—	200	—
Safety supplies	7,350	7,547	(197)	2,687
Uniforms and clothing	1,900	455	1,445	981
Cleaning and sanitation supplies	500	515	(15)	567
Chemicals	235,000	243,173	(8,173)	189,769
Laboratory supplies	23,000	23,001	(1)	23,344
Insurance	7,540	6,612	928	6,945
General insurance (building and contents)	25,675	21,498	4,177	—
Employee training	1,870	1,809	61	698
Professional services – lab	20,525	17,957	2,568	8,367
Machines and equipment – non-capital	37,360	16,710	20,650	12,887
	<u>1,873,107</u>	<u>2,125,008</u>	<u>(251,901)</u>	<u>1,623,506</u>
<u>Sewer Collection and Outfall Lines:</u>				
Salaries and wages	305,484	300,269	5,215	285,635
Overtime	61,506	83,132	(21,626)	74,737
Retirement, insurance and other benefits	136,553	128,262	8,291	—
Dues and memberships	300	75	225	—
Travel	300	—	300	—
Automotive operating expense	77,000	95,498	(18,498)	121,119
Electricity and gas	112,750	114,553	(1,803)	110,783
Telephone	34,300	22,206	12,094	29,206
Lubrication supplies	300	106	194	—
Maintenance and service contracts	10,000	6,995	3,005	5,770
Machinery and equipment repairs	151,000	118,240	32,760	153,521
Small hand tools	4,000	3,131	869	2,091
Cement and masonry materials	400	563	(163)	—
Asphalt and grading supplies	25,000	29,466	(4,466)	16,365

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

— CONTINUED —

	<u>Current Year</u>		<u>Variance Positive (Negative)</u>	<u>Prior Year Actual</u>
	<u>Budget</u>	<u>Actual</u>		
<u>Sewer Collection and Outfall Lines (continued):</u>				
Radio supplies	250	—	250	—
Safety supplies	5,000	3,097	1,903	4,285
Uniforms and clothing	2,100	1,272	828	1,372
Cleaning and sanitation supplies	300	194	106	182
Chemicals	43,050	43,448	(398)	47,758
Utility repair supplies	57,400	79,365	(21,965)	18,723
Insurance – vehicle	11,310	9,914	1,396	10,417
General insurance (building and contents)	12,964	11,911	1,053	—
Employee training	1,250	93	1,157	—
Machines & equipment – non-capital	242,500	10,240	232,260	6,820
	<u>1,295,017</u>	<u>1,062,030</u>	<u>232,987</u>	<u>888,784</u>
<u>Non-departmental and support services:</u>				
South Carolina state retirement contributions	—	—	—	190,584
South Carolina pre-retirement death benefit contributions	—	—	—	3,094
Social Security	—	—	—	151,783
General insurance – (property and tort)	—	—	—	94,528
Workmen’s compensation	—	—	—	86,269
Employee group hospital insurance	—	—	—	250,762
Retiree insurance expense	5,876	—	5,876	12,973
Other post-employment benefit (OPEB) expense	83,600	30,063	53,537	146,063
Unemployment compensation insurance	—	—	—	8,050
Self-insurance	1,000	—	1,000	—
Christmas bonus pool	7,036	—	7,036	—
Health reimbursement account	—	—	—	4,228
O&M indirect costs	1,690,835	1,690,835	—	1,500,000
Capital improvement/project reserve	85,000	—	85,000	—
Capital equipment reserve	85,000	—	85,000	—
Web-site	2,750	358	2,392	756
	<u>1,961,097</u>	<u>1,721,256</u>	<u>239,841</u>	<u>2,449,090</u>
Depreciation and amortization expense	450,000	2,431,888	(1,981,888)	2,314,565
Total operating expenses	<u>\$9,304,845</u>	<u>\$ 10,438,913</u>	<u>\$ (1,134,068)</u>	<u>\$9,699,117</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, 2012

	<u>Balance, June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2012</u>
Assets				
Cash and cash equivalents:				
Firemen's fund	\$ 42,232	\$ 35,967	\$ (25,541)	\$ 52,658
Police fund	58,984	30,599	(11,750)	77,833
Total assets	<u>\$ 101,216</u>	<u>\$ 66,566</u>	<u>\$ (37,291)</u>	<u>\$ 130,491</u>
Liabilities				
Amounts due to others:				
Firemen's fund	\$ 42,232	\$ 35,967	\$ (25,541)	\$ 52,658
Police fund	58,984	30,599	(11,750)	77,833
Total liabilities	<u>\$ 101,216</u>	<u>\$ 66,566</u>	<u>\$ (37,291)</u>	<u>\$ 130,491</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, 2012

General capital assets and construction-in-progress, June 30, 2011	\$ 14,788,244
Add, expenditures by General Fund and Capital Projects Fund:	
Land, buildings, other improvements, furniture and equipment	1,215,834
Deduct, surplus sales and other deletions by General Fund:	
Building, furniture and equipment	<u>(283,516)</u>
General capital assets and construction-in-progress, June 30, 2012	<u>\$ 15,720,562</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, 2012

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	Due Dates	Interest Rates	Bonds and Notes				Coupons/Interest			Debt Service Requirements Next Fiscal Year			
			Outstanding July 1, 2011	Long-Term Borrowing	Matured	Paid	Outstanding June 30, 2012	Outstanding July 1, 2011	Matured	Paid	Outstanding June 30, 2012	Principal	Interest
General Long-Term Debt													
Tax Increment Financing Revenue Bond, Series 2002	4/24/03-17	4.03	\$ 2,610,109	\$ —	390,562	(390,562)	\$ 2,219,547	\$ —	\$ 101,292	\$ (101,292)	\$ —	\$ 406,460	\$ 85,393
Installment purchase contract, monthly payments of principal and interest	Various	1.88-4.95	756,680	755,402	294,974	(294,974)	1,217,108	—	25,145	(25,145)	—	378,248	26,243
Total general long-term debt			\$ 3,366,789	\$ 755,402	\$ 685,536	\$ (685,536)	\$ 3,436,655	\$ —	\$ 126,437	\$ (126,437)	\$ —	\$ 784,708	\$ 111,636
Water and Sewer Utility Fund Debt													
Clean Water State Revolving Fund loan, Series 2002, interest and principal payable quarterly	12/1/03-23	3.75	\$ 1,119,864	\$ —	\$ 73,468	\$ (73,468)	\$ 1,046,396	\$ —	\$ 36,348	\$ (36,348)	\$ —	\$ 76,262	\$ 38,175
Water and Sewer System Revenue Bonds, Series 2004, interest payable semi-annually, principal payable annually	7/1/05-15	2.00-4.00	4,515,000	—	835,000	(835,000)	3,680,000	—	163,900	(163,900)	—	870,000	129,800
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	17,190,000	—	760,000	(760,000)	16,430,000	—	829,637	(829,637)	—	795,000	796,594
Clean Water State Revolving Fund Loan, Series 2009, interest and principal payable quarterly	9/29/09-32	3.50	21,299,538	13,574,997	346,383	(346,383)	34,528,152	—	196,169	(196,169)	—	1,405,127	765,083
Total water and sewer utility fund debt			\$44,124,402	\$13,574,997	\$2,014,851	\$ (2,014,851)	\$55,684,548	\$ —	\$1,226,054	\$ (1,226,054)	\$ —	\$ 3,146,389	\$1,729,652

VICTIM'S RIGHTS ASSISTANCE

CITY OF CAYCE, SOUTH CAROLINA

SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES

YEAR ENDED JUNE 30, 2012

Court Fines and Assessments

Court fines and assessments collected	\$ 689,538
Court fines and assessments remitted to State Treasurer	(371,934)
Audit fees paid	<u>(1,000)</u>
Total court fines and assessments retained by the City	<u>\$ 316,604</u>

Surcharges and Assessments retained by City

Total surcharges collected	\$ 10,520
Total assessments	<u>28,457</u>
Total surcharges and assessments retained by city	<u>\$ 38,977</u>

Funds Allocated to Victims Services

Carryover funds from prior year	\$ 99,169
Surcharges and assessments retained	38,977
Expenditures for victims services	<u>(49,448)</u>
Total unexpended victims rights assistance funds	<u>\$ 88,698</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. 86-92

Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property tax revenue. 93-96

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. 97-101

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. 102-104

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. 105-107

CITY OF CAYCE, SOUTH CAROLINA

NET ASSETS BY COMPONENT
(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Invested in capital assets, net of related debt	\$ 3,847,244	\$ 3,542,010	\$ 4,797,026	\$ 4,607,696	\$ 5,651,516	\$ 5,093,684	\$ 5,011,165	\$ 4,042,598	\$ 3,982,069	\$ 3,955,941
Restricted	912,655	1,215,170	1,548,803	1,421,780	268,554	300,873	115,771	791,610	1,031,972	252,167
Unrestricted	(140,852)	(985,075)	(493,433)	(190,606)	(40,898)	(589,783)	(576,942)	(178,961)	(227,823)	1,180,357
Total governmental activities net assets	<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>	<u>\$ 4,655,247</u>	<u>\$ 4,786,218</u>	<u>\$ 5,388,465</u>
Business-type Activities										
Invested in capital assets, net of related debt	\$ 66,405,669	\$ 58,750,650	\$ 43,931,424	\$ 35,843,888	\$ 32,372,962	\$ 34,549,212	\$ 25,888,963	\$ 26,096,413	\$ 25,590,042	\$ 22,276,604
Restricted	12,186,134	8,300,588	5,872,577	1,598,531	1,575,172	1,337,240	1,330,006	949,865	1,082,062	1,035,376
Unrestricted	3,377,568	4,663,182	7,903,032	9,766,255	10,206,822	5,741,910	10,444,907	8,458,315	7,046,035	533,566
Total business type activities net assets	<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>	<u>\$ 35,504,593</u>	<u>\$ 33,718,139</u>	<u>\$ 23,845,546</u>
Primary Government										
Invested in capital assets, net of related debt	\$ 70,252,913	\$ 62,292,660	\$ 48,728,450	\$ 40,451,584	\$ 38,024,478	\$ 39,642,896	\$ 30,900,128	\$ 30,139,011	\$ 29,572,111	\$ 26,232,545
Restricted	13,098,789	9,515,758	7,421,380	3,020,311	1,843,726	1,638,113	1,445,777	1,741,475	2,114,034	1,287,543
Unrestricted	3,236,716	3,678,107	7,409,599	9,575,649	10,165,924	5,152,127	9,867,965	8,279,354	6,818,212	1,713,923
Total primary government net assets	<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>	<u>\$ 40,159,840</u>	<u>\$ 38,504,357</u>	<u>\$ 29,234,011</u>

CITY OF CAYCE, SOUTH CAROLINA

CHANGES IN NET ASSETS
(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
<u>Governmental activities:</u> ⁽³⁾										
General government	\$ 224,912	\$ 497,316	\$ 656,284	\$ 565,029	\$ 530,042	\$ 495,970	\$ 441,767	\$ 397,446	\$ 363,816	\$ 347,786
Information technology	73,396	—	—	—	—	—	—	—	—	—
Finance	82,275	101,476	127,862	194,352	190,399	191,106	198,075	188,705	180,560	178,437
Public safety	4,514,375	3,878,041	4,122,059	4,271,262	3,895,074	3,745,640	2,754,866	2,631,906	2,619,365	2,480,193
Public works	1,305,014	1,187,652	1,186,723	1,027,091	1,290,153	836,595	1,067,538	873,264	862,572	683,601
Planning and community development	595,472	3,297,107	609,701	591,283	441,026	411,118	339,632	330,905	329,276	351,393
Parks and museum	541,286	469,933	514,635	878,374	485,703	462,343	345,502	317,633	328,634	275,183
Garage	244,377	200,620	214,446	177,478	298,751	240,133	188,514	178,053	177,146	171,919
Depreciation and amortization (unallocated)	671,692	593,095	599,090	605,353	532,900	497,515	517,844	537,234	499,947	470,951
Non-departmental and support services ⁽¹⁾	—	—	—	—	—	—	1,482,576	1,280,348	1,272,243	1,046,190
Interest	123,814	128,429	145,968	166,919	173,679	188,205	210,360	236,771	254,866	181,841
Total governmental activities	<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>	<u>6,972,265</u>	<u>6,888,425</u>	<u>6,187,494</u>
<u>Business-type activities:</u>										
Water and sewer utility	11,733,001	10,873,285	10,075,440	9,258,516	8,752,480	7,738,967	7,462,982	6,728,686	6,051,406	6,374,533
Total business-type activities	<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>	<u>6,728,686</u>	<u>6,051,406</u>	<u>6,374,533</u>
Total primary government expenses	<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>	<u>\$ 13,700,951</u>	<u>\$ 12,939,831</u>	<u>\$ 12,562,027</u>
Program Revenue										
<u>Governmental activities:</u>										
Fees for services ⁽⁴⁾	\$ 1,053,270	\$ 1,006,202	\$ 1,070,167	\$ 1,385,124	\$ 1,353,981	\$ 1,276,434	\$ 984,119	\$ 932,990	\$ 1,024,896	\$ 870,021
Operating grants and contributions ⁽²⁾	163,049	387,123	445,491	129,259	3,242	206,008	671,268	555,443	161,397	80,457
Capital grants and contributions	267,131	49,323	33,833	192,342	127,349	47,700	143,161	126,999	393,313	769,152
Total governmental activities	<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>	<u>1,615,432</u>	<u>1,579,606</u>	<u>1,719,630</u>
<u>Business-type activities:</u>										
Fees for services ⁽⁵⁾	12,113,231	11,113,085	9,949,750	9,722,466	9,279,771	8,703,224	7,629,646	6,526,635	5,889,643	6,049,544
Operating grants and contributions	—	—	—	—	—	—	—	—	—	—
Capital grants and contributions	9,848,764	13,721,503	10,191,975	2,871,370	2,644,723	2,681,105	1,602,110	1,807,200	9,968,069	884,302
Total business-type activities	<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>	<u>8,333,835</u>	<u>15,857,712</u>	<u>6,933,846</u>
Total primary government program revenue	<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>	<u>\$ 9,949,267</u>	<u>\$ 17,437,318</u>	<u>\$ 8,653,476</u>

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA

CHANGES IN NET ASSETS
(Accrual basis of accounting)

— CONTINUED —

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenue and Other Changes										
<u>Governmental activities:</u>										
Property taxes	\$ 3,756,223	\$ 3,408,455	\$ 2,975,601	\$ 2,619,710	\$ 2,452,705	\$ 2,222,653	\$ 2,191,196	\$ 2,011,497	\$ 1,986,559	\$ 1,645,784
State shared and unallocated intergovernmental	412,797	439,907	484,627	560,234	587,990	550,286	523,377	497,357	484,001	472,000
Business licenses and other taxes	4,087,220	2,909,802	3,124,799	3,090,229	3,193,603	2,830,976	2,781,636	2,684,062	2,170,002	2,009,258
Gain/(loss) from sales of assets	—	—	—	—	—	—	—	(19,128)	—	—
Unrestricted investment earnings	4,053	9,497	9,485	21,309	96,838	144,116	138,341	4,455	5,982	21,543
Miscellaneous	520,318	63,069	46,291	17,875	52,940	45,232	56,913	47,619	60,028	532,779
Transfers	—	—	—	420,757	1,043,477	—	(48,590)	—	—	—
Total governmental activities	<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>	<u>5,225,862</u>	<u>4,706,572</u>	<u>4,681,364</u>
<u>Business-type activities:</u>										
Gain/(loss) from sales of assets	(844)	—	—	—	—	—	15,210	5,400	8,865	—
Unrestricted investment earnings	26,801	41,837	61,639	135,795	388,896	312,364	326,709	175,905	57,422	346,152
Miscellaneous	—	4,247	370,435	3,360	9,161	6,760	—	—	—	280,855
Transfers	—	—	—	(420,757)	(1,043,477)	—	48,590	—	—	—
Total business-type activities	<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>	<u>181,305</u>	<u>66,287</u>	<u>627,007</u>
Total primary government general revenue and other changes	<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>	<u>\$ 5,407,167</u>	<u>\$ 4,772,859</u>	<u>\$ 5,308,371</u>
Extraordinary Item – Fire	<u>\$ (1,040,506)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Changes in Net Assets										
Governmental activities	\$ 846,942	\$ (2,080,291)	\$ 13,526	\$ (40,302)	\$ 1,074,398	\$ 254,780	\$ (105,253)	\$ (130,971)	\$ (602,247)	\$ 1,921,783
Business-type activities	10,254,951	14,007,387	10,498,359	3,053,718	2,526,594	3,964,486	2,159,283	1,786,454	9,872,593	541,774
Total primary government changes in net assets	<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>	<u>\$ 1,655,483</u>	<u>\$ 9,270,346</u>	<u>\$ 2,463,557</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.

CITY OF CAYCE, SOUTH CAROLINA

PROGRAM REVENUE BY FUNCTION
(Accrual basis of accounting)

LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Function/Program										
<u>Governmental Activities:</u>										
General government (1)	\$ —	\$ 51,694	\$ 2,527	\$ —	\$ —	\$ —	\$ 575,000	\$ 375,000	\$ 229,500	\$ —
Information technology	—	—	—	—	—	—	—	—	—	—
Finance	—	—	—	—	—	—	—	—	—	—
Public safety	752,605	924,772	926,953	741,906	553,521	793,932	449,242	586,478	506,546	442,832
Public works	432,704	414,308	501,847	769,983	678,163	619,535	651,348	551,349	678,553	484,784
Planning and community development	27,757	31,120	51,550	51,556	—	—	—	—	66,400	76,466
Parks and museum	270,384	20,754	66,614	143,280	252,888	116,675	122,958	102,605	98,607	715,548
Garage	—	—	—	—	—	—	—	—	—	—
Depreciation and amortization (unallocated)	—	—	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	—	—
Total governmental activities	<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>	<u>1,615,432</u>	<u>1,579,606</u>	<u>1,719,630</u>
<u>Business-type activities:</u>										
Water and sewer utility	21,961,995	24,834,588	20,141,725	12,593,836	11,924,494	11,384,329	9,231,756	8,333,835	15,857,712	6,933,846
Total business-type activities	<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>	<u>8,333,835</u>	<u>15,857,712</u>	<u>6,933,846</u>
Total program revenue by function and program	<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>	<u>\$ 9,949,267</u>	<u>\$ 17,437,318</u>	<u>\$ 8,653,476</u>

(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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Nonspendable	\$ 41,613	\$ 35,177	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	113,698	133,512	—	—	—	—	—	—	—	—
Assigned	17,261	20,267	—	—	—	—	—	—	—	—
Unassigned	694,031	430,901	—	—	—	—	—	—	—	—
Reserved	—	—	187,280	194,005	195,913	205,925	193,487	219,432	224,409	320,744
Unreserved	—	—	(209,352)	(4,412)	(123,661)	(640,160)	(438,891)	(268,222)	(19,919)	800,002
Total general fund	<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>	<u>(48,790)</u>	<u>204,490</u>	<u>1,120,746</u>
All Other Governmental Funds										
Restricted, reported in:										
Special revenue funds	246,509	406,477	—	—	—	—	—	—	—	—
Debt service funds	497,847	620,592	—	—	—	—	—	—	—	—
Capital projects funds	717,567	173,606	—	—	—	—	—	—	—	—
Assigned, reported in:										
Special revenue funds	—	636	—	—	—	—	—	—	—	—
Reserved, reported in:										
Special revenue funds	—	—	82,207	82,673	82,651	82,627	82,589	82,549	82,513	82,480
Debt service funds	—	—	1,349,255	1,215,761	1,143,438	1,017,411	501,959	557,429	479,319	228,218
Capital projects funds	—	—	2,277,644	2,356,749	2,590,056	3,047,680	3,539,774	4,369,751	—	—
Unreserved, reported in:										
Special revenue funds	—	—	323,318	352,489	374,364	365,716	304,704	304,606	304,730	326,768
Capital projects funds	—	—	—	—	—	—	—	—	4,407,221	4,632,522
Total all other governmental funds	<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>	<u>5,314,335</u>	<u>5,273,783</u>	<u>5,269,988</u>
Total primary government	<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>	<u>\$ 5,265,545</u>	<u>\$ 5,478,273</u>	<u>\$ 6,390,734</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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenue										
Property taxes	\$ 3,721,458	\$ 3,351,690	\$ 2,899,938	\$ 2,624,276	\$ 2,383,985	\$ 2,227,451	\$ 2,178,548	\$ 1,960,894	\$ 1,982,392	\$ 1,458,916
Licenses and permits	4,145,714	2,945,593	3,296,449	3,511,330	3,534,887	3,116,879	2,781,636	2,684,062	2,236,402	2,140,066
Fines and forfeitures	316,604	328,356	282,399	284,215	239,960	337,679	352,974	381,086	327,469	309,232
State shared revenue	447,544	489,425	541,999	613,976	625,855	594,905	507,669	492,398	481,643	484,910
Current services	658,095	620,316	601,501	668,994	636,283	625,946	630,328	640,276	335,258	1,562,228
Grants and other	970,574	504,317	494,349	366,262	327,625	1,310,757	851,139	670,849	614,831	708,020
Interest income	4,054	9,497	9,485	21,309	96,836	144,116	138,341	4,455	5,982	9,276
Total revenue	10,264,043	8,249,194	8,126,120	8,090,362	7,845,431	8,357,733	7,440,635	6,834,020	5,983,977	6,672,648
Expenditures¹										
Current:										
General government	237,577	243,093	322,933	334,079	410,300	456,196	441,767	397,446	363,816	347,786
Information technology	73,396	—	—	—	—	—	—	—	—	—
Finance	87,707	69,582	68,791	132,174	133,598	196,415	198,075	188,705	180,560	178,437
Public safety	4,566,632	3,342,951	3,377,945	3,267,295	2,990,865	2,902,975	2,754,866	2,631,906	2,619,365	2,480,193
Public works	1,321,336	1,085,494	1,025,127	1,204,368	1,031,851	1,005,933	1,067,538	873,264	862,572	683,601
Planning and community development	603,295	3,253,279	498,344	496,265	390,710	332,888	339,632	330,905	329,276	351,393
Parks and museum	549,481	407,817	407,097	396,719	355,486	385,507	345,502	317,633	328,634	275,183
Garage	250,402	165,610	154,796	118,365	135,652	238,020	188,514	178,053	177,146	171,919
Non-department and support services	511,974	863,085	1,504,764	1,559,494	1,518,150	1,397,835	1,422,192	1,289,261	1,272,243	1,046,190
Debt service and other financing:										
Principal	685,536	573,730	581,740	580,340	882,569	518,350	545,554	377,155	178,827	225,296
Interest	123,814	128,430	145,968	166,919	176,465	193,663	232,889	222,188	230,182	120,595
Capital outlay	460,431	804,800	381,641	510,656	1,019,876	834,374	1,260,414	261,791	507,417	1,857,084
Total expenditures	9,471,581	10,937,871	8,469,146	8,766,674	9,045,522	8,462,156	8,796,943	7,068,307	7,050,038	7,737,677
Excess (deficiency) of revenue over expenditures	792,462	(2,688,677)	(343,026)	(676,312)	(1,200,091)	(104,423)	(1,356,308)	(234,287)	(1,066,061)	(1,065,029)

— CONTINUED —

CITY OF CAYCE, SOUTH CAROLINA

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

—CONTINUED—

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Other Financing Sources (Uses)										
Installment purchase contracts	755,402	499,493	156,113	190,059	340,176	—	322,975	21,559	153,600	404,856
Proceeds from Tax Increment Financing Revenue Bond	—	—	—	—	—	—	—	—	—	5,000,000
Transfers in	437,747	939,470	38,326	459,522	1,082,135	38,533	37,552	27,833	27,530	164,360
Transfers (out)	(437,747)	(939,470)	(38,326)	(38,765)	(38,658)	(38,533)	(86,142)	(27,833)	(27,530)	(164,360)
Total other financing sources (uses)	<u>755,402</u>	<u>499,493</u>	<u>156,113</u>	<u>610,816</u>	<u>1,383,653</u>	<u>—</u>	<u>274,385</u>	<u>21,559</u>	<u>153,600</u>	<u>5,404,856</u>
Net change in fund balances before extraordinary item	1,547,864	(2,189,184)	(186,913)	(65,496)	183,562	(104,423)	(1,081,923)	(212,728)	(912,461)	4,339,827
Extraordinary Item – Fire	(1,040,506)	—	—	—	—	—	—	—	—	—
Net change in fund balances	507,358	(2,189,184)	(186,913)	(65,496)	183,562	(104,423)	(1,081,923)	(212,728)	(912,461)	4,339,827
Fund balances, beginning of year	<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>	<u>5,265,545</u>	<u>5,478,273</u>	<u>6,390,734</u>	<u>2,050,907</u>
Fund balances, end of year	<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>	<u>\$5,265,545</u>	<u>\$5,478,273</u>	<u>\$ 6,390,734</u>
Debt service as a percentage of non- capital expenditures	<u>10%</u>	<u>7%</u>	<u>9%</u>	<u>10%</u>	<u>15%</u>	<u>10%</u>	<u>12%</u>	<u>10%</u>	<u>7%</u>	<u>6%</u>

(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

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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)				
2003	\$ 19,381,280	\$ 10,227,760	\$ 6,202,580	\$ (3,046,890)	\$ 32,764,730	40.50	\$ 500,855,531	6.5%
2004	20,135,170	10,947,910	5,946,530	(3,214,710)	33,814,900	40.50	549,794,233	6.2%
2005	20,188,560	11,559,850	5,777,510	(3,292,460)	34,233,460	40.50	549,456,050	6.2%
2006	25,067,670	10,784,460	5,976,860	(3,356,000)	38,472,990	42.50	654,096,861	5.9%
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)	49,923,977	46.93	823,005,284	5.7%

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)

Fiscal Year	City Millage ⁽¹⁾	County Millage	School District Millage	All Other Districts	Total Millage
*2003	40.500	67.299	179.150	19.710	306.659
2004	40.500	68.775	183.140	20.200	312.615
2005	40.500	72.223	183.140	22.000	317.863
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

Source: Lexington County Auditor, Final Millage Reports.

* Reassessment year effect on City Millage.

(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. The 2012 Municipal millage increase was due mainly to a one year only increase of 5 mills to help with the prior year budget deficiency.

CITY OF CAYCE, SOUTH CAROLINA
 PRINCIPAL PROPERTY TAX PAYERS
 YEARS 2012 AND 2003 (first year available)

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Taxpayer	Type of Business	2012			2003		
		Assessment	Rank	Percentage of Total Assessed Valuation	Assessment	Rank	Percentage of Total Assessed Valuation
SCANA, Inc (SCE&G INCLUDED)	Electric Utility	\$18,477,510	1	28.23%	\$1,251,530	3	4.10%
Owen Electric Steel Co. of S.C.	Manufacturer, Steel	4,064,880	2	6.21%	2,140,180	1	7.01%
Riverside Columbia LP	Apartments	1,147,410	3	1.75%	404,970	7	1.32%
Farm Bureau Insurance of S.C.	Insurance	722,250	4	1.10%	419,710	5	1.37%
Bell South Telecommunication, Inc.	Telecommunication	685,190	5	1.05%	1,608,830	2	5.27%
EDR Cayce, LLC	Apartments	614,290	6	0.94%	-	-	-
Parkland Partnership	Shopping Center	508,990	7	0.78%	447,190	4	1.46%
Granby Crossing, L.P.	Apartments	448,820	8	0.69%	406,200	6	1.33%
Cole CV Cayce SC LLC	Real Estate	297,000	9	0.45%	-	-	-
Southern First Bank National	Banking	259,190	10	0.40%	-	-	-
CMC Steel	Metal Fabricators	253,960	11	0.39%	-	-	-
AVTX Edenwood Associates LLC	Real Estate	225,940	12	0.35%	-	-	-
Virginia American Industries, Inc.	Manufacturer, Industrial	211,200	13	0.32%	-	-	-
WED Properties LLC	Real Estate	203,750	14	0.31%	-	-	-
WRH Edenwood LTD	Apartments	203,460	15	0.31%	-	-	-
Cayce Crossing, L.P.	Shopping Center	200,650	16	0.31%	140,860	13	0.46%
Southeastern Concrete Products	Manufacturer, Concrete	199,950	17	0.31%	142,930	12	0.47%
Cayce Retail Investors LLC	Real Estate	195,000	18	0.30%	-	-	-
W.P. Hylton, LLC (Park Place 440)	Real Estate	190,780	19	0.29%	249,850	9	0.82%
CISCO Systems Capital Corp	Capital Investment/Real Estate	182,090	20	0.28%	-	-	-
The BOC Group, Inc.	Real Estate	-	-	-	347,080	8	1.14%
Time Warner Ent.- Advance Newhouse	Telecommunication	130,320	-	0.20%	176,960	10	0.58%
Small, Jr., Robert S.	Real Estate	-	-	-	146,150	11	0.48%
Bi-Lo, LLC	Grocer	93,240	-	0.14%	105,980	14	0.35%
Curry, Jane G., Life Est. Etal. Tr	Real Estate	44,530	-	0.07%	89,530	15	0.29%
Coker Builders, Inc	Construction	-	-	-	84,410	16	0.27%
Storage 2000 - Cayce (SC) 1, LLC	Warehousing	-	-	-	72,390	17	0.24%
Newington Associates, LLC	Real Estate	79,710	-	0.12%	59,480	18	0.20%
Acme Enterprises, L.P.	Real Estate	-	-	-	37,500	19	0.12%
Indigo Associates, LTD	Real Estate	78,650	-	0.12%	23,760	20	0.08%
Total		\$29,718,760		45.40%	\$ 8,355,490		27.36%
Total Assessed Values (Includes FILOT)		\$ 68,463,847					
Total Assessed Values (Not Including FILOT)		\$ 46,923,977					

Source: Lexington County Auditor's Office.

Note: The City did not previously prepare this schedule and chooses to implement such data prospective of implementing GASB Statement 34.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Current Year for Prior Year Levies	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 1,548,447	\$ 1,311,125	84.7%	\$ 35,520	\$ 1,346,645	87.0%
2004	1,480,282	1,313,662	88.7%	31,935	1,345,597	90.9%
2005	1,351,436	1,298,460	96.1%	26,519	1,324,979	98.0%
2006	1,612,464	1,412,296	87.6%	35,848	1,448,144	89.8%
2007	1,546,683	1,387,747	89.7%	34,609	1,422,356	92.0%
2008	1,665,478	1,504,440	90.3%	38,392	1,542,832	92.6%
2009	1,790,866	1,617,161	90.3%	33,131	1,650,292	92.2%
2010	1,899,918	1,816,668	95.6%	37,383	1,854,051	97.6%
2011	1,866,227	1,832,942	98.2%	40,897	1,873,839	100.4%
2012	2,089,254	1,896,397	90.8%	48,747	1,945,144	93.1%

1) Collections do not include applicable penalties, fees-in-lieu-of-taxes (FILOT), and local-option-sales-tax (LOST) payments from Richland County.

2) Information obtained from the Lexington County Treasurer's Office

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 Income	Per Capita
	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			
2003	\$ —	\$ 5,000,000	\$ 599,272	\$ 22,545,000	\$ 492,229	\$ —	\$ 28,636,501	13.3%	\$ 2,319
2004	—	4,950,000	621,021	21,750,000	1,367,099	—	28,688,120	13.3%	2,329
2005	—	4,701,801	509,306	22,875,000	1,352,295	—	29,438,402	13.6%	2,392
2006	—	4,345,376	638,046	22,030,000	1,448,746	—	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

*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.

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>
2003	—	—	—
2004	—	—	—
2005	—	—	—
2006	—	—	—
2007	—	—	—
2008	—	—	—
2009	—	—	—
2010	—	—	—
2011	—	—	—
2012	—	—	—

Source: City of Cayce Finance Department.

CITY OF CAYCE, SOUTH CAROLINA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2012

<u>Political Subdivision</u>	<u>Assessed Value</u>	<u>General Bonded Debt Outstanding</u>		
		<u>Debt Outstanding</u>	<u>Percentage Applicable to Cayce</u>	<u>Cayce's Share of Debt</u>
Lexington County	\$ 1,092,352	\$ 37,959,352	0%	\$ —
Lexington School District 2	252,810,650	32,904,000	0%	—
Lexington Recreation District	803,758,061	21,105,000	0%	—
Riverbanks Zoo	1,092,397,396	8,795,000	0%	—
Total overlapping general bonded debt		<u>\$ 100,763,352</u>		<u>\$ —</u>

Source: Lexington County Finance Department.
 Per Lexington County, the City does not tax or share in the outstanding debt of others, and is not responsible for any of the debt outstanding by other political subdivisions.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total Assessed Valuation	\$46,923,977	\$46,896,540	\$41,923,380	\$40,062,950	\$38,830,640	\$37,573,215	\$38,472,990	\$34,233,460	\$33,814,900	\$32,764,730
Maximum General Obligation Debt limited to 8% of total assessed valuation (1)	3,753,918	3,751,723	3,353,870	3,205,036	3,106,451	3,005,857	3,077,839	2,738,677	2,705,192	2,621,178
Outstanding bonds chargeable to bond limit	—	—	—	—	—	—	—	—	—	—
Legal debt margin	<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>	<u>\$ 2,738,677</u>	<u>\$ 2,705,192</u>	<u>\$ 2,621,178</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0%</u>									

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.

Source: Lexington County Auditor's Office.

CITY OF CAYCE, SOUTH CAROLINA

PLEGGED REVENUE — REVENUE BOND COVERAGE WATER AND SEWER ENTERPRISE FUND

LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Gross Revenues ⁽¹⁾	\$12,140,032	\$11,159,169	\$10,381,824	\$ 9,861,621	\$ 9,677,828	\$ 9,022,348	\$ 7,971,565	\$ 6,707,940	\$ 5,955,930	\$ 6,245,737
Expenses of Operating and Maintaining the System ⁽²⁾	8,014,258	7,391,785	6,630,334	6,352,267	6,509,486	4,927,517	4,837,560	4,037,915	3,519,802	3,738,278
Net Revenues	4,125,774	3,767,384	3,751,490	3,509,354	3,168,342	4,094,831	3,134,005	2,670,025	2,436,128	2,507,459
Combined Debt Service Requirements ⁽³⁾	3,240,906	2,707,437	2,709,725	2,818,044	2,212,235	2,216,564	1,943,037	1,978,975	1,973,186	1,900,414
Debt Service Coverage ⁽⁴⁾	127%	139%	138%	124%	143%	185%	161%	135%	123%	132%

- 1) Gross revenues are shown exclusive of Capital Facility Charges.
- 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 loan.
- 4) Coverage calculation shown exclusive of Capital Facility Charges.

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net Revenues	\$ 4,125,774	\$ 3,767,384	\$ 3,751,490	\$ 3,509,354	\$ 3,168,342	\$ 4,094,831	\$ 3,134,005	\$ 2,670,025	\$ 2,436,128	\$ 2,507,459
Capital Facility Charges	9,848,764	13,721,503	7,168,737	1,580,790	1,486,154	1,058,798	1,287,901	4,798,905	2,279,398	787,510
Total	\$13,974,538	17,488,887	10,920,227	5,090,144	4,654,496	5,153,629	4,421,906	7,468,930	4,715,526	3,294,969
Combined Debt Service Requirements ⁽³⁾	3,240,906	2,707,437	2,709,725	2,818,044	2,212,235	2,216,564	1,943,037	1,978,975	1,973,186	1,900,414
Debt Service Coverage ⁽⁵⁾	431%	646%	403%	180%	210%	236%	228%	377%	239%	173%

- 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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Alterations	\$ 583,964	\$ 1,485,764	\$ 1,445,301	\$ 5,027,581	\$ 1,124,891	\$ 2,346,231	\$ 804,889	\$ 2,432,119	\$ 425,085	\$ 538,581
Additions	368,348	94,692	74,256	565,615	9,311,921	31,860	439,200	1,387,770	45,994	535,153
New Construction	78,420	105,830	62,060,078	42,184,048	62,749,070	53,319,654	3,599,775	22,834,886	1,592,345	2,492,724
Sub-total:	1,030,732	1,686,286	63,579,635	47,777,244	73,185,882	55,697,745	4,843,864	26,654,775	2,063,424	3,566,458
Signage	44,130	88,105	169,376	93,959	84,372	111,034	97,025	79,705	90,374	57,000
Commercial Totals	\$ 1,074,862	\$ 1,774,391	\$ 63,749,011	\$ 47,871,203	\$ 73,270,254	\$ 55,808,779	\$ 4,940,889	\$ 26,734,480	\$ 2,153,798	\$ 3,623,458

RESIDENTIAL PERMITS VALUES TEN FISCAL YEAR REPORT

Occurrence	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Alterations	\$ 976,387	\$ 804,757	\$ 2,236,743	\$ 882,040	\$ 926,205	\$ 1,699,842	\$ 1,211,767	\$ 1,171,058	\$ 903,816	\$ 698,964
Additions	192,946	226,930	225,550	201,607	826,408	565,569	341,180	192,906	487,588	552,941
Multi-Family	1,354,057	—	—	—	—	—	—	—	—	—
Single-Family	4,105,918	676,678	3,518,000	9,898,625	5,075,670	8,989,979	11,506,440	5,193,427	1,063,025	1,075,110
Residential Totals:	\$ 6,629,308	\$ 1,708,365	\$ 5,980,293	\$ 10,982,272	\$ 6,828,283	\$ 11,255,390	\$ 13,059,387	\$ 6,557,391	\$ 2,454,429	\$ 2,327,015
Yearly Grand Total:	\$ 7,704,170	\$ 3,482,756	\$ 69,729,304	\$ 58,853,475	\$ 80,098,537	\$ 67,064,169	\$ 18,000,276	\$ 33,291,871	\$ 4,608,227	\$ 5,950,473

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

Per Year 2010 Census¹	Cayce⁵	Lexington County⁴	South Carolina⁴
Total Population (2010)	12,743	267,129	4,679,230
Per Capita Income (in 2010 dollars)	\$ 21,354	\$ 26,393	\$ 23,443
Median Household Income (in 2010 dollars)	\$ 40,627	\$ 52,205	\$ 43,939
Median Family Income (in 2010 dollars)	\$ 50,497	\$ 64,630	\$ 54,223
Total Personal Income (in 2010 dollars)	\$ 272,114,022	\$ 7,050,335,697	\$ 109,695,188,890

Population Estimates¹ (July 1, 2011)	Cayce	Lexington County	South Carolina
2003	12,347	225,765	4,143,420
2004	12,320	229,233	4,196,799
2005	12,307	232,989	4,249,385
2006	12,478	237,957	4,324,799
2007	12,533	242,797	4,404,914
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 ¹	12,743	267,129	4,679,230

Unemployment Rates² (Annual Average)	Cayce	Lexington County	South Carolina
2003	N/A	4.5	6.7
2004	N/A	4.9	6.8
2005	N/A	4.9	6.7
2006	N/A	4.6	6.4
2007	N/A	4.3	5.9
2008	N/A	4.9	6.8
2009	N/A	8.4	11.3
2010	N/A	8.2	11.2
2011	N/A	7.8	10.3
2012 ³	N/A	7.1	9.3

Cayce's Income Demographics⁵	Households		Families	
	Number	Percentage	Number	Percentage
\$0 - \$10,000	550	10.2%	123	4.4%
10,000 - 14,999	270	5.0%	77	2.8%
15,000 - 24,999	684	12.7%	323	11.6%
25,000 - 34,999	741	13.7%	313	11.3%
35,000 - 49,999	1,168	21.7%	535	19.2%
50,000 - 74,999	1,018	18.9%	601	21.6%
75,000 - 99,999	448	8.3%	340	12.2%
100,000 - 149,999	416	7.7%	371	13.3%
150,000 - 199,999	45	0.8%	45	1.6%
200,000 and over	53	1.0%	53	1.9%
Totals	5,393	100.0%	2,781	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, 2012 through June 30, 2012

⁴ State demographic information for all categories is updated as of July 1, 2012

⁵ Income demographics for the City are based on estimates from the Bureau of the Census, American Community Survey, latest year 2011

N/A = Not Available

CITY OF CAYCE, SOUTH CAROLINA

PRINCIPAL EMPLOYERS
(TEN LARGEST)

JUNE 30, 2012

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

Taxpayer		2012			2006		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
SCANA, Inc	Electric Utility	1,635	1	19.8%	200	4	2.9%
SMI Steel	Manufacturer, Steel	313	2	3.8%	360	1	5.2%
Bi-Lo, LLC	Grocer	176	3	2.1%	-	-	0.0%
Farm Bureau Insurance of S.C.	Insurance	175	4	2.1%	175	5	2.5%
CINTAS	Uniform Provider	100	5	1.2%	-	-	0.0%
Genuine Parts Co.	Parts Distributor	65	6	0.8%	-	-	0.0%
Krispy Kreme Doughnut Co.	Retail	63	7	0.8%	65	7	0.9%
Love Chevrolet Co.	Car Dealership	60	8	0.7%	-	-	0.0%
Nabisco Inc.	Food Distributor	43	9	0.5%	41	10	0.6%
Southeastern Concrete	Manufacturer, Concrete	29	10	0.4%	55	8	0.8%
Total		<u>2,659</u>		<u>32.23%</u>	<u>896</u>		<u>12.99%</u>
Approximate number employed within the city limits		<u>8,250</u>			<u>6,900</u>		

Source: City of Cayce Business License applications and phone calls to businesses.

Information does not include Governmental Institutions such as the City itself and Schools.

CITY OF CAYCE, SOUTH CAROLINA

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Employees by Function/Program										
<u>Governmental Activities</u>										
General government:										
Legislative	5	5	5	5	5	5	5	5	5	5
Administrative	4	5	5	5	5	5	5	5	5	5
Recorder's court	1	1	1	1	1	1	1	1	1	1
Finance:										
Accounting	3	4	4	4	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	4	4
Administrative	4	4	4	4	4	4	4	4	4	4
Detectives	8	9	9	9	9	8	9	9	9	9
Traffic	39	47	48	47	45	44	41	41	41	42
Fire **	9	NA								
Planning and community development:										
Administrative	5	5	5	5	5	5	5	5	5	5
Public works:										
Public buildings	1	1	1	1	1	1	1	1	1	1
Sanitation	17	16	16	16	16	16	15	15	15	15
Garage	5	5	5	4	4	4	4	4	4	4
Parks and museum:										
Museum	2	2	2	2	2	2	2	2	2	2
Parks	9	8	8	8	8	8	8	8	8	8
Subtotals	<u>119</u>	<u>119</u>	<u>120</u>	<u>118</u>	<u>116</u>	<u>114</u>	<u>111</u>	<u>111</u>	<u>110</u>	<u>111</u>
<u>Business-type Activities</u>										
Water and sewer utility:										
Administrative	8	7	7	6	6	6	6	6	6	5
Water treatment plant	10	10	10	10	10	10	10	10	10	10
Water distribution and maintenance*	14	14	14	13	12	12	12	12	12	9
Sewer collection and outfall lines*	12	10	9	9	9	9	9	9	9	8
Wastewater treatment plant	12	11	11	11	10	10	10	10	10	10
Subtotals	<u>56</u>	<u>52</u>	<u>51</u>	<u>49</u>	<u>47</u>	<u>47</u>	<u>47</u>	<u>47</u>	<u>47</u>	<u>42</u>
Total	<u>175</u>	<u>171</u>	<u>171</u>	<u>167</u>	<u>163</u>	<u>161</u>	<u>158</u>	<u>158</u>	<u>157</u>	<u>153</u>

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.

CITY OF CAYCE, SOUTH CAROLINA

OPERATING INDICATORS AND CAPITAL ASSETS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Governmental activities</u>										
General government:										
Area in Square Miles	16.2	16.2	16.2	16.2	16.2	15	15	13	13	13
Population of City ¹	12,743	12,528	13,062	12,646	12,556	12,382	12,597	12,432	12,412	12,418
Public safety:										
Number of stations	6	6	6	6	6	6	6	6	6	6
Number of Police Officers	2	2	2	1	1	1	1	1	1	1
Number of Firefighters	9	3	4	7	7	5	5	5	6	6
Number of Public Safety Officers	49	49	48	44	39	37	36	36	35	35
Number of Detectives	8	9	9	9	9	8	9	9	9	9
Number of arrests	728	830	523	992	898	938	945	1,154	1,220	1,211
Number of emergency incidents	5,295	9,388	10,494	8,781	2,403	4,535	4,634	4,764	5,176	5,671
Planning and community development:										
Permits issues	276	239	341	376	349	317	397	353	259	303
Estimated cost of construction	7,704,170	3,482,756	69,725,305	58,853,475	80,098,537	67,064,169	18,000,276	33,291,871	4,608,227	5,950,473
Public works:										
Active vehicles in vehicle replacement plan	149	130	122	122	120	119	115	117	118	114
Refuse collected (average tons per day)	35.3	48.0	47.8	17.58	13.43	14.10	18.84	19.82	20.64	19.73
Recyclables collected (average tons per day)	1.06	1.05	1.04	1.14	1.40	3.00	1.27	1.29	1.35	1.38
Parks and museum:										
Number of parks	9	8	8	8	6	6	6	6	6	6
Number of playgrounds	5	5	5	4	3	3	1	1	1	1
Museum complex	1	1	1	1	1	1	1	1	1	1

¹Based on latest U.S. Census or estimates

CITY OF CAYCE, SOUTH CAROLINA

OPERATING INDICATORS AND CAPITAL ASSETS BY FUNCTION/PROGRAM

— CONTINUED —

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Business-type activities</u>										
Water and sewer utility:										
Number of water customers – end of period	8,490	8,337	7,329	7,248	7,230	7,098	7,071	6,891	6,825	6,832
Number of sewer customers – end of period	12,150	10,812	10,757	10,651	10,629	8,424	6,792	6,224	5,872	5,932
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	3,070,000	3,090,000	3,050,000	3,000,000	3,310,000	4,530,000	3,220,000	3,020,000	3,068,000	2,991,006
Peak average filtration flow – water GPD	4,300,000	3,790,000	3,440,000	3,300,000	3,300,000	4,530,000	3,210,000	3,220,000	3,984,000	3,180,000
Peak daily filtration flow – water GPD	4,389,000	4,130,000	4,410,000	5,199,000	5,393,000	5,500,000	4,970,000	4,842,000	4,790,000	5,020,000
Wastewater plant treatment capacity per day – gallons	9,500,000	9,500,000	9,500,000	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	5,733,000	4,303,000	6,758,000	6,056,000	5,407,000	5,660,000	5,470,000	5,197,000	5,040,000	5,499,000
Peak average treated flow – wastewater GPD	6,184,000	6,002,000	9,030,000	7,196,000	6,796,000	6,261,000	6,597,000	6,736,000	6,386,000	7,434,000
Peak daily treated flow – wastewater GPD	9,557,000	10,871,000	14,188,000	12,795,000	9,615,000	13,040,000	7,096,000	9,390,000	7,905,000	10,986,000
Number of miles of water mains owned by City	214.0	210.5	207	128	124	123	121	119	110	110
Number of miles of sewage collection lines owned by City	265	260	260	158	156	152	123	119	119	117

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Source: City of Cayce Finance and Utility Departments.

Note: Information mostly obtained through internal reports and records.

CITY OF CAYCE, SOUTH CAROLINA

Cover Story (*photo provided by American Engineering Consultants*)

State and local officials celebrated the recent opening of Cayce's new state-of-the-art regional wastewater treatment plant. The 25-million-gallon-per-day facility took three years to build and replaces a wastewater plant built in the early 1970s. Built with the growth of Lexington County in mind, the facility provides more than 2.5 times the treatment capacity of the old facility—enough to treat wastewater from up to 80,000 homes and businesses and one-half million people.

Owned by the City of Cayce, the plant provides wastewater treatment to Cayce, the Town of Lexington and the Joint Municipal Water and Sewer Commission, which serves the central and southern unincorporated areas of Lexington County.

The plant gives the region the latest purifying technologies:

- The facility uses an advanced biological treatment process and is capable of removing pollutants such as nitrogen and phosphorus from treated wastewater, making it one of the most advanced treatment facilities in the Midlands.
- The advanced membrane digestion system at the facility is the largest of its kind in the world. Membrane digestion represents an innovative and sustainable approach to solids handling by eliminating the use of polymers, producing reuse-quality water and lowering the amount of nutrients released into our waterways.
- A state-of-the-art automatic control system helps plant staff monitor the treatment process and the equipment and quickly notifies staff when problems arise.

Here are a few other facts about the facility:

- The four basins used for the biological treatment process occupy more than four acres of land.
- A drop of water entering the plant takes from one to two days to complete its journey through the facility.
- 3 megawatts of backup generator capacity allow the facility to remain operational even during extended power outages.

The facility will not only provide long-term economic benefits to Lexington County by ensuring the continued availability of wastewater treatment capacity, but also protect the waters of the region from the by-products of this growth.



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