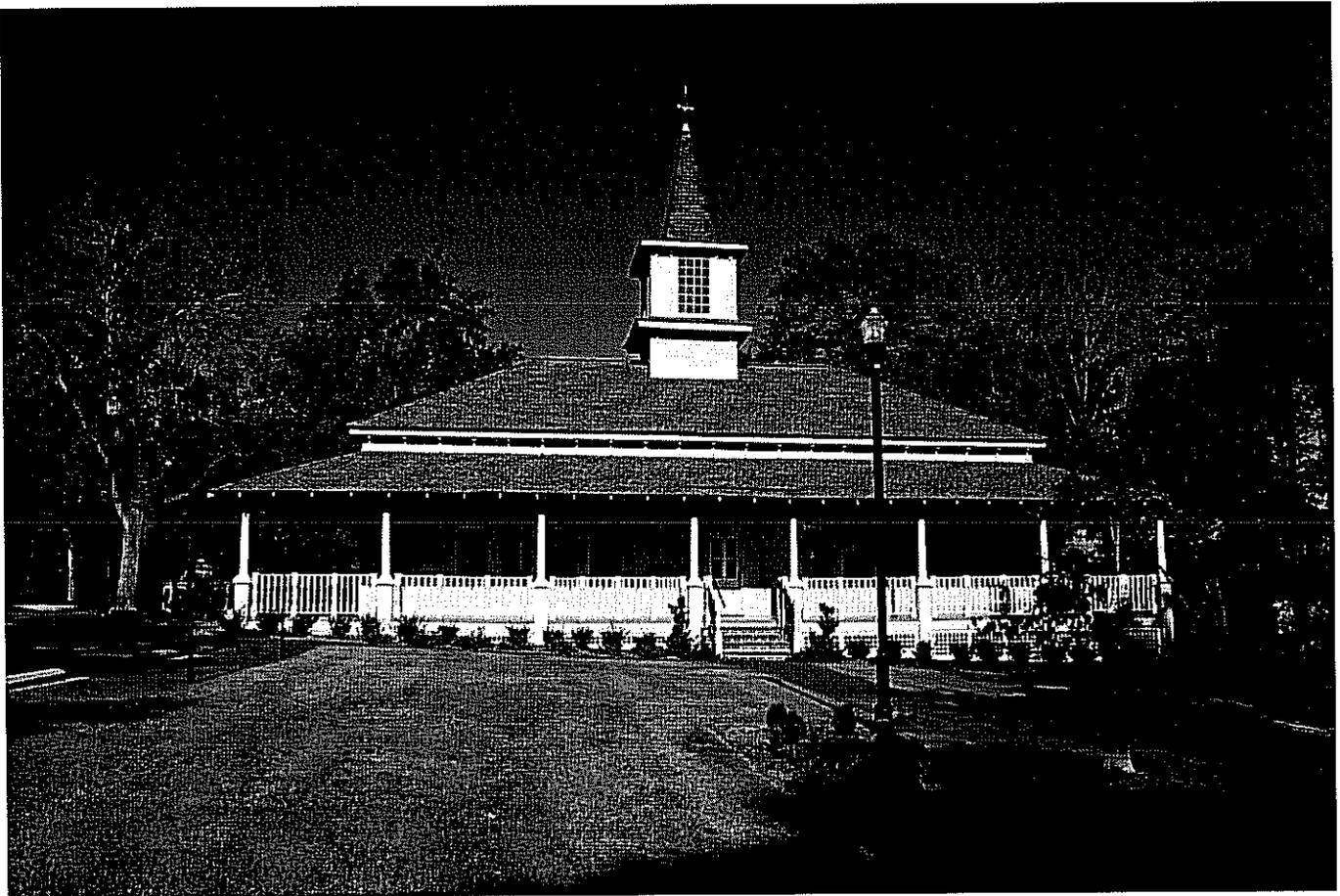


*Town of Lexington
South Carolina*



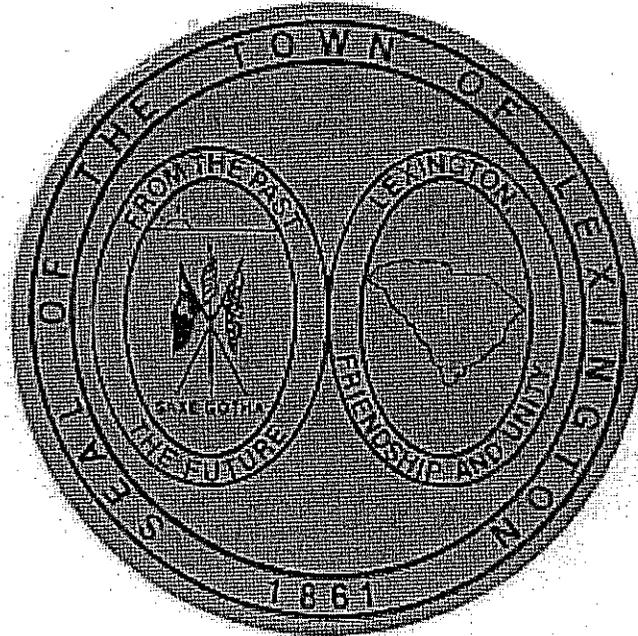
Palmetto Collegiate Institute

*Comprehensive Annual Financial Report
Year Ended June 30, 2008*

TOWN OF LEXINGTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2008



Prepared by: Finance Department

James W. Duckett, Jr., Town Administrator
Kathy S. Roberts, CPA, Finance Director

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2008

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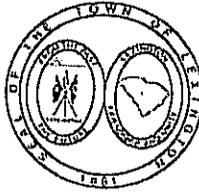
MAYOR
T. Randall Halfacre

MAYOR PRO-TEM
Hazel Leggett-Tyndall

COUNCIL
Richard D. Thompson
Kathy Maness
Ted Stambolitis
Danny Frazier
Todd Shevchik

TOWN OF LEXINGTON

111 Maiden Lane



TOWN ADMINISTRATOR
James W. Duckett, Jr.

MAILING ADDRESS
Post Office Box 397
Lexington, SC 29071

INFORMATION
803-359-4164
www.lexsc.com

FAX
803-359-4460

Letter of Transmittal

December 19, 2008,

To the Honorable T. Randall Halfacre, Mayor, Members of Town Council, and the Citizens of the Town of Lexington, South Carolina:

Both local ordinances and policies and state statutes mandate that the Town of Lexington complete a set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Comprehensive Annual Financial Report (CAFR) for the Town of Lexington for the year ended June 30, 2008, is hereby submitted.

This report, in its entirety, was prepared by the staff of the Town's Finance Department and with the helpful assistance of our independent auditors. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and all disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included. Management has established and maintains a system of internal controls to provide for this assurance. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Contained in this report is information for the use of all those interested in the Town's finances, including the taxpayers and citizens, members of Town Council, and potential investors and creditors that will have, or have had, a relationship with the Town of Lexington. The organization, form, and content of this report, and the accompanying financial reports and statistical tables were formulated according to the principles prescribed by the Governmental Accounting Standards Board and the Government Finance Officers Association of the United States and Canada.

The Town of Lexington's financial statements have been audited by the firm of Robert E. Milhous, CPAs, PA. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The auditors' report in the Financial Section provides a discussion of the audit, procedures and their opinion. The independent auditors have rendered an unqualified opinion that the Town of Lexington's financial statements for the year ended June 30, 2008, are fairly presented in conformity with GAAP.

GAAP require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Lexington MD&A can be found immediately following the report of independent auditors.

PROFILE OF THE GOVERNMENT

The Town of Lexington was incorporated on January 28, 1861. The Town is the county seat for Lexington County which is named in honor of the American victory in 1785 over the British at Lexington, Massachusetts. In 1927, the municipal water system began operation, followed soon afterward by a sewer system, to serve residents of the one square mile town limits. Since the 1970s, the Town's area has grown to about 10 square miles, and its population, now estimated to be greater than 16,000, will likely exceed 20,000 by 2010. Lexington is easily accessible to I-20, I-26, and I-77 and is a suburb of the state capital of Columbia which is located 12 miles from town. Because of Lexington's location, award winning school system, and small-town flavor, the rapid growth of the past decade is expected to continue.

On August 31, 1976, the Council form of government was officially adopted by the Town under the Home Rule Act. The Town Council consists of seven elected officials that are responsible for enacting the ordinances and resolutions that govern the town. All six council members and the mayor are elected to staggered terms in at large elections that are held in even years. Town Council appoints the Town Administrator, Town Attorney, Municipal Judge, Municipal Clerk, and all department directors. The department directors are responsible for the enforcement of all resolutions and ordinances passed by Town Council.

Lexington provides a full range of services including police protection; construction and maintenance of streets and other infrastructure; sanitation services; water and sewer services; storm water services; economic and community development; parks, recreational and cultural services; building and zoning services; and victims' assistance.

FACTORS AFFECTING FINANCIAL CONDITION

In July 2003, the U.S. Census Bureau named the Town of Lexington the fastest growing municipality in South Carolina. The unprecedented growth and development that began in the early to mid-1990s continues in and around the Town. As of June 2008, the town estimates based on a special census that its population is 16,000 which is approximately 59% higher than the 2000 Census and nearly four fold the 1992 population of 4,100.

One of the main reasons people are attracted to Lexington is for our excellent school system. Lexington School District One is consistently rated as one of the top three school districts in the state and has been one of the fastest growing school districts over the past 10 years. Three schools are within the town limits: Lexington Elementary, Lexington Intermediate, and Lexington Middle School. Located just outside of the current town limits are Midway Elementary and Lexington High School. Families are not only drawn to the quality schools, but also to the small, hometown, community feel of Lexington that offers a quality of life that enhances family life.

The Town continues to invest in water and wastewater infrastructure to enable the development of commercial, industrial and residential properties both in town and regionally. The Town's 100 square mile combined water and sewer service areas serve a substantial portion of Lexington County. Although the town and region have experienced tremendous growth, the service areas have significant potential for future growth as rural and agricultural land, in relatively close proximity to Lake Murray, can be transformed into suburban residential and commercial development. The water and sewer system has over 217 miles of sewer lines and 198 miles of water lines and serves approximately 7,100 water accounts and 10,700 sewer accounts (nearly 12,000 individual residential and commercial customers).

During the year, approximately 167 net new businesses opened in the Town of Lexington, including apartments, assisted living facility, car dealership, retail, service and suppliers and professional office developments completed during the year. Commercial development also continued just outside the town limits along the major highways that serve the town. Several subdivisions also were under development both in town and out of town but on the water and sewer system. In-town development included 160 residential units which began construction during the year.

The Town of Lexington has consistently demonstrated a commitment to provide adequate infrastructure, services and quality of life initiatives for the citizens and businesses in the greater Lexington region.

FINANCIAL POLICIES

The Town has specific policies related to contingency reserves and minimum fund balances. In developing its budget the Town requires that a minimum operating contingency be funded at 1.5 percent of estimated revenues for the General Fund and the Water and Sewer Enterprise Fund. Budgeted fund balance (gross or net of effect of inter-fund advances) for the General Fund must be a minimum of 25 percent of budgeted expenditures excluding capital expenditures.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the year ended June 30, 2007. This was the tenth-consecutive year that the Town has

received this prestigious award. In order to be awarded the Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both the generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

This report represents countless hours of preparation and record keeping by the members of the Finance Department. The efficient and dedicated service of all members of our department's staff who assisted and contributed to the preparation of this report is sincerely appreciated.

Finally, special thanks to Robert E. Milhous, CPA, for assistance in helping to complete this – the Town's tenth-year Comprehensive Annual Financial Report.

Respectfully submitted,

Kathy S. Roberts, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Lexington
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



Charles S. Cox

President

Jeffrey R. Emswiler

Executive Director

TOWN OF LEXINGTON

SOUTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

MAYOR

T. Randall Halfacre

MAYOR PRO-TEM

Hazel Leggett-Tyndall

COUNCIL MEMBERS

Danny Frazier

Kathy Maness

Ted Stambolitis

Todd Shevchik

Richard D. Thompson

TOWN ADMINISTRATOR

James W. Duckett, Jr.

MUNICIPAL CLERK

Becky Hildebrand

TOWN ATTORNEY

Brad Cunningham

DEPARTMENT HEADS

Britt Poole, Assistant Town Administrator

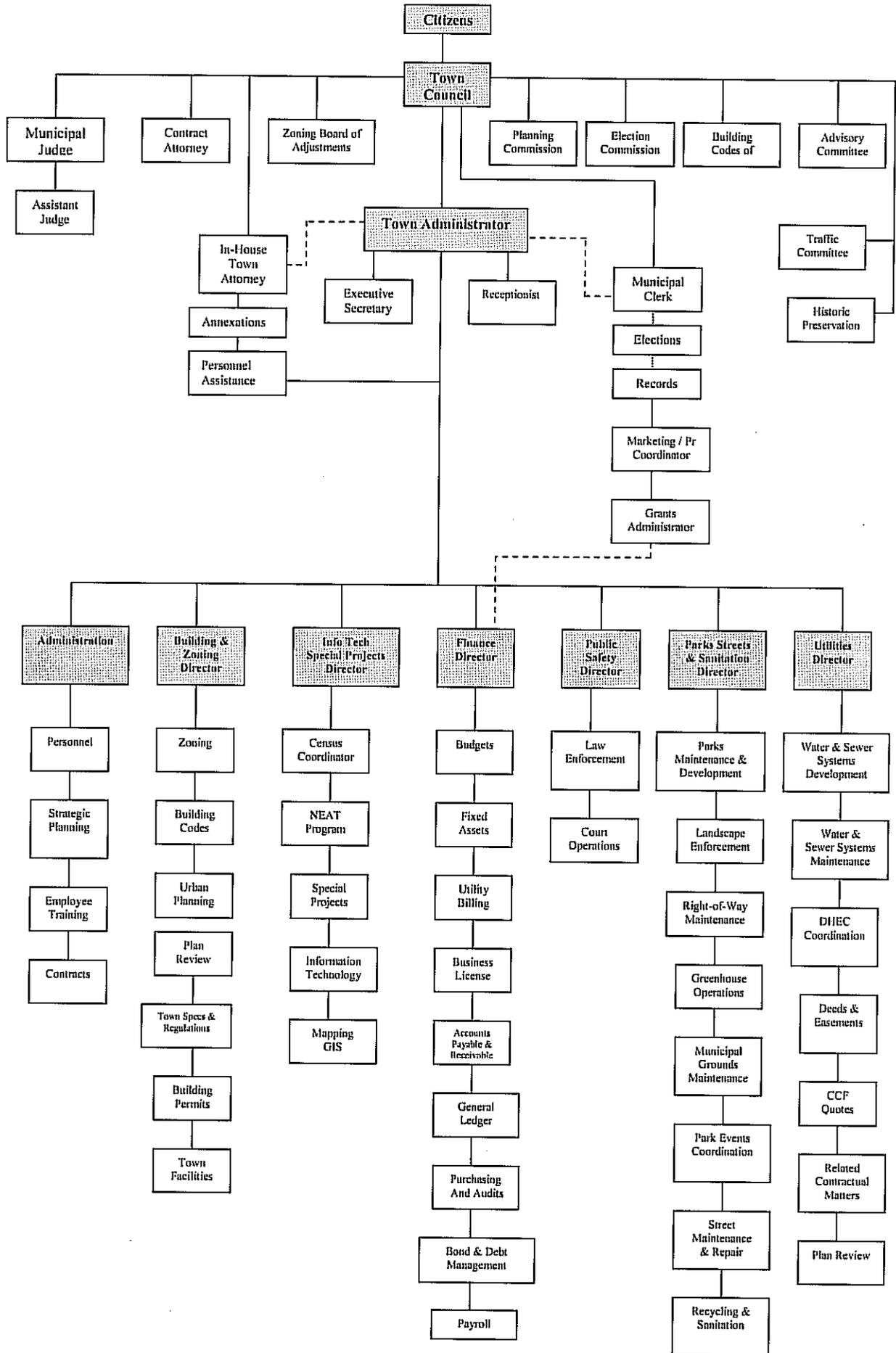
Dan Walker, Parks, Streets, & Sanitation

Chief Terrence Green, Police Department

Allen Lutz, Utilities

Kathy S. Roberts, Finance

TOWN OF LEXINGTON, SOUTH CAROLINA ORGANIZATION CHART



TOWN OF LEXINGTON, SOUTH CAROLINA

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

A Professional Association Of
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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REPORT OF INDEPENDENT AUDITOR

The Honorable Mayor and Members of Town Council
Town of Lexington, 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 Town of Lexington, South Carolina (the "Town"), as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town'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 Town of Lexington, South Carolina, as of June 30, 2008, 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 Supplementary 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 inquires 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.

— CONTINUED —

My audit was conducted for the purpose of forming an opinion on the 2008 financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and schedules as listed in the table of contents as Other Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of Town of Lexington, South Carolina. The combining and individual fund financial statements and 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.

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.



December 16, 2008
Columbia, South Carolina

Town of Lexington, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2008

As management of the Town of Lexington, we offer our overview and analysis of the financial activities and performance of the Town for the year ended June 30, 2008. Please read it in conjunction with the Town's financial statements which follow this discussion and the letter of transmittal in the Introductory Section of this report.

Financial Highlights

- The assets of the Town of Lexington exceeded its liabilities at year end June 30, 2008 by \$88,546,031 (*net assets*). Of the total net assets at June 30, 2008, \$28,942,316 was unrestricted and available to meet the ongoing obligations and operations of the Town.
- The Town's total net assets increased by \$14,624,993, as revenues of \$32,710,462 exceeded expenses of \$18,085,469. Governmental Activities contributed \$1,112,814 and Business-type activities contributed \$13,512,179 of the overall increase in net assets.
- Governmental funds reported combined ending fund balances at June 30, 2008, of \$5,785,673, an increase of \$56,717, compared to the prior year. Approximately \$5,566,175, or approximately 96 percent of the ending fund balance, is available for spending at the government's discretion (*unreserved fund balance*).
- General Fund unreserved fund balance at June 30, 2008, was \$4,746,154 or approximately 69 percent of total fund expenditures.
- The Town had \$51,329,103 in bonds, notes, contracts and capital leases payable at year end, an increase of \$8,613,646 from the prior year. The increase occurred due to the issuance of \$9,800,000 Bond Anticipation Notes reduced by principal repayments.
- Capital assets totaled \$80,600,006 at June 30, 2008, an increase of \$9,025,836 from the prior year. The increase was due primarily to the donation of infrastructure assets from developers, offset by depreciation expense.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the Town'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 supplementary information that will enhance the reader's understanding of the financial condition of the Town.

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

The *Statement of Net Assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and

decreases in net assets may serve as a useful indicator of whether the financial position of the Town 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 (as soon as the underlying event giving rise to the change occurs), *regardless of the timing of the 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).

Both of the Government-Wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government; public safety; parks, streets and sanitation; victim's assistance; and tourism related. The business-type activities of the Town include a Combined Waterworks and Sewer Enterprise Fund.

The Government-Wide financial statements can be found immediately following MD&A.

Fund Financial Statements – 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 Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: Governmental funds, and Proprietary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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 financial requirements.

The basic 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 Town uses an Enterprise Fund to account for its combined waterworks and sewer utility. Proprietary funds provide the same type of information as the Government-Wide financial statements, 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 full understanding of the data provided in both the Government-Wide and Fund financial statements.

Other Financial Information – Following the basic financial statements and the accompanying notes, this annual report also presents combining statements for non-major governmental funds. Additionally, certain individual fund statements and other schedules can be found immediately following the combining statements for non-major governmental funds.

Budgetary comparison schedules have been provided to demonstrate compliance with the adopted annually appropriated budget for the Town’s major governmental fund, the General Fund.

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 Town, total assets exceeded total liabilities by \$88,546,031 at year end June 30, 2008.

Below is a ‘condensed’ Statement of Net Assets, which depicts the major components of the Town’s assets, liabilities, and net assets at June 30, 2008 and 2007:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets:						
Cash and cash equivalents:						
Unrestricted	\$5,775,676	\$5,565,761	\$21,062,462	\$16,051,318	\$26,838,138	\$21,617,079
Restricted	949,513	1,584,322	10,674,106	1,105,242	11,623,619	2,689,564
Investments	-	-	560,145	560,145	560,145	560,145
Other current assets	334,487	360,799	1,960,979	1,779,344	2,295,466	2,140,143
Internal balances	(774,899)	(1,071,333)	774,899	1,071,333	-	-
Deferred charges, net	-	-	1,220,022	1,225,409	1,220,022	1,225,409
Capital assets, net	21,188,172	20,448,837	78,208,342	70,230,928	99,396,514	90,679,765
Total assets	\$27,472,949	\$26,888,386	\$114,460,955	\$92,023,719	\$141,933,904	\$118,912,105
Liabilities and Net Assets:						
Current liabilities	\$ 1,126,781	\$ 824,229	\$ 11,292,912	\$ 532,629	\$ 12,419,693	\$ 1,356,858
Current liabilities payable						
From restricted assets	-	-	497,400	693,041	497,400	693,041
Non-current liabilities	3,585,525	4,416,328	36,885,255	38,524,840	40,470,780	42,941,168
Total liabilities	4,712,306	5,240,557	48,675,567	39,750,510	53,387,873	44,991,067
Net invested in capital assets	17,294,448	16,375,272	31,365,187	32,363,082	48,659,635	48,738,354
Restricted	856,430	1,313,881	10,087,650	511,882	10,944,080	1,825,763
Unrestricted	4,609,765	3,958,676	24,332,551	19,398,245	28,942,316	23,356,921
Total net assets	22,760,643	21,647,829	65,785,388	52,273,209	88,546,031	73,921,038
Total liabilities and net assets	\$27,472,949	\$26,888,386	\$114,460,955	\$92,023,719	\$141,933,904	\$118,912,105

By far the largest portion of the Town’s net assets (\$48,659,635, or 55 percent) reflects investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less any related remaining outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town’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.

An additional portion of the Town’s net assets (\$10,944,080, or 12 percent) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted funds is the money from the 2007 Bond Anticipation Note, approximately

\$9,000,000. The remaining balance of *unrestricted net assets* (\$28,942,316, or 33 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report 'positive' balances in each category of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The Town's components of changes in net assets for Fiscal Years 2008 and 2007 are illustrated in the following table:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue:						
Program Revenue:						
Charges for services	\$1,695,256	\$1,576,162	\$10,453,703	\$9,479,885	\$12,148,959	\$11,056,047
Operating grants and contributions	232,901	221,899	-	-	232,901	221,899
Capital grants and contributions	990,687	452,296	12,161,239	8,371,795	13,151,926	8,824,091
General Revenue:						
Property taxes	2,322,437	2,196,430	-	-	2,322,437	2,196,430
Business license taxes	3,247,655	2,899,862	-	-	3,247,655	2,899,862
State aid not restricted	504,983	497,311	-	-	504,983	497,311
Unrestricted						
Investment earnings	183,048	306,718	893,834	837,650	1,076,882	1,144,368
Miscellaneous	24,719	41,000	-	-	24,719	41,000
Total revenue	<u>9,201,686</u>	<u>8,191,678</u>	<u>23,508,776</u>	<u>18,689,330</u>	<u>32,710,462</u>	<u>26,881,008</u>
Expenses:						
General government	1,932,426	1,693,276	-	-	1,932,426	1,693,276
Public safety	3,440,468	2,981,243	-	-	3,440,468	2,981,243
Parks, streets, and sanitation	2,346,278	2,092,395	-	-	2,346,278	2,092,395
Victim's assistance	30,792	61,962	-	-	30,792	61,962
Tourism related	52,957	33,278	-	-	52,957	33,278
Interest on long-term debt	232,385	230,334	-	-	232,385	230,334
Water and sewer	-	-	10,050,163	9,455,125	10,050,163	9,455,125
Total expenses	<u>8,035,306</u>	<u>7,092,488</u>	<u>10,050,163</u>	<u>9,455,125</u>	<u>18,085,469</u>	<u>16,547,613</u>
Increase in net assets before transfers	<u>1,166,380</u>	<u>1,099,190</u>	<u>13,458,613</u>	<u>9,234,205</u>	<u>14,624,993</u>	<u>10,333,395</u>
Transfers	<u>(53,566)</u>	<u>(67,682)</u>	<u>53,566</u>	<u>67,682</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>1,112,814</u>	<u>1,031,508</u>	<u>13,512,179</u>	<u>9,301,887</u>	<u>14,624,993</u>	<u>10,333,395</u>
Beginning net assets	<u>21,647,829</u>	<u>20,616,321</u>	<u>52,273,209</u>	<u>42,971,322</u>	<u>73,921,038</u>	<u>63,587,643</u>
Ending net assets	<u>\$22,760,643</u>	<u>\$21,647,829</u>	<u>\$65,785,388</u>	<u>\$52,273,209</u>	<u>\$88,546,031</u>	<u>\$73,921,038</u>

Expenses and Program Revenues – Governmental Activities – Governmental expenses are funded by fees for services, grants and contributions, and general revenues. The Statement of Activities details this activity for the Town.

The following table illustrates the ratio of governmental activities program revenue funding to general revenue funding for the year ended June 30, 2008. The percent funded by program revenues indicates the degree to which governmental activities are self-sustaining thereby reducing the overall cost of governmental activities that must be funded by the general taxpayers of the Town through general revenues.

	(Expenses)	Program Revenue	Net (Expense) Revenue	% Funded by Program Revenues	% Required to be Funded by General Revenues
General government	(1,932,426)	\$425,262	\$(1,507,164)	22%	78%
Public safety	(3,440,468)	443,560	(2,996,908)	13%	87%
Parks, streets, and sanitation	(2,346,278)	1,908,314	(437,964)	81%	19%
Victim's assistance	(30,792)	32,289	1,497	105%	-
Tourism related	(52,957)	109,419	56,462	207%	-
Interest on long-term debt	(232,385)	-	(232,385)	-	100%
Totals	<u>\$(8,035,306)</u>	<u>\$2,918,844</u>	<u>\$(5,116,462)</u>	<u>36%</u>	<u>64%</u>

General Revenues by Source – Governmental Activities

	2008	2007
Property taxes	\$2,322,437	\$2,196,430
Business license taxes	3,247,655	2,899,862
Unrestricted state aid	504,983	497,311
Unrestricted investment earnings	183,048	306,718
Miscellaneous	24,719	41,000
Total	<u>\$6,282,842</u>	<u>\$5,941,321</u>

Revenue and Expenses – Governmental Activities – Significant factors effecting governmental activities revenue and expenses during the year ended June 30, 2008, included the following:

- Charges for services increased 8% due primarily to increased franchise fees. Our largest franchise is the local electric utility. They increased customer sales as well as gained approval for a rate increase January 1, 2008. Permit fees were down in 2008 as construction slowed, but this was offset by increases in Fines and Forfeitures as well as increased rental fees.
- Capital grants and contributions increased over 100% this year. Developer contributions doubled from last year. A large subdivision was completed and streets and sidewalks were donated to the Town. Also, the Town received a large donation of securities from an individual for the specific purpose of being used to complete the Palmetto Collegiate Institute restoration.
- Property tax growth was moderate while business license growth remained fairly strong. The Town continues to grow in population and experience some economic growth even in the current climate. Some growth has also occurred through targeted annexations.
- Unrestricted state revenue remained stable.
- General government expenses increased mostly as a result of moving the costs of municipal court from Public Safety to Administration. Other contributing factors were general price increases as well as budgeted salary increases.
- Public safety costs increased due adding additional personnel and equipment though this was somewhat offset by the above mentioned transfer of court administration. Other contributing factors were general price increases as well as budgeted salary increases.
- Parks, streets and sanitation increased due to higher depreciation expenses resulting from acquisition of equipment and substantial donation of infrastructure capital assets from developers in 2008. Other contributing factors were general price increases as well as budgeted salary increases.

Expenses and Program Revenues – Business-type Activities – The Town operates the Combined Waterworks and Sewer System Enterprise Fund that comprise its business-type activities. The Enterprise Fund is used for all resources associated with supplying water and providing sewer services to domestic, business, and industrial customers within the Town limits and in the Town’s service area in some surrounding unincorporated areas of Lexington County.

Business-type activities increased the Town’s net assets by \$13,512,179, accounting for 92% of the total growth in net assets. The significant factors related to the increase are as follows:

- Charges for services increased \$973,818, or 10%, due to continued growth in total customers on the system.
- Operating expenses increased \$501,942, or 7%.
- Capital contributions remained strong totaling \$12,161,239, of which \$8,693,220 were developer contributions of system capital assets. Capital contribution fees decreased \$2,026,806, or 37%, due primarily to decreased building activity related to the overall economic slowdown. Contributions from developers increased \$5,816,250, or roughly 202% as projects have been completed and system assets transferred to the Town. Overall, capital contributions increased approximately \$3,789,444 or 45%; however, the increase is due to contribution of capital assets and not fees. The reduction of capital contribution fees indicates a softening of growth in the system.

Financial Analysis of Government’s Funds

As noted earlier, the Town of Lexington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$5,785,673, an increase of \$56,718. General Fund revenues did not meet expectations by approximately \$243,686; however, this was offset by transfers out of the general fund being \$306,270 less than budgeted. General Fund revenue growth continued to be driven by increases in property and business license taxes and franchise fees. General Fund expenditures were approximately \$38,131 under budget.

Of the \$5,785,673 governmental fund balances, approximately \$5,566,175 constitutes *unreserved fund balance*, which is available for spending. A portion of the unreserved balance has been designated by the Town for streets and infrastructure (\$600,000) and vehicle replacement (\$87,465). Designations of fund balance indicate the Town’s intended or planned future use of that portion of its unreserved balance.

The remainder of fund balance is *reserved* to indicate it is not available for new spending because it has been committed primarily for debt service.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance was \$4,746,154, or 69% of total fund expenditures. Although this may be a useful measure of the fund's liquidity, the Town's General Fund total liabilities reflect an amount advanced from the Enterprise Fund of \$774,899. The advance from the Enterprise Fund relates to construction of the Municipal Complex and will decline through planned budgeted annual repayments in future years.

The non-major funds report unreserved fund balances totaling \$820,021. Approximately 33% of the balance will be used for infrastructure capital projects including roadways and sidewalks. An additional 24% will be used for tourism related projects.

Proprietary Fund – The Town's proprietary fund statement provides the same type of information found in the government-wide financial statements, but in more detail. Substantially all factors related to the proprietary fund were discussed in relation to business-type activities in the government-wide discussion and analysis. The total growth in net assets was \$13,512,179 resulting in ending net assets of \$65,785,388.

General Fund Budgetary Highlights – General Fund revenues were less than budgeted amounts by \$243,686. General Fund total expenditures were less than the final budget by \$38,131.

The Town's original budget shows an excess of revenue over expenditures of \$364,697 which equals the amount of budgeted reserve for contingencies plus grant match budget not used. The final budget has the same excess of revenue over expenditures as additional appropriations were made identifying revenues or transferring from other funds to meet the expected additional expenditures.

Capital Assets and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$80.600 Million (net of accumulated depreciation). The investment in capital assets includes land, buildings, water and sewer transportation and treatment system, roadways, sidewalks, storm water drainage system, parks, machinery and equipment.

The major capital asset events during the current year include:

- Completion of Palmetto Collegiate Academy totaling \$684,327,
- Completion of street and infrastructure improvements totaling \$95,994,
- Completion of \$2,205,003 of water and sewer line that had to be moved to allow for a road widening project by the state,
- Completion of \$536,644 of water and sewer line construction,
- Construction in progress in business-type activities totaled \$906,512, related to construction and extension of water and sewer lines, and

- Developer contributions of water and sewer capital assets of approximately \$8.7 Million, and approximately \$0.8 Million of general governmental infrastructure.

Additional information on the Town's capital assets can be found in *Note 7* and in supplemental information on pages following the notes to the financial statements.

Long-Term Debt – At year end June 30, 2008, the Town had total indebtedness outstanding of \$51,329,103. Debt secured by the full faith and credit of the Town represented \$3,537,388 of the total and bonded debt secured by the pledge of net revenues of the Enterprise Fund totaled \$34,585,528. The Town also recognizes a contract and capital lease payable to the City of West Columbia totaling \$3,047,793 for water treatment capacity reserve, retail distribution rights, and water lines. The Town also has capital lease purchase financing agreements totaling approximately \$356,336. Further the town issued a \$9,800,000 Bond Anticipation Note for the purpose of financing the cost of additional capacity at the Cayce Treatment Plant and to fund improvements to the Town's combined waterworks and sewer system. Additional information on the Town's long-term debt can be found in *Note 8*.

Economic Factors and Next Year's Budgets and Rates – As previously discussed, the Town of Lexington continues to experience growth. The general increase in economic activity in the Town's corporate limits and service area continues to drive higher revenues for the general government and the water and sewer enterprise. The growth naturally places demands on the Town for additional services and creates quality of life challenges including heavy traffic. The Town's approved budget for fiscal year 2008 did not include any tax or fee increase to support general government activities or business-type activities.

Request for Information

This report is designed to provide a general overview of the Town'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 Finance Director, Town of Lexington, Post Office Box 397, Lexington, South Carolina 29071.

BASIC FINANCIAL STATEMENTS

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and temporary investments	\$ 5,775,676	\$ 21,062,462	\$ 26,838,138
Receivables, net	148,667	1,799,506	1,948,173
Due from other governments	185,820	-	185,820
Internal balances	(774,899)	774,899	-
Inventories-supplies	-	161,473	161,473
Deferred charges	-	1,220,022	1,220,022
Restricted assets:			
Temporarily restricted:			
Cash and temporary investments	949,513	10,674,106	11,623,619
Investments	-	560,145	560,145
Capital assets, net:			
Land and construction in progress	3,703,673	1,277,034	4,980,707
Buildings, vehicles, equipment, and infrastructure	17,484,499	58,134,800	75,619,299
Intangible assets, net:			
Capacity reserve	-	16,744,222	16,744,222
Retail distribution rights	-	2,052,286	2,052,286
Total assets	<u>27,472,949</u>	<u>114,460,955</u>	<u>141,933,904</u>
Liabilities			
Accounts payable and other current liabilities	515,548	640,133	1,155,681
Liabilities payable from restricted assets	-	11,092,400	11,092,400
Accrued compensated absences - current portion	173,339	57,779	231,118
Due within one year	437,894	-	437,894
Due in more than one year	3,585,525	36,885,255	40,470,780
Total liabilities	<u>4,712,306</u>	<u>48,675,567</u>	<u>53,387,873</u>
Net Assets			
Invested in capital assets, net of related debt	17,294,448	31,365,187	48,659,635
Restricted for:			
Capital projects	279,261	9,724,305	10,003,566
Debt service	126,415	363,345	489,760
Parks and Tourism	291,649	-	291,649
Public Safety	61,724	-	61,724
Streets	97,381	-	97,381
Unrestricted	4,609,765	24,332,551	28,942,316
Total net assets	<u>\$ 22,760,643</u>	<u>\$ 65,785,388</u>	<u>\$ 88,546,031</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

Functions / Programs	Program Revenues			Net Revenue (Expense) and Change in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ (1,932,426)	\$ 349,718	\$ 69,839	\$ 5,705	\$ (1,507,164)	\$ -	\$ (1,507,164)
Public safety	(3,440,468)	297,015	146,545	-	(2,996,908)	-	(2,996,908)
Parks, streets and sanitation	(2,346,278)	906,815	16,517	984,982	(437,964)	-	(437,964)
Victim's assistance	(30,792)	32,289	-	-	1,497	-	1,497
Tourism related	(52,957)	109,419	-	-	56,462	-	56,462
Interest on long-term debt	(232,385)	-	-	-	(232,385)	-	(232,385)
Total governmental activities	(8,035,306)	1,695,256	232,901	990,687	(5,116,462)	-	(5,116,462)
Business-Type Activities:							
Water and sewer system	(10,050,163)	10,453,703	-	12,161,239	-	12,564,779	12,564,779
Total business-type activities	(10,050,163)	10,453,703	-	12,161,239	-	12,564,779	12,564,779
Total	\$ (18,085,469)	\$ 12,148,959	\$ 232,901	\$ 13,151,926	(5,116,462)	12,564,779	7,448,317
General Revenues:							
Property taxes					2,322,437	-	2,322,437
Business license taxes					3,247,655	-	3,247,655
State aid not restricted for specific purpose					504,983	-	504,983
Unrestricted investment earnings					183,048	893,834	1,076,882
Gain on sale of capital assets					20,291	-	20,291
Miscellaneous					4,428	-	4,428
Transfers					(53,566)	53,566	-
Total general revenues and transfers					6,229,276	947,400	7,176,676
Change in net assets					1,112,814	13,512,179	14,624,993
Total net assets, beginning of year					21,647,829	52,273,209	73,921,038
Total net assets, end of year					\$ 22,760,643	\$ 65,785,388	\$ 88,546,031

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF LEXINGTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and temporary investments	\$ 5,636,597	\$ 139,079	\$ 5,775,676
Receivables, net	33,707	38,319	72,026
Due from other funds	95,649	3,338	98,987
Due from other governments	161,996	23,824	185,820
Restricted assets:			
Cash and temporary investments	-	949,513	949,513
Total assets	\$ 5,927,949	\$ 1,154,073	\$ 7,082,022
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 185,624	\$ 10,080	\$ 195,704
Accrued liabilities	188,752	5,487	194,239
Due to other funds	-	98,987	98,987
Other liabilities	32,520	-	32,520
Advance from other fund	774,899	-	774,899
Total liabilities	1,181,795	114,554	1,296,349
Fund balances:			
Reserved for:			
Debt service	-	219,498	219,498
Unreserved, designated for:			
Vehicle replacement	87,465	-	87,465
Streets and infrastructure	600,000	-	600,000
Unreserved, reported in:			
General Fund	4,058,689		4,058,689
Special Revenue Funds		545,986	545,986
Capital Projects Funds		274,035	274,035
Total fund balances	4,746,154	1,039,519	5,785,673
Total liabilities and fund balances	\$ 5,927,949	\$ 1,154,073	\$ 7,082,022

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2008

- CONTINUED -

Total fund balances - governmental funds		\$ 5,785,673
Amounts reported for governmental activities in the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$27,364,340 and the accumulated depreciation is \$6,176,168.		21,188,172
Property taxes receivable that are not available to pay for expenditures for current period are not recognized in the governmental funds.		76,640
Accrued interest on bonds in governmental funds is not due and payable in the current period and therefore is not reported as a liability in the funds.		(93,084)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bonds payable	\$ (1,885,000)	
Certificates of participation	(1,652,388)	
Capital lease payable	(356,336)	
Compensated absences	(303,034)	(4,196,758)
Total net assets - governmental activities		\$ 22,760,643

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF LEXINGTON, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 2,330,486	\$ -	\$ 2,330,486
Franchises, licenses, permits and fees	4,425,980	4,798	4,430,778
Other governments	504,983	250,418	755,401
Fines and forfeitures	263,470	58,303	321,773
Interest income	152,885	30,161	183,046
Charges for services	52,680	-	52,680
Miscellaneous	12,104	332,382	344,486
Total Revenue	<u>7,742,588</u>	<u>676,062</u>	<u>8,418,650</u>
Expenditures			
Current:			
General government	1,601,288	91,456	1,692,744
Public safety	3,024,201	138,934	3,163,135
Parks, streets and sanitation	1,679,351	54,995	1,734,346
Victim's assistance	-	30,792	30,792
Tourism related	-	52,957	52,957
Debt Service:			
Principal	145,210	315,000	460,210
Interest	34,330	93,935	128,265
Fees and other costs	-	1,100	1,100
Capital Outlay	442,131	632,104	1,074,235
Total expenditures	<u>6,926,511</u>	<u>1,411,273</u>	<u>8,337,784</u>
Excess (deficiency) of revenue over (under) expenditures	816,077	(735,211)	80,866
Other Financing Sources (Uses)			
Issuance of capital lease	-	-	-
Sale of capital assets	29,417	-	29,417
Transfers in	100,000	431,469	531,469
Transfers out	(452,665)	(132,370)	(585,035)
Total other financing sources (uses)	<u>(323,248)</u>	<u>299,099</u>	<u>(24,149)</u>
Net change in fund balances	492,829	(436,112)	56,717
Fund balance, beginning of year	4,253,325	1,475,631	5,728,956
Fund balance, end of year	<u>\$ 4,746,154</u>	<u>\$ 1,039,519</u>	<u>\$ 5,785,673</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

- CONTINUED -

Total net change in fund balance - governmental funds	\$ 56,717
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Property tax revenues not considered current financial resources are not recognized in the governmental funds but are in the statement of activities.	(8,047)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlays (net of book value of disposed assets) of \$870,002 was less than depreciation expense of \$901,461.	(31,459)
Donations of capital assets are recorded as program revenues in the statement of activities.	770,794
Repayment of long-term liabilities, such as bonds payable and capital leases, is an expenditure in the governmental funds, but reduces liabilities in the statement of net assets.	460,210
Interest on long-term debt in the statement of activities differs from the governmental funds because governmental funds record interest in the period it is paid. Interest is recorded as it accrues in the statement of net assets, regardless of when due.	(103,020)
Compensated absences are accrued and accounted for when the Town becomes liable to its employees in the statement of activities. However, these expenses are only recorded when paid in the governmental funds statements. The accrual increased by a net \$32,381 for this fiscal year.	<u>(32,381)</u>
Change in net assets of governmental activities	<u>\$ 1,112,814</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF NET ASSETS
 PROPRIETARY FUND

JUNE 30, 2008

	<u>Business-Type Activities Enterprise Fund</u>
Assets	
Current assets:	
Cash and temporary investments	\$ 21,062,462
Receivables, net	1,799,506
Inventories-supplies	161,473
Total current assets	<u>23,023,441</u>
Noncurrent assets:	
Restricted cash and temporary investments	10,674,106
Restricted investments	560,145
Deferred charges	1,220,022
Advance to other fund	774,899
Capital assets, net	
Land and construction in progress	1,277,034
Buildings, vehicles, equipment and infrastructure	58,134,800
Intangible assets, net	
Capacity reserve	16,744,222
Retail distribution rights	2,052,286
Total noncurrent assets	<u>91,437,514</u>
Total assets	<u>114,460,955</u>
Liabilities	
Current liabilities:	
Accounts payable	563,548
Accrued liabilities	73,085
Accrued compensated absences - current portion	57,779
Current liabilities payable from restricted assets:	
Construction payables	56,427
Accrued interest	440,973
Revenue bonds-current	10,595,000
Customer deposits	3,500
Total current liabilities	<u>11,790,312</u>
Noncurrent liabilities:	
Revenue bonds payable	33,792,586
Contracts payable	2,559,018
Accrued compensated absences	44,876
Capital lease obligation	488,775
Total noncurrent liabilities	<u>36,885,255</u>
Total liabilities	<u>48,675,567</u>
Net Assets	
Invested in capital assets, net of related debt	31,365,187
Restricted for capital projects	9,724,305
Restricted for debt service	363,345
Unrestricted	24,332,551
Total net assets	<u>\$ 65,785,388</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF LEXINGTON, SOUTH CAROLINA
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2008

	<u>Business-Type Activites</u> <u>Enterprise</u> <u>Fund</u>
Operating Revenue	
Charges for services:	
Water service	\$ 3,967,630
Sewer service	5,868,988
Tap and meter fees	132,718
Other income	484,367
Total operating revenue	<u>10,453,703</u>
Operating Expenses	
Salaries and benefits	2,776,105
Water and sewer treatment services	1,768,873
Other contractual services	274,067
Depreciation and amortization	1,779,212
Other operating expenses	1,371,336
Total operating expenses	<u>7,969,593</u>
Operating income	<u>2,484,110</u>
Non-Operating Revenue (Expenses)	
Interest income	893,834
Interest expense	(2,022,046)
Amortization of bond issuance costs	(58,524)
Total non-operating revenue (expenses)	<u>(1,186,736)</u>
Net Income before contributions and transfers	1,297,374
Capital Contribution Fees and Other Contributed Capital Transfers In	12,161,239 <u>53,566</u>
Change in net assets	13,512,179
Net assets, beginning of year	52,273,209
Net assets, end of year	<u>\$ 65,785,388</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2008

	<u>Business-Type Activities Enterprise Fund</u>
Cash Flows from Operating Activities	
Cash received from customers	\$ 10,288,936
Cash paid to suppliers for goods or services	(3,300,096)
Cash paid to employees for services	(2,752,255)
Net cash provided by (used in) operating activities	<u>4,236,585</u>
Cash Flows from Non-Capital Financing Activities	
Transfer from other fund	350,000
Net cash provided by non-capital financing activities	<u>350,000</u>
Cash Flows from Capital and Related Financing Activities	
Purchases and construction of capital assets	(1,252,124)
Bond issuance costs paid	(53,138)
Principal paid on capital debt	(1,150,000)
Interest and fees paid on capital debt	(1,713,168)
Proceeds from Bond Anticipation Notes	9,800,000
Proceeds from capital contribution fees	3,468,019
Net cash provided by (used in) capital and related financing activities	<u>9,099,589</u>
Cash Flows from Investing Activities	
Purchases of investments	(560,145)
Proceeds from the sale of investments	560,145
Interest received	893,834
Net cash provided by (used in) investing activities	<u>893,834</u>
Net increase in cash and temporary investments	14,580,008
Cash and temporary investments, beginning of year	17,156,560
Cash and temporary investments, end of year	<u>\$ 31,736,568</u>
Reconciliation to the Statement of Net Assets:	
Cash and temporary investments	\$ 21,062,462
Restricted cash and temporary investments	10,674,106
Cash and temporary investments, end of year	<u>\$ 31,736,568</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

- CONTINUED -

	Business-Type Activities
	Enterprise Fund
	<hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 2,484,110
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,779,212
Increase in accounts receivable	(159,266)
Increase in inventory	(22,368)
Increase in accounts payable	136,547
Increase in customer deposits	(5,500)
Increase in accrued expenses	23,850
Net cash provided by operating activities	<u>\$ 4,236,585</u>
Non-cash Capital Supplementary Information:	
Revenue bond principal accretion and discount amortization	\$ 95,179
Revenue bond premium and deferred amount on refunding amortization	216,507
Contributed capital assets from developers	8,693,220

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town of Lexington, South Carolina (the "Town") was incorporated January 28, 1861. The Town operates under a Council form of government and is governed by a six (6) member council and Mayor. The Town provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, recreation, public improvements, planning and zoning, utilities (water and sewer) and general administrative services.

The financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Using the criteria of GASB Statement No. 14, "The Financial Reporting Entity," the accompanying financial statements of the Town present the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Town's financial statements to be misleading or incomplete. Blended component units are legally separate entities that are, substantially, part of the government's operations and so data from such units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The Town does not have any discretely presented component units. Its blended component unit has the same fiscal year end as the Town.

Blended Component Unit

The Saxe Gotha Lexington Public Facilities Corporation (the "Corporation") is governed by a board comprised of the Town's elected Council. The Corporation leases the Town's Municipal Complex to the Town ("Town Hall Lease Project") for the identical amount of the Corporation's bond indebtedness (Certificates of Participation "COPS"). The Corporation has assigned all of its interest in the lease payments to a trustee. Due to its relationship and blending in the financial statements, the lease payments by the Town to the Trustee are recorded as debt service expenditures in the Debt Service Fund. The balance of the obligation is reflected as governmental activities non-current liabilities in the Town's statement of net assets.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

B. Basis of Presentation

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements consist of a Statement of Net Assets and the Statement of Activities and reports information of the government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally those activities financed by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets reports all financial and capital resources of the Town 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 are offset by program revenues and reflects the “net (expenses) revenues” of the Town’s individual functions before applying ‘general’ revenues. Direct expenses are those that are clearly identifiable with a specific function. No indirect expenses are allocated among the functions of the Governmental Activities. However, the direct costs of administration and finance are split between the General Fund and the Enterprise Fund as these costs apply to both areas. 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. Program revenues include (1) charges to customers who purchase, use or directly benefit from goods and services provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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, and proprietary funds. 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.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary fund:

The Waterworks and Sewer Utility Enterprise Fund-The Waterworks and Sewer Utility Enterprise Fund is used to account for operations of the combined waterworks and sewerage system. The system encompasses sewer transportation and treatment, and water distribution.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

Government-wide financial statements and the proprietary fund 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.

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 of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) “Measurable” means the transaction can be identified, and “available” means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year. Expenditures for compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, accommodations taxes, licenses and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred in compliance with the grant requirements.

Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the occurrence of the qualifying expenditures. When the revenue recognition criteria are met and the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet, and revenue is recognized.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-Wide and Proprietary Fund

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The Town 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 proprietary fund operations.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results could differ from those estimates.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

Cash includes currency on hand; demand deposits with financial institutions and other accounts that have the general characteristics of demand deposits in that additional funds may be deposited any time and withdrawn without prior notice or penalty. Cash equivalents are deposit accounts with an original maturity of three months or less from purchase, and other short-term, highly liquid investments that are readily convertible to known amounts of cash.

The Town pools the cash of all funds into a central depository bank account except that portion of cash on deposit in the South Carolina Local Government Investment Pool and where legal restrictions prohibit the commingling of funds. Temporary investments are then made from the pooled account in collaborative form in order to maximize the return on invested funds. Therefore, in the "Statement of Cash Flows", all Enterprise Fund cash and temporary investments (including restricted assets) are essentially demand deposits and are considered cash and cash equivalents. Each individual fund's equity in the pooled cash and temporary investments is shown in that fund. Long-term investments are reported at fair value.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

D. Assets, Liabilities and Net Assets or Equity (Continued)

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. At year end the trade receivable allowance account is adjusted to an amount based on prior years' experience and an analysis of specific accounts. See also Note 1E regarding property taxes.

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses (transfers out) in the reimbursing fund and as reductions of the expenditures or expenses (transfers in) in the fund that is reimbursed. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory

Inventory is valued at cost, using the first-in, first-out method. Inventory in the Waterworks and Sewer System Enterprise Fund during the year ended June 30, 2008, consists of various supplies and other inventorable items which are expensed at the time they are consumed.

Deferred Charges

Bond issuance costs including bond premiums and discounts are deferred and amortized over the life of the related bond issue using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources.

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items. Prepaid items in governmental funds result in a reservation of ending fund balance.

Restricted Assets

Certain proceeds of the Town's long-term debt as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

their use is restricted by legal or contractual requirements, including bond covenants. These accounts are set up to report resources set aside to fund certain capital projects, accumulate funds for the repayment of debt requirements, and to accumulate funds for unexpected contingencies or asset renewals and replacements.

Capital Assets

All property, plant, equipment infrastructure assets (i.e., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the Town), and intangible assets are valued at historical cost or estimated historical cost if actual historical cost is not available in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated property, plant and equipment are valued at estimated fair value on the date donated.

Infrastructure acquired after 1980, whether donated or purchased, has been included in governmental capital assets with the implementation of GASB 34. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are defined by the Town as those assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the enterprise fund during the year was \$2,087,536. Of this amount, \$65,490 was included as part of the cost of capital assets under construction during the year.

Depreciation/Amortization is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings	10-50 Years
Infrastructure	15-40 Years
Distribution Systems	15-75 Years
Machinery and Equipment	5-10 Years
Intangible Assets	50 Years

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

D. Assets, Liabilities and Net Assets or Equity (Continued)

Compensated Absences

All permanent, full-time employees of the Town accrue vacation leave according to the following schedule:

1-5 Years - Ten (10) days per year
6-15 Years - Fifteen (15) days per year
16 or more years - Twenty (20) days per year

An employee may accrue up to forty-five (45) days of vacation leave. Upon termination of employment, any accrued vacation leave is earned and payable, whereas no compensation is provided for sick leave. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Compensated absences of governmental activities have in prior years typically been funded by the General Fund.

Long-Term Liabilities

In the government-wide financial statements, and the proprietary fund financial statements, long-term liabilities are recorded in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, issuance costs and deferred amounts on refunding are amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premiums, discounts and deferred amounts.

Fund Equity Reservations and Designations

In the fund financial statements, reserves represent those portions of fund equity not appropriable for expenditure/expense or legally segregated for a specific use. Designated fund balances represent tentative plans by management for future use of available financial resources.

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in the fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. Also certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Revenue

Program Revenue and General Revenue

Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for facility rentals, permits, fines, and any other amounts charged to service recipients. Also grants and contributions that are restricted for use in a particular program are considered program revenues. Program revenues reduce the net cost of the function to be financed from the government's general revenues. General revenues reported by the Town include property taxes, state shared taxes, accommodations taxes, business licenses and franchise fees (taxes) and other government imposed non-exchange fees. Prepaid tap or other service-related fees are reported as deferred revenue until the exchange has occurred.

Property Tax Revenue

Real property tax levy is effective January 1, billed in October of each year and due by January 15 of the year following billing. Real property taxes attach as an enforceable lien on property as of March 15 of the year following billing, if unpaid at that time. Vehicle taxes are levied on a monthly basis in accordance with guidelines established by the State of South Carolina. Lexington County bills and collects the Town's taxes and remits collections to the Town on a periodic basis. The Town recognizes property tax revenue when they become available for the fiscal year budget period to which they apply and includes those property tax receivable expected to be collected within sixty days after year-end.

Capital Contributions

Contributions generally include developer contributions of deeded infrastructure assets associated with water and wastewater systems and Capital Contribution Fees (CCF's). Deeded infrastructure assets are recognized as capital assets and contributions at the estimated fair value at the date of transfer. CCF's are charges assessed against new development to recover major capital costs associated with reserving capacity in the Town's utility systems. These fees are deemed to be 'imposed non-exchange transactions' and are recognized in the same period that the assets are received or when the Town has a legally enforceable claim to the assets. There are no time requirements of when such resources can be used, and while it is uncustomary for such resources to be refunded, certain "Sanitary Sewer Service Agreements" do allow the refund of paid CCF's for any unused (or excess) fee certificates after the development project is completed. Amounts received that are subject to refund contingencies are recorded as deposits or deferred revenue in the Statement of Net Assets.

At year ended June 30, 2008, there were no paid CCF's for any unused system capacity reserved for future development or discontinuation of projects. Additionally, the Town maintained contractual agreements that allow certain developers to pay CCF's on an installment basis which totals \$4,935,775 at June 30, 2008, of which the Town has fully reserved an allowance for doubtful accounts.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, Debt Service and Waterworks and Sewer System Funds. When applicable, project-length financial plans are adopted for all capital projects funds. All annual appropriations lapse at fiscal year end.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) The various departments meet with the Finance Director, Town Administrator, Assistant Town Administrator and Council members during the last quarter of the fiscal year to discuss their operating budget requests.
- 2) The Council meets in a workshop to discuss all the departments' budgets.
- 3) The proposed budget is then compiled and enacted prior to July 1 in the form of an ordinance with two readings and one public hearing.
- 4) Department budgets may be adjusted to transfer budgeted amounts among line items with the approval of the Department Director, the Town Administrator and the Finance Director. The authority to adjust department budgets does not extend to personnel or capital improvements budgets.
- 5) Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service and Waterworks and Sewer System Enterprise Funds.

B. Encumbrances

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 appropriation) is utilized in the Governmental Fund Types. During the year ended June 30, 1997, the Town Council changed its policy whereby all contracts and commitments lapse at fiscal year end. Therefore, no reserve for encumbrances is applicable for year ended June 30, 2008.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Deposits and Investments

The Town had the following investments at June 30, 2008 :

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Rating</u>
State Treasurer's Investment Pool	\$ 20,337,690	On-Demand	Unrated
Governmental Mutual Funds	10,893,606	On-Demand	AAA
FHLMC – discount note	560,145	8/1/2008	A
Total fair value	<u>\$ 31,791,441</u>		

Interest rate risk:

The Town has no specific policy for interest rate risk. In accordance with its investment policy, the Town manages its exposure to declines in fair values by generally limiting direct investment to securities with maturities of less than two (2) years.

Credit risk:

State statute and Town policy limit the Town's investments to 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 fair 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.

Statutes also allow the State Treasurer to assist local governments in investing funds. The State Treasurer also provides oversight for the State Treasurer's Local Government Investment Pool (LGIP), of which, the fair value of the Town's investments are the same as the value of the pooled shares. Permitted investments for the LGIP are (1) obligations of the United States, its agencies and instrumentalities; (2) obligations of corporations, states, and political subdivisions which bear an investment grade rating at a minimum of two rating agencies; (3) certificates of deposit, if the certificates are secured collaterally by securities of the types described in (1) and (2) of this paragraph and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Deposits and Investments (Continued)

government; (4) obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank; (5) repurchase agreements, if collateralized by securities of the types described in items (1) and (2) of this paragraph and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and (6) guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.

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. The Town is under no contractual agreements which further restrict investment alternatives.

Concentration of credit risk:

The Town's investment policy does not allow for an investment of more than 50% of the Town's total investment portfolio in any one issuer or type of security, with the exception of United States Treasuries and authorized pools. At June 30, 2008, the Town had investments in governmental mutual funds representing 34% of the total investment portfolio.

Custodial credit risk – deposits:

In the case of deposits, this is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At June 30, 2008, the reported carrying amount of the Town's cash deposits with financial institutions was \$7,228,947 and the financial institutions' balances totaled \$6,659,174. Of the balance, \$250,000 was covered by federal depository insurance and \$5,242,064 was collateralized by securities held by the financial institution's agent in the Town's name. The Town had \$1,700 on hand at June 30, 2008.

Custodial credit risk – investments:

The Town has no specific policy for investment custodial risk. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's investments, \$560,145 is exposed to custodial credit risk due to a forward delivery agreement (See *Note 8*).

A reconciliation of cash and temporary investments and investments as shown on the Statement of Net Assets follows:

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Deposits and Investments (Continued)

Cash on hand	\$ 1,700
Carrying amount of cash deposits	7,228,761
Carrying amount of temporary investments	31,231,296
Carrying amount of investments	560,145
Total	<u>\$ 39,021,902</u>
Cash and temporary investments	\$ 26,838,138
Cash and temporary investments-restricted	11,623,619
Investments-restricted	560,145
Total	<u>\$ 39,021,902</u>

4. Receivables

Receivables at June 30, 2008, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Fees and Services	\$ 33,707	\$ 6,800,496	\$ 1,898,428
Property and other taxes	142,347	-	142,347
Due from other governments	185,820	-	185,820
Other	6,950	64,785	71,735
Less, allowance for doubtful accounts	(34,337)	(5,065,775)	(164,337)
	<u>\$ 334,487</u>	<u>\$ 1,799,506</u>	<u>\$ 2,133,993</u>

Fees and services represent outstanding franchise and business license fees in Governmental Activities, and outstanding water and sewer service billings in Business-Type Activities.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. **Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at June 30, 2008, were as follows:

	Interfund	
	Receivables	Payables
General Fund	\$ 95,649	\$ -
Other Governmental Funds:		
<u>Special Revenue Funds:</u>		
Police Grants and Programs	-	8,672
Victims' Assistance	-	2,898
KEYS Grant	-	11,552
Youth Corp Grant	-	865
Special Projects	3,338	-
Hospitality Tax	-	75,000
	<u>\$ 98,987</u>	<u>\$ 98,987</u>

The balances between funds results mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures (primarily reimbursable grants) occur, transactions are recorded in the accounting system, and payments between funds are made. In addition to the above current interfund receivables and payables, a non-current advance is due from the General Fund to the Enterprise Fund in the amount of \$774,899. The advance was made by the Enterprise Fund as part of the funding for the construction of the Municipal Complex.

Individual fund interfund transfer balances at June 30, 2008, were as follows:

	Interfund	
	Transfers Out	Transfers In
General Fund	\$ 452,665	\$ -
Other Governmental Funds:		
Debt Service Fund	-	399,099
Enterprise Fund	-	53,566
	<u>452,665</u>	<u>452,665</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. **Interfund Receivables, Payables and Transfers (Continued)**

Other Governmental Funds:

Special Revenue Funds:

Accommodations Tax	52,370	-
General Fund	-	25,000
<u>Capital Projects Funds:</u>		
Palmetto Collegiate	-	27,370
	52,370	52,370

Hospitality Tax	80,000	-
General Fund		75,000

Other Governmental Funds:

Special Revenue Funds:

Concerts in the Park	-	5,000
	80,000	80,000
	\$ 585,035	\$ 585,035

The General Fund transfers out include \$399,099 to the Debt Service Fund to fund debt service requirements and \$53,566 to the Enterprise Fund related to the funding of the Municipal Complex. The General Fund received transfers of \$25,000 from the Accommodations Tax Fund representing amounts collected in the Accommodations Tax Fund that by state law may be transferred to the General Fund without restriction. Accommodations Tax also transferred \$27,370 to the Palmetto Collegiate capital project fund as a tourism related capital project. The Hospitality Tax Fund transferred to the General Fund \$75,000, representing amounts previously collected in the Hospitality Tax Fund that by state law may be transferred to the General Fund without restriction and to Concerts in the Park \$5,000 for a tourism related event.

6. **Components of Restricted Cash and Temporary Investments and Restricted Investments**

Waterworks and Sewer System Enterprise Fund:

Certain proceeds of Waterworks and Sewer System Fund Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and temporary investments and restricted investments on the statement of net assets because their use is limited by applicable bond covenants. The revenue bond current debt service retirement accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The revenue bond renewal and replacement account is used for resources set aside to meet unexpected contingencies or to fund asset renewals or replacements. The construction account is used for resources set aside to fund infrastructure projects.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. **Components of Restricted Cash and Temporary Investments and Restricted Investments (Continued)**

Carrying balances of restricted cash and temporary investments in the Waterworks and Sewer System Enterprise Fund at June 30, 2008, are as follows:

	<u>Cash and Temporary Investments</u>
Renewal and Replacement Fund	\$ 103,029
Debt Service Fund 2001A	447,968
Debt Service Fund 2001B	115,617
Debt Service Reserve Fund 2004	21
Debt Service Fund 2004	240,936
Construction Fund 2004	167,337
Operations and Maintenance Fund	631
2007 Bond Anticipation Note	<u>9,598,567</u>
	<u>\$ 10,674,106</u>
	<u>Restricted Investments</u>
Debt Service Reserve Fund 2004	<u>\$ 560,145</u>

Debt Service Fund:

Certain proceeds of the Series 1994 Certificates of Participation, as well as amounts set aside for their repayment are classified as restricted cash and temporary investments on the statement of net assets because their use is limited by the lease agreement (See *Note 8*). The reserve account is set aside to protect against possible future deficiencies in funds available to pay the lease obligations.

Carrying balance at the year ended June 30, 2008, is as follows:

	<u>Cash and Temporary Investments</u>
Debt Service Account	\$ 50
Reserve Account	219,448
	<u>\$ 219,498</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. **Components of Restricted Cash and Temporary Investments and Restricted Investments (Continued)**

Capital Projects Fund:

Certain proceeds of the Series 2002 General Obligation Bonds are classified as restricted cash and temporary investments because their use is limited to specific projects by authorizing ordinances and bond documents.

Carrying balance at the year ended June 30, 2008, is as follows:

	Cash and Temporary Investments
Capital Projects Accounts	<u>\$ 279,261</u>

Special Revenue Funds:

Certain proceeds received in the Special Revenue Funds are classified as restricted cash and temporary investments because their use is limited to specific programs by the grantor, donor, other governments' legal restrictions, or authorizing ordinances.

Carrying balances of restricted cash and temporary investments in the Special Revenue Funds at June 30, 2008, are as follows:

	Cash and Temporary Investments
Golden Hills Tax District	\$ 97,381
Downtown Restoration	25,186
Disaster Fund	14,577
Alcohol Permits	50,172
Drug Fund	21,961
Special Projects	669
Hospitality Tax	217,865
Accommodations Tax	<u>22,943</u>
	<u>\$ 450,754</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Capital Assets

The following is a summary of capital asset activity in governmental activities for the year ended June 30, 2008:

	Balances June 30, 2007	Additions	Retirements	Balances June 30, 2008
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,687,208	\$ -	\$ -	\$ 3,687,208
Construction in progress	266,638	536,692	(786,865)	16,465
Total capital assets, not being depreciated	<u>3,953,846</u>	<u>536,692</u>	<u>(786,865)</u>	<u>3,703,673</u>
Capital assets, being depreciated:				
Buildings	9,424,808	690,870	-	10,115,678
Vehicles and equipment	1,792,982	342,436	(57,398)	2,078,020
Streets and roadways	8,208,247	662,818	-	8,871,065
Sidewalks	982,584	203,970	-	1,186,554
Storm drainage	1,409,350	-	-	1,409,350
Total capital assets, being depreciated	<u>21,817,971</u>	<u>1,900,094</u>	<u>(57,398)</u>	<u>23,660,667</u>
Less accumulated depreciation for:				
Buildings	1,135,479	194,937	-	1,330,416
Vehicles and equipment	1,085,146	236,504	(48,273)	1,273,377
Streets and roadways	2,221,937	364,328	-	2,586,265
Sidewalks	166,581	27,115	-	193,696
Storm drainage	713,837	78,577	-	792,414
Total accumulated depreciation	<u>5,322,980</u>	<u>901,461</u>	<u>(48,273)</u>	<u>6,176,168</u>
Total capital assets, being depreciated, net	<u>16,494,991</u>	<u>998,633</u>	<u>(9,125)</u>	<u>17,484,499</u>
Governmental activities capital assets, net	<u>\$ 20,448,837</u>	<u>\$ 1,535,325</u>	<u>\$ (795,990)</u>	<u>\$ 21,188,172</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

7. Capital Assets (Continued)

The following is a summary of capital asset activity in business-type activities for the year ended June 30, 2008:

	Balances June 30, 2007	Additions	Retirements	Balances June 30, 2008
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 137,434	\$ 233,087	\$ -	\$ 370,521
Construction in progress	2,711,730	936,429	(2,741,646)	906,513
Total capital assets, not being depreciated	<u>2,849,164</u>	<u>1,169,516</u>	<u>(2,741,646)</u>	<u>1,277,034</u>
Capital assets, being depreciated:				
Buildings and system	58,045,742	11,201,779	-	69,247,521
Vehicles, machinery and equipment	2,457,396	126,977	-	2,584,373
Total capital assets, being depreciated	<u>60,503,138</u>	<u>11,328,756</u>	<u>-</u>	<u>71,831,894</u>
Less accumulated depreciation for:				
Buildings and system	10,454,372	1,302,186	-	11,756,558
Vehicles, machinery and equipment	1,772,597	167,939	-	1,940,536
Total accumulated depreciation	<u>12,226,969</u>	<u>1,470,125</u>	<u>-</u>	<u>13,697,094</u>
Total capital assets, being depreciated, net	<u>48,276,169</u>	<u>9,858,631</u>	<u>-</u>	<u>58,134,800</u>
Business-type activities capital assets, net	<u>\$ 51,125,333</u>	<u>\$ 11,028,147</u>	<u>\$ (2,741,646)</u>	<u>\$ 59,411,834</u>
Intangible assets:				
Capacity reserve	\$ 18,590,005	\$ -	\$ -	\$ 18,590,005
Retail distribution rights	2,502,788	-	-	2,502,788
Total intangible assets	<u>21,092,793</u>	<u>-</u>	<u>-</u>	<u>21,092,793</u>
Amortization of intangible assets				
Capacity reserve	1,586,753	259,030	-	1,845,783
Retail distribution rights	400,446	50,056	-	450,502
Total amortization of intangible assets	<u>1,987,199</u>	<u>309,086</u>	<u>-</u>	<u>2,296,285</u>
Total intangible assets, net	<u>19,105,594</u>	<u>(309,086)</u>	<u>-</u>	<u>18,796,508</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 196,320
Public safety	132,629
Parks, streets and sanitation	<u>572,512</u>

Total depreciation expense – governmental activities \$ 901,461

Business-type activities:

Water and sewer	<u>\$ 1,470,125</u>
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Total depreciation expense – business-type activities \$ 1,470,125

Intangible Assets:

Purchase of Sewer Capacity

During the year ended June 30, 1997, the Town entered into an agreement with the City of Cayce, South Carolina (“Cayce”) and acquired the usage rights of up to 6.4 million gallons per day (“MGD”) in Cayce’s sewer treatment facility (the “Plant”). In addition, the Town and Cayce agreed during the year ended June 30, 1999, to share the cost of construction of the Highway 321 Region Sewer Line (“regional line”) to facilitate the Town’s use of purchased capacity. During the year ended June 30, 2004, the Town amended its agreement with Cayce as described in *Note 11*. Under the amended agreement, the Town purchased for \$3,900,000 the final 2 MGD of the total of 6.4 MGD of capacity made available by the original agreement. Accordingly, the cumulative total purchase price of reserving sewer capacity equaling \$11,702,583 is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund (the “System”) operations, with amortization expense totaling \$142,805 recognized during the year ended June 30, 2008.

During the year ended June 30, 2005, the Town entered an agreement with the Lexington County Joint Municipal Water and Sewer Commission (the “Commission”) as described in *Note 11* to acquire wastewater transport capacity in a sewer line that will interconnect the Commission’s service area and the Town’s Regional Sewer System to Cayce’s Plant. Accordingly, the costs incurred to acquire the transport capacity of \$1,076,159 through June 30, 2008, are being deferred until the Town connects to the line at which time the Town will begin to amortize the cost to operations of the System.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Capital Assets (Continued)

Purchase of Water Capacity

During the year ended June 30, 1998, the Town entered an agreement with the City of West Columbia, South Carolina (“West Columbia”). The terms provided in part for the Town to acquire a maximum of 4.5 MGD of water capacity from West Columbia’s water treatment plant, known as the Lake Murray Water Treatment Facility (the “LMWTF”). The Town agreed to pay the cost of expanding the LMWTF to meet its capacity needs. Accordingly, the cost of the expansion equaled \$4,269,496 and is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$85,390 recognized during the year ended June 30, 2008. Additionally, during the year ended June 30, 2007 the Town entered an agreement with West Columbia for the purchase of an additional 1 MGD of water treatment capacity at the LMWTF (total purchased capacity is 5.5 MGD). The cost of the additional capacity of \$1,541,767 is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$30,835 recognized during the year ended June 30, 2008. The Town has the option to purchase additional capacity in increments of 1 MGD on or before December 31, 2008 and 1 MGD on or before December 31, 2010 at prices to be negotiated.

Purchase of Retail Distribution Rights

The Town’s agreement with West Columbia also provided the Town the non-exclusive right of retail distribution within a certain geographical location (defined in the agreement as the “service area”). Accordingly, the purchase price for the service area rights equaled \$2,980,000 with the rights reported at their discounted value at June 30, 2008, net of accumulated amortization (\$2,052,287, taking into account the imputed cost of capital approximating 5%) and is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$50,056 recognized during the year ended June 30, 2008.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Long-Term Debt

The following is a summary of long-term debt of the Town for the year ended June 30, 2008:

	Balances June 30, 2007	Additions	Reductions	Balances June 30, 2008	Due Within One Year
Governmental activities:					
Certificates of participation:					
Capital appreciation certificates	\$ 2,520,000	\$ -	\$ (210,000)	\$ 2,310,000	\$ 210,000
Less deferred amount:					
For issuance discount	(765,668)	-	108,056	(657,612)	-
Total certificates of participation	1,754,332	-	(101,944)	1,652,388	210,000
General obligation bonds	1,990,000	-	(105,000)	1,885,000	110,000
Capital leases	501,547	-	(145,211)	356,336	117,894
Compensated absences	270,653	198,047	(165,666)	303,034	173,339
Governmental activities Long-term liabilities	<u>\$ 4,516,532</u>	<u>\$ 198,047</u>	<u>\$ (517,821)</u>	<u>\$ 4,196,758</u>	<u>\$ 611,233</u>
Business-type activities:					
Revenue bonds payable:					
Revenue bonds	\$ 37,865,000	\$ -	\$ (1,150,000)	\$ 36,715,000	\$ 795,000
Less deferred amounts:					
For issuance discount	(309,670)	-	95,176	(214,494)	-
For issuance premium	82,171	-	(3,321)	78,850	-
On refunding	(2,215,716)	-	221,888	(1,993,828)	-
Total revenue bonds payable	35,421,785	-	(836,257)	34,585,528	795,000
Bond anticipation note	-	9,800,000	-	9,800,000	9,800,000
BAN premium	-	4,116	(2,058)	2,058	-
Contract payable	2,559,018	-	-	2,559,018	-
Capital lease	488,775	-	-	488,775	-
Compensated absences	87,749	66,015	(51,109)	102,655	57,779
Business-type activities Long-term liabilities	<u>\$ 38,557,327</u>	<u>\$ 9,870,131</u>	<u>\$ (889,424)</u>	<u>\$ 47,538,034</u>	<u>\$ 10,652,779</u>

Certificates of Participation

Pursuant to *Note 1*, the Town's "blended" component unit (Saxe Gotha Lexington Public Facilities Corporation) issued Series 1994 Certificates of Participation which require semi-annual interest payments at rates from 3.65% to 5.75% and annual principal installments ranging from \$165,000 to \$200,000 through December, 2005. These debt service requirements are followed by capital appreciation certificates maturing annually on December 1 from year 2006 to 2018 with annual maturity values of \$210,000 and at yields from 6.0% to 6.8%.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Long-Term Debt (Continued)

Certificates of Participation (Continued)

Optional Redemption:

The Current Interest Certificates maturing on or prior to December 1, 2002 and the Capital Appreciation Certificates are not subject to optional redemption prior to maturity. The Current Interest Certificates maturing after December 1, 2002, are subject to optional redemption prior to maturity in whole at any time or in part on any interest payment date on or after December 1, 2002, at the following prices, expressed as percentages of the principal amount to be redeemed, plus accrued interest to the redemption date:

Redemption Dates (Both Dates Inclusive)	Redemption Price
November 1, 2002 to October 31, 2003	102%
November 1, 2003 to October 31, 2004	101
November 1, 2004 and thereafter	100

The annual debt service requirements to amortize all certificates outstanding as of June 30, 2008, including interest components are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	210,000	-	210,000
2010	210,000	-	210,000
2011	210,000	-	210,000
2012	210,000	-	210,000
2013	210,000	-	210,000
2014-2018	1,050,000	-	1,050,000
2019	210,000	-	210,000
Subtotal	2,310,000	-	2,310,000
Less: Deferred amount	(657,612)	-	(657,612)
Total	<u>\$ 1,652,388</u>	<u>\$ -</u>	<u>\$ 1,652,388</u>

General Obligation Bonds

During the year ended June 30, 2002, the Town issued \$2,450,000 of Town of Lexington, South Carolina General Obligation Bonds of 2002. The payment of principal and interest on the Bonds is secured by an irrevocable pledge of the full faith, credit and taxing power of the Town. The Bonds require semi-annual interest payments at rates from 4.00% - 6.00% and annual principal installments ranging from \$80,000 - \$190,000 through March 1, 2021. The proceeds from the bonds are to fund roadway and other capital improvements.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Optional Redemption:

The Bonds maturing on or before March 1, 2011, are not subject to redemption prior to their maturity. The Bonds maturing subsequent to March 1, 2011, are subject to redemption on or after March 1, 2011, at the option of the Town, in whole or in part on any interest payment date at par plus accrued interest.

The annual debt service requirements to amortize all general obligation bonds outstanding as of June 30, 2008, including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	110,000	87,635	197,635
2010	115,000	81,035	196,035
2011	120,000	76,148	196,148
2012	125,000	71,048	196,048
2013	130,000	65,735	195,735
2014-2018	745,000	235,953	980,953
2019-2021	540,000	52,250	592,250
Total	<u>\$ 1,885,000</u>	<u>\$ 669,804</u>	<u>\$ 2,554,804</u>

Revenue Bonds and Bond Anticipation Notes

Gross revenues of the Waterworks and Sewer System Enterprise Fund, after paying the costs and expenses of operating and maintaining the system, are pledged for repayment of the revenue bonds. The Town is in compliance with all applicable bond covenants at June 30, 2008.

Series 1993 Revenue Refunding and Improvement Bonds:

The Series 1993 Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Refunding and Improvement Bonds capital appreciation bonds remain outstanding and maturing annually on May 1 from 2005 to 2012 at yields from 4.90% to 5.50% and maturity values of \$385,000 with the final maturity at \$195,000. The capital appreciation bonds were issued at a discount with principal at maturity totaling \$3,275,000. The balance of Series 1993 Bonds at June 30, 2008 equaled \$1,520,506 (net of discount of \$214,494 with principal accretion recognized during the year of \$95,179).

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Long-Term Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

Optional Redemption:

The Capital Appreciation Bonds are not subject to redemption prior to their maturity.

Series 2001A Revenue Refunding and Improvement Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2001A require semi-annual interest payments at rates of 3.50% to 5.75% and annual principal installments ranging from \$205,000 to \$1,935,000. The Series 2001A Bonds were issued for \$27,475,000 with an outstanding balance at June 30, 2008 of \$20,994,376 (net unamortized premium and deferred amount on refunding equaled \$73,204 and (\$1,993,828), respectively). Amortization of the premium and deferred amount equaled (\$3,082) and \$221,886, respectively.

The Series 2001A Bonds maturing on or prior to April 1, 2010, are not subject to redemption prior to their maturity. The Bonds maturing on and after April 1, 2010, are subject to redemption prior to maturity, at the option of the Town, on or after April 1, 2010, as a whole at any time, or in part from time to time on any Interest Payment Date in the maturities as designated by the Town (but only in integral multiples of \$5,000 denomination) and by lot within a maturity, at the redemption prices with respect to each Series 2001A Bond, expressed as a percentage of principal amount of the Series 2001A Bond to be redeemed, as set forth below, together, in each case, with the interest accrued on the principal amount to the date fixed for redemption:

<u>Redemption Dates (Both Dates Inclusive)</u>	<u>Redemption Price</u>
April 1, 2010 to March 31, 2011	101%
April 1, 2011 and thereafter	100%

Series 2001B Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2001B will initially bear interest from their date of issuance at the weekly rate. The weekly rate is a fluctuating rate per annum determined periodically by the remarketing agent and is not tied to any specific index. The Town may at its option convert (subject to certain conditions) from the weekly rate mode to either the daily rate, term rate or fixed rate mode. The interest rate on the Bonds shall not exceed 12% per annum except for the bank bonds (bonds purchased under the terms of the Standby Bond Purchase Agreement) which shall not exceed 18% per annum. The Town has assumed an average interest rate of 3.37%. The Series 2001B Revenue Bonds were issued for \$5,800,000 with \$4,890,000 outstanding at June 30, 2008.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Long-Term Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

Redemption:

Notice of redemption of the Series 2001B Bonds was made August 12, 2008 and the bonds were redeemed October 1, 2008.

Series 2004 Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2004 require semi-annual interest payments at rates of 2.00% to 5.00% and annual principal installments ranging from \$85,000 to \$410,000. The Series 2004 Bonds were issued for \$7,865,000 with a net premium of \$6,564. Premium amortization equaled \$239 for the year-ended June 30, 2008. The Series 2004 Bonds refunded the outstanding balance of the Series 2003 Bond Anticipation Note (net of unexpended proceeds from the BAN). The Series 2004 Revenue Bonds have an outstanding balance at June 30, 2008 of \$7,180,646 (premium totals \$5,646).

Optional Redemption:

The Series 2004 Bonds maturing on or prior to February 1, 2014, are not subject to redemption prior to maturity. The Series 2004 Bonds maturing after February 1, 2014, are subject to redemption prior to maturity, at the option of the Town, on or after February 1, 2014, as a whole at any time or in part on any interest payment date in maturities as designated by the Town (but only in integral multiples of \$5,000) and by lot within the maturity, at a redemption price of 100% of the principal amount with interest accrued on such principal amount to the date fixed for redemption.

Forward Delivery Agreement:

In conjunction with the issuance of the Series 2004 Revenue Bonds, the Town entered into an agreement with a third party financial institution with a Moody's rating of Aa2 to provide for the Town to realize in the form of an up front payment an estimated discounted value of investment of the Debt Service Reserve Fund at a specified rate. The net up front payment was \$5,209. The financial institution must from time to time deliver to the Town's trustee for the Series 2004 Debt Service Reserve Fund securities that are either direct obligations of the United States of America or obligations unconditionally guaranteed by the United States which have an aggregate purchase price which is as close as possible to but does not exceed the reserve amount and which mature no later than the next interest payment date on the Series 2004 bonds. Interest earned on the securities delivered to the trustee accrues to the benefit of the Town. The contract provides that upon the occurrence of certain events including partial or completed termination (depletion of the reserve fund to pay debt service), or other defaults by the Town or the financial institution a

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Long-Term Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

termination amount may be required. Any termination amount required to be paid by the Town would be made from excess revenues of the system and would represent a junior lien on the gross revenues of the water and sewer utility. Were the Town to exercise an option to refund, defease, repurchase or redeem the Series 2004 Bonds, the agreement could require payment of a termination amount unless the debt service reserve fund for any new debt issued as part of any refunding or other redemption of the Series 2004 Bonds continues to be invested according to the terms of the agreement.

The annual debt service requirements to amortize all revenue bonds outstanding as of June 30, 2008 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	795,000	1,620,939	2,415,939
2010	810,000	1,612,861	2,422,861
2011	825,000	1,622,771	2,447,771
2012	840,000	1,636,019	2,476,019
2013	855,000	1,638,639	2,493,639
2014-2018	4,900,000	7,293,803	12,193,803
2019-2023	7,870,000	5,855,388	13,725,388
2024-2028	10,090,000	3,723,964	13,813,964
2029-2032	9,730,000	1,185,546	10,915,546
Subtotal	36,715,000	26,189,930	62,904,930
Less: Deferred amounts	(2,129,472)	-	(2,129,472)
Total	<u>\$ 34,585,528</u>	<u>\$ 26,189,930</u>	<u>\$ 60,775,458</u>

Prior Year Defeasance of Debt

In prior years, the Town defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2008, \$16,930,000 of bonds outstanding are considered defeased.

Bond Anticipation Note, Series 2007:

The Town issued Combined Waterworks and Sewer System Revenue Bond Anticipation Note Series 2007 during the year ended June 30, 2008. The note was issued to provide interim financing of a portion of the costs of acquiring additional wastewater treatment capacity at the City of Cayce Treatment Plant and to fund improvements to the System. Principal and interest of 3.05% per annum are due at maturity on December 15, 2008.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Long-Term Debt (Continued)

Contract Payable

As discussed in *Note 7*, the Town agreed to pay West Columbia \$2.98 million for the non-exclusive use of existing distribution lines and the non-exclusive retail distribution rights in an agreed upon service area. An initial payment of \$1 million was incurred at execution of the agreement during the year ended June 30, 1998. The remainder was to be paid in semi-annual payments of \$90,000 through December 30, 2008. The remaining obligation under this portion of the agreement was defeased during the year ended June 30, 2002. The agreement with West Columbia also requires the Town to pay for water capacity in an amount equal to its pro rata share of the debt service requirements on West Columbia's Water and Sewer System Improvements Revenue Bonds, Series 1998B. The Town's pro rata share is approximately 89% of the Series 1998B issue (based on the cost of expanding the LMWTF relative to entire issue). The Series 1998B requires semi-annual interest payments at rates from 3.45% to 4.5% and annual principal installments ranging from \$160,000 to \$345,000 through October 1, 2018. The Town defeased all required payments on Series 1998B through January 1, 2009, during the year ended June 30, 2002. The liabilities for all payments required to be made to West Columbia through January 1, 2009 have been reduced on the statement of net assets. Accordingly, a contract payable has been recorded for the remaining installment payments due between January 1, 2009 and October 1, 2018 for the Town's pro rata share of the West Columbia Series 1998B.

The annual debt service requirements to amortize the contract payable as of June 30, 2008 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	-	55,562	55,562
2010	209,902	106,822	316,724
2011	218,834	97,978	316,812
2012	227,766	88,655	316,421
2013	236,698	78,842	315,540
2014-2018	1,357,664	226,532	1,584,196
2019	308,154	6,934	315,088
Total	<u>\$ 2,559,018</u>	<u>\$ 661,325</u>	<u>\$ 3,220,343</u>

Capital Leases

Governmental activities:

During the year ended June 30, 2005, the Town entered into a \$178,205 capital lease purchase agreement for financing the acquisition of vehicles and equipment. The agreement provides for semi-annual payment of interest at a rate of 3.05% and semi-annual

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Long-Term Debt (Continued)

Capital Leases (Continued)

principal payments ranging from \$28,588 to \$30,209 through January, 2008. During the year ended June 30, 2006, the Town entered into a \$421,885 capital lease purchase agreement for financing the acquisition of vehicles and equipment. The agreement provides for semi-annual interest payments at a rate of 3.4% and semi-annual principal payments ranging from \$39,184 to \$45,445 through October, 2010. During the year ended June 30, 2007, the Town entered into a \$168,108 capital lease purchase agreement for the acquisition of vehicles and equipment. The agreement provides for semi-annual interest payments at a rate of 3.87% and semi-annual principal payments ranging from \$15,882 to \$18,239 through January, 2012. Vehicles and equipment acquired with proceeds from the agreements totaled approximately \$600,000. Certain assets acquired under the agreements did not meet capitalization criteria and were expensed in the period acquired.

The annual debt service requirements to amortize the governmental activities capital lease payable as of June 30, 2008, including interest component are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	117,894	11,727	129,621
2010	122,091	7,530	129,621
2011	80,219	3,183	83,402
2012	36,132	1,052	37,184
Total	<u>\$ 356,336</u>	<u>\$ 23,492</u>	<u>\$ 379,828</u>

Business-type activities:

The agreement with West Columbia provides in part for the Town to purchase waterlines from West Columbia under a capital lease. The minimum lease payments equaled the Town's pro rata share of the debt service requirements on West Columbia's Water and Sewer System Improvements Revenue Bonds, Series 1998A. The Town's pro rata share is approximately 40% of the Series 1998A issue (based on the construction cost of the waterlines relative to entire issue). The Series 1998A required quarterly interest payments at 4.75% and principal installments ranging from \$15,177 to \$38,566 through January 1, 2019. The Town defeased all required payments through January 1, 2009 on the Series 1998A Bonds with the corresponding capital lease liability being reduced on the statement of net assets. Accordingly, a capital lease payable has been recorded at the present value of the minimum lease payments required from January 1, 2009 through January 1, 2019.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Long-Term Debt (Continued)

Capital Leases (Continued)

The annual debt service requirements to amortize the capital lease payable as of June 30, 2008, including interest component are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 18,757	\$ 11,498	\$ 30,255
2010	38,869	21,640	60,509
2011	40,748	19,761	60,509
2012	42,718	17,791	60,509
2013	44,784	15,725	60,509
2014-2018	258,573	43,972	302,545
2019	44,326	1,056	45,382
Total	\$ 488,775	\$ 131,443	\$ 620,218

The waterlines acquired under the capital lease are recorded as capital assets – waterworks system in the statement of net assets at a historic cost of \$778,428, with current book value of \$635,647 net of accumulated depreciation.

9. Capital Contribution Fees and Capital Asset Contributions

A summary of capital asset contributions from developers and receipts of capital contribution fees during the year ended June 30, 2008, follows:

<u>Governmental activities:</u>	
Capital asset contributions from developers	<u>\$ 770,794</u>
<u>Business-type activities:</u>	
Capital contribution fees received	\$ 3,468,019
Capital asset contributions from developers	<u>8,693,220</u>
Total capital contribution fees and capital asset contributions recognized	<u>\$12,161,239</u>

The Town has outstanding contracts that allow certain developers to pay capital contribution fees on an installment basis. Total capital contribution fees outstanding approximate \$4,935,775 at June 30, 2008, of which the Town has fully reserved an allowance for doubtful accounts. Upon payment of periodic installments, the Town recognizes capital contribution fee revenue and developers may claim the applicable number of capital contribution certificates.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

10. Contingencies

Federal Grants

In the normal course of operations, the Town receives grant funds from various federal 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. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed by Town officials to be material.

Litigation:

Department of Health and Environmental Control (“DHEC”):

Under terms of *The 208 Water Quality Management for the Central Midlands Region* (the “208 Plan”), the Town established a regional sewer system (the “system”). The original terms of the 208 Plan included in part a requirement for several service providers to decommission treatment facilities that discharge into the lower Saluda River. The Town’s Coventry Woods plant was one of the facilities designated for decommissioning upon availability of the regional system.

The Central Midlands Council of Governments (the “COG”) is charged with developing and ensuring compliance with the 208 Plan. The COG approved an amendment to the plan to extend the deadline for closure of Coventry Woods for five years. The extension would allow adequate capacity to be constructed in the City of Cayce’s Wastewater Treatment Plant to serve present and anticipated demand from the regional system. DHEC disapproved the amendment and filed suit in 2001 against the Town to enjoin continued operation of Coventry Woods and to impose a \$10,000 per day fine, retroactive to March 1, 2001, for each day of continued operation.

The Town believes that the COG, as the agency delegated with the responsibility for managing the 208 Plan, properly approved the 208 Amendment. Pending a resolution of whether DHEC has jurisdiction, the Court granted the Town’s motion to stay, which not only stayed the proceedings and imposition of fines, but also enjoins DHEC from taking any enforcement action against the Coventry Woods plant, based on information known to DHEC before September 14, 2001. During the year ended June 30, 2003, the Administrative Law Judge issued a ruling in the case which held that DHEC’s role is ministerial in nature and consists of certifying 208 Plan amendments to the U.S. Environmental Protection Agency but does not include the power to reject the amendments. DHEC staff appealed the decision of the Administrative Law Judge to the DHEC board. The DHEC board overturned the decision of the Administrative Law Judge and held that DHEC had final authority to approve amendments to the 208 Plan. The related jurisdictional case is now pending in the Richland County Court of Common Pleas. The Town expects that final resolution of the issues in this case will take several years, extending well beyond the five-year extension period granted by COG. Such circumstances will give the Town sufficient time to coordinate with the City of Cayce on expansions and upgrades, which will replace Coventry Woods WWTP capacity. Furthermore, the Town believes that ultimately the decision of the Administrative Law Judge will be upheld. Accordingly, it is improbable that any fine will be imposed or upheld.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

10. Contingencies (Continued)

I-20 Waste System Treatment plant:

In addition to the litigation relating to closure of Coventry Woods WWTP, the Town has supported Carolina Water System (“CWS”) in litigation with the Lexington County Joint Municipal Water and Sewer Commission (“JMWSC”) regarding attempts by the JMWSC to condemn the I-20 Wastewater Treatment Plant owned by CWS. The Town has taken the position that such action would contravene amendments to the Section 208 Plan. The Town is involved in various ways in seven related cases filed in the Lexington County Court of Common Pleas, regarding this matter, either as an intervenor, a defendant, or a plaintiff.

The Town has involved itself in this litigation, primarily to preserve the integrity of the Section 208 Plan and does not expect that the outcome of such litigation, even if adverse to the Town, will materially impact the finances of the System or the potential growth of the System.

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

11. Commitments

Developers and Contractors:

The Town has outstanding contracts to provide certain developers future sewer taps. The Town reserves sewer treatment capacity to provide the future service at the inception of the installment contracts. At June 30, 2008, unredeemed capital contribution certificates representing future taps into the system total approximately 4,674.

Additionally, the Town has outstanding commitments to contractors and others for approximately \$137,543.

Wastewater Treatment Service Agreement:

As discussed in *Note 8*, the Town entered into a Wastewater Treatment Service agreement with the City of Cayce, South Carolina Municipal Corporation, to provide wastewater treatment capacity for the Town. Under the amended agreement, the Town remains obligated to pay its’ “pro rata” share of the capacity in the plant for the cost of future capital replacement or improvement to the Plant (replacements and improvements that do not expand capacity), upon receipt of a statement from Cayce setting forth in reasonable detail the calculation of such cost.

Regional Sewer Line Interconnection Agreement:

During the year ended June 30, 2005, the Town and the Commission entered into an agreement that provided for the Commission to upsize an interconnection line to Cayce’s Plant. The line when completed will allow the Town to connect its Regional Sewer System to Cayce’s Plant through the Commission’s interconnection line. The new line will be solely owned by the

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Commitments (Continued)

Commission and the Town's only interest in the line will be the contractual rights to non-exclusive utilization of the line for wastewater transport. The Town agreed to pay the pro rata cost of upsizing the line to accommodate its anticipated flows. The Town also must pay during the term of the agreement a pro rata share of any modifications or improvements to the interconnection line to satisfy regulatory requirements, which do not increase the actual capacity of the line. The Town will also be responsible to pay for its flows through the line in accordance with the terms and conditions of the Town's wastewater treatment agreement with Cayce.

Water Sale and Purchase Agreement:

As discussed in *Note 8*, the Town is obligated under a Water Sale and Purchase Agreement with the City of West Columbia, South Carolina whereby the Town purchased capacity of up to 4.5 MGD in the LMWTF. Wholesale water rates are determined by a formula that both parties agreed to, as described in the agreement. The agreement is for the economic life of the LMWTF or for the duration of the lease of the property upon which the facility is operated as executed between the City of West Columbia and the County of Lexington, South Carolina.

12. Employee Retirement

All employees, excluding public safety department employees, 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 defined benefit public employee retirement system administered by the State Budget and Control Board of South Carolina. Actuarial determinations are made by the administrators for the system. The System issues a publicly available Comprehensive Annual Financial Report that includes required supplementary information for both plans. The report may be obtained by writing to: The South Carolina Retirement System, Fontaine Business Center, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

The Town's total payroll for the year ended June 30, 2008, for employees enrolled in the SCRS and PORS, was approximately \$5,352,776, of which \$3,530,140 was for substantially all employees covered by the SCRS and \$1,822,636 was for PORS covered employees.

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 60 years of age may elect early retirement in which case the full service benefit is reduced by 5 percent for each year the employee's age at retirement is less than 65. 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

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Employee Retirement (Continued)

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. Non-public safety members are required to contribute 6.50 percent of their compensation. Under this system, the Town's contributions were 9.21 percent of each member employee's compensation, which included .15 percent of group life coverage. Contributions to the SCRS for the years ending June 30, 2008, 2007, and 2006 were \$342,023, \$262,494, and \$235,477, respectively, which equal 100% of required contributions. For public safety employees, amounts equaled 6.5 percent for member employees' contributions and 10.7 percent for the Town's contribution, which included .2 percent of group life and .2 percent of accidental death coverage. Contributions to the PORS for the years ending June 30, 2008, 2007, and 2006 were \$208,474, \$173,055, and \$154,666, respectively, which equal 100% of required contributions.

As of July 1, 2008 the Town's contribution rate for employee retirement was increased to 9.39 percent (including .15 percent for group life) for non-public safety employees and 11.05 percent (including .2 percent group life and .2 percent accidental death) for public safety employees. The employee contribution remains the same.

The current interest rate assumption for actuarial purposes equals eight percent, compounded annually.

13. Post Employment Benefits Other than Pension

During the year ended June 30, 2004, the Town adopted a policy to pay health insurance benefits until age 65 for retirees who retire with 20 years of service and retire between the ages of 62 and 65. The Town's contributions are financed on a pay-as-you go basis.

On June 30, 2008, the Town had one retiree receiving benefits under the policy. The average age of the participants was approximately 64 with monthly premium costs averaging approximately \$397 per participant. The total expenses incurred by the Town for the year ended June 30, 2008, were \$4,764.

GASB Statement #45 establishes standards for measuring, recognizing, and reporting expenses or expenditures and related liabilities for post-employment benefits other than pensions (OPEB). The Town is scheduled to implement these requirements for its fiscal year ended June 30, 2009 and will obtain an actuarial valuation of these benefits.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

14. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town carries commercial property insurance coverage and general liability coverage for these risks. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

The Town participates in the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF), an insurance pool currently operating as a common tort liability and insurance program. The limit of the tort liability is \$2,000,000 per occurrence, while the limit for casualty insurance varies depending on the value of the property. The Town pays an annual experience rated premium to SCMIRF for its general insurance coverage, totaling approximately \$184,500 in the current year.

The Town provides for the administration of a plan providing health and dental coverage for all employees through the Employee Insurance Program (EIP). The Town's payments to the EIP plan approximated \$914,297 during the year.

The Town participated in the South Carolina Municipal Insurance Trust (SCMIT) for its workers' compensations insurance program. The Town funds "contributions" monthly to SCMIT to provide for payment of claims, including a reserve against any unused large claims as they are filed. The Town paid SCMIT approximately \$169,000 during the year.

The Town is self-insured for unemployment benefits. Claims are administered by the South Carolina Employment Security Commission and are then reimbursed by the Town. The Town funds all unemployment claims through current available resources. No liability has been accrued at year-end for potential claims, as they are expected to be minimal.

15. Subsequent Events

Subsequent to year end, the Town issued \$9.8 million Combined Waterworks and Sewer System Revenue Bond Anticipation Notes of 2008, Series A. The notes were issued to currently refund the Town's Combined Waterworks and Sewer System Revenue Bonds, Series 2001B (the "Series 2001B Bonds") in addition to provide additional financing of a portion of the costs of acquiring additional wastewater treatment capacity at the City of Cayce Treatment Plant. Principal and interest of 3.25% per annum are due at maturity on April 15, 2009. The 2008A BANs are not subject to optional redemption prior to their maturity.

Also subsequent to year end, the Town issued \$10 million Combined Waterworks and Sewer System Revenue Bond Anticipation Notes of 2008, Series B. The notes were issued to currently refund the Town's Combined Waterworks and Sewer System Revenue Bond Anticipation Notes of 2007 (the "2007 BANs"). Principal and interest of 2.25% per annum are due at maturity on December 15, 2009. The 2008B BANs are subject to optional redemption prior to their maturity on and after June 15, 2009, at a price of par plus accrued interest.

TOWN OF LEXINGTON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenue				
Property taxes	\$ 2,486,851	\$ 2,486,851	\$ 2,330,486	\$ (156,365)
Franchises, licenses and permits	4,637,254	4,637,254	4,425,980	(211,274)
Other governments	380,000	380,000	504,983	124,983
Fines and forfeitures	225,000	225,000	263,470	38,470
Interest income	150,000	150,000	152,885	2,885
Charges for services	40,000	40,000	52,680	12,680
Miscellaneous	60,669	67,169	12,104	(55,065)
Total revenue	<u>7,979,774</u>	<u>7,986,274</u>	<u>7,742,588</u>	<u>(243,686)</u>
Expenditures				
Current:				
General government:				
Planning, building and technology	605,279	605,279	722,841	(117,562)
Administration	487,176	502,176	497,394	4,782
Finance	230,636	231,940	210,020	21,920
Council	150,176	161,791	171,033	(9,242)
Total general government	<u>1,473,267</u>	<u>1,501,186</u>	<u>1,601,288</u>	<u>(100,102)</u>
Public safety	3,062,276	3,114,793	3,024,201	90,592
Parks, streets and sanitation	1,697,695	1,690,444	1,679,351	11,093
Capital Outlay	457,671	465,986	442,131	23,855
Debt Service	192,233	192,233	179,540	12,693
Total expenditures	<u>6,883,142</u>	<u>6,964,642</u>	<u>6,926,511</u>	<u>38,131</u>
Excess of revenue over (under) expenditures	1,096,632	1,021,632	816,077	(205,555)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	29,417	29,417
Transfers in	27,000	102,000	100,000	(2,000)
Transfers out	(758,935)	(758,935)	(452,665)	306,270
Total other financing sources (uses)	<u>(731,935)</u>	<u>(656,935)</u>	<u>(323,248)</u>	<u>333,687</u>
Excess of revenue over (under) expenditures and other financing sources (uses)	364,697	364,697	492,829	128,132
Fund balance, beginning of year	<u>4,253,325</u>	<u>4,253,325</u>	<u>4,253,325</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,618,022</u>	<u>\$ 4,618,022</u>	<u>\$ 4,746,154</u>	<u>\$ 128,132</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

OTHER FINANCIAL INFORMATION

TOWN OF LEXINGTON, SOUTH CAROLINA

COMBINING 'NON-MAJOR' GOVERNMENTAL FINANCIAL
STATEMENTS

TOWN OF LEXINGTON, SOUTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	Special Revenue													
	Police Grants and Programs	Golden Hills Tax District	Downtown Restoration	Disaster Fund	Alcohol Permits	Sidewalk Fund	Drug Fund	Cans to Trees	Victims Assistance	Caractor Park	Teachers Appreciation	KEYS Grant	Youth Corp	Concerts in the Park
Assets														
Cash and temporary investments	\$ 5,645	\$ -	\$ -	\$ -	\$ -	\$ 81,392	\$ -	\$ 8,629	\$ 182	\$ 13,199	\$ 2,200	\$ -	\$ -	\$ 6,156
Receivables, net:														
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	6,950	-	-	-	-	-	-	-	-	-
Due from grantor	8,672	-	-	-	-	-	-	-	-	-	-	15,152	-	-
Due from Other Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and temporary investments	-	97,381	25,186	14,577	50,172	-	21,961	-	-	-	-	-	-	-
Total assets	\$ 14,317	\$ 97,381	\$ 25,186	\$ 14,577	\$ 57,122	\$ 81,392	\$ 21,961	\$ 8,629	\$ 182	\$ 13,199	\$ 2,200	\$ 15,152	\$ -	\$ 6,156
Liabilities and Fund Balances														
Accounts payable	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,187	\$ 1,396	\$ 1,261	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-	1,979	-	-	3,508	-	-
Due to other funds	8,672	-	-	-	-	-	-	-	2,898	-	-	11,552	865	-
Total liabilities	8,682	-	-	-	-	-	-	-	4,877	-	2,187	16,456	2,126	-
Fund balances:														
Reserved for debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved/undesignated	5,635	97,381	25,186	14,577	57,122	81,392	21,961	8,629	(4,695)	13,199	13	(1,304)	(2,126)	6,156
Total fund equity	5,635	97,381	25,186	14,577	57,122	81,392	21,961	8,629	(4,695)	13,199	13	(1,304)	(2,126)	6,156
Total liabilities and fund balances	\$ 14,317	\$ 97,381	\$ 25,186	\$ 14,577	\$ 57,122	\$ 81,392	\$ 21,961	\$ 8,629	\$ 182	\$ 13,199	\$ 2,200	\$ 15,152	\$ -	\$ 6,156

						Capital Projects				Debt Service	Total Nonmajor Governmental Funds
Hospitality Tax	Carol Lighting	Special Projects	Veterans Monument	Accommodations Tax	Totals	Streets and Infrastructure	Gibson Pond	Palmetto Collegiate	Totals	Debt Service	
\$ -	\$ 867	\$ -	\$ 20,809	\$ -	\$ 139,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,079
-	-	-	-	31,369	31,369	-	-	-	-	-	31,369
-	-	-	-	-	6,950	-	-	-	-	-	6,950
-	-	-	-	-	23,824	-	-	-	-	-	23,824
-	-	3,338	-	-	3,338	-	-	-	-	-	3,338
217,865	-	669	-	22,943	450,754	205,943	57,166	16,152	279,261	219,498	949,513
<u>\$ 217,865</u>	<u>\$ 867</u>	<u>\$ 4,007</u>	<u>\$ 20,809</u>	<u>\$ 54,312</u>	<u>\$ 655,314</u>	<u>\$ 205,943</u>	<u>\$ 57,166</u>	<u>\$ 16,152</u>	<u>\$ 279,261</u>	<u>\$ 219,498</u>	<u>\$ 1,154,071</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,854	\$ 5,055	\$ -	\$ 171	\$ 5,226	\$ -	\$ 10,080
-	-	-	-	-	5,487	-	-	-	-	-	5,487
75,000	-	-	-	-	98,987	-	-	-	-	-	98,987
<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,328</u>	<u>5,055</u>	<u>-</u>	<u>171</u>	<u>5,226</u>	<u>-</u>	<u>114,554</u>
-	-	-	-	-	-	-	-	-	-	219,498	219,498
142,865	867	4,007	20,809	54,312	545,986	200,888	57,166	15,981	274,035	-	820,021
<u>142,865</u>	<u>867</u>	<u>4,007</u>	<u>20,809</u>	<u>54,312</u>	<u>545,986</u>	<u>200,888</u>	<u>57,166</u>	<u>15,981</u>	<u>274,035</u>	<u>219,498</u>	<u>1,039,519</u>
<u>\$ 217,865</u>	<u>\$ 867</u>	<u>\$ 4,007</u>	<u>\$ 20,809</u>	<u>\$ 54,312</u>	<u>\$ 655,314</u>	<u>\$ 205,943</u>	<u>\$ 57,166</u>	<u>\$ 16,152</u>	<u>\$ 279,261</u>	<u>\$ 219,498</u>	<u>\$ 1,154,073</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	Special Revenue												
	Police Grants and Programs	Golden Hills Tax District	Downtown Restoration	Disaster Fund	Alcohol Permits	Sidewalk Fund	Drug Fund	Caus to Trees Fund	Victims Assistance	Caractor Park	Teachers Appreciation	KEYS Grant	Youth Corp
Revenue													
Grant revenue	\$ 105,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,175	\$ 11,467
Road assessment	-	20,580	-	-	-	-	-	-	-	-	-	-	-
Alcohol permits	-	-	-	-	31,700	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	26,021	-	32,282	-	-	-	-
Sidewalk Proceeds	-	-	-	-	-	4,798	-	-	-	-	-	-	-
Accommodations tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	2,498	676	583	-	5,495	258	-	-	-	-	-	-
Miscellaneous income	41,049	-	-	-	-	-	-	-	7	13,500	2,200	4,369	-
Total revenue	146,545	23,078	676	583	31,700	10,293	26,279	-	32,289	13,500	2,200	75,544	11,467
Expenditures													
Current:													
General government	-	-	-	-	-	-	-	-	-	-	2,187	-	-
Public safety	61,086	-	-	-	-	-	6,705	-	-	-	-	71,143	-
Victims assistance	-	-	-	-	-	-	-	-	30,792	-	-	-	-
Street maintenance	-	-	-	-	-	-	-	-	-	-	-	-	12,345
Parks and appearance	-	-	-	-	-	-	-	-	-	301	-	-	-
Tourism related	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	87,125	-	-	-	-	85,069	2,582	-	-	-	-	5,705	-
Total expenditures	148,211	-	-	-	-	85,069	9,287	-	30,792	301	2,187	76,848	12,345
Other Financing Sources (Uses)													
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenue and other financing sources (uses) over (under) expenditures	(1,666)	23,078	676	583	31,700	(74,776)	16,992	-	1,497	13,199	13	(1,304)	(878)
Fund balances, beginning of year	7,301	74,303	24,510	13,994	25,422	156,168	4,969	8,629	(6,192)	-	-	-	(1,248)
Fund balances, end of year	\$ 5,635	\$ 97,381	\$ 25,186	\$ 14,577	\$ 57,122	\$ 81,392	\$ 21,961	\$ 8,629	\$ (4,695)	\$ 13,199	\$ 13	\$ (1,304)	\$ (2,126)

							Capital Projects				Debt Service	Total Nonmajor Governmental Funds
Concerts in the Park	Hospitality Tax	Carol Lighting	Special Projects	Veterans Monument	Accommodations Tax	Totals	Streets and Infrastructure	Gibson Pond	Palmetto Collegiate	Totals	Debt Service	
\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 198,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,138
-	-	-	-	-	-	20,580	-	-	-	-	-	20,580
-	-	-	-	-	-	31,700	-	-	-	-	-	31,700
-	-	-	-	-	-	58,303	-	-	-	-	-	58,303
-	-	-	-	-	-	4,798	-	-	-	-	-	4,798
-	-	-	-	-	77,719	77,719	-	-	-	-	-	77,719
-	5,877	-	-	576	1,592	17,555	5,425	-	-	5,425	7,181	30,161
1,000	-	1,080	36,680	850	-	100,655	-	2,615	151,393	154,008	-	254,663
1,000	5,877	1,080	46,680	1,426	79,311	509,448	5,425	2,615	151,393	159,433	7,181	676,062
-	-	-	89,269	-	-	91,456	-	-	-	-	-	91,456
-	-	-	-	-	-	138,934	-	-	-	-	-	138,934
-	-	-	-	-	-	30,792	-	-	-	-	-	30,792
-	-	-	5,081	-	-	17,426	1,682	-	-	1,682	-	19,108
2,344	-	363	-	1,610	-	4,618	-	19,643	11,626	31,269	-	35,887
-	24,900	-	-	-	28,057	52,957	-	-	-	-	-	52,957
-	-	-	-	-	-	-	-	-	-	-	410,035	410,035
-	-	-	-	-	-	180,481	10,088	6,543	434,992	451,623	-	632,104
2,344	24,900	363	94,350	1,610	28,057	516,664	11,770	26,186	446,618	484,574	410,035	1,411,273
5,000	(80,000)	-	-	-	(52,370)	(127,370)	-	-	27,370	27,370	399,099	299,099
5,000	(80,000)	-	-	-	(52,370)	(127,370)	-	-	27,370	27,370	399,099	299,099
3,656	(99,023)	637	(47,670)	(184)	(1,116)	(134,586)	(6,345)	(23,571)	(267,855)	(297,771)	(3,755)	(436,112)
2,500	241,888	230	51,677	20,993	55,428	680,572	207,233	80,737	283,836	571,806	223,253	1,475,631
\$ 6,156	\$ 142,865	\$ 867	\$ 4,007	\$ 20,809	\$ 54,312	\$ 545,986	\$ 200,888	\$ 57,166	\$ 15,981	\$ 274,035	\$ 219,498	\$ 1,039,519

TOWN OF LEXINGTON, SOUTH CAROLINA

INDIVIDUAL FUND STATEMENTS
AND
SCHEDULES

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

JUNE 30, 2008

(With comparative amounts at June 30, 2007)

	<u>2008</u>	<u>2007</u>
Assets		
Cash and temporary investments	\$ 5,636,597	\$ 5,371,120
Receivables, net:		
Fees and services	33,507	40,118
Property taxes, net	29,706	26,402
Other governments	132,290	124,803
Other	200	3,530
Due from other funds	95,649	47,042
Prepaid items	-	3,200
Restricted cash and temporary investments	-	93,140
Total assets	<u>\$ 5,927,949</u>	<u>\$ 5,709,355</u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 185,624	\$ 181,654
Accrued liabilities	188,752	163,761
Other liabilities	32,520	39,282
Advance from other fund	774,899	1,071,333
Total liabilities	<u>1,181,795</u>	<u>1,456,030</u>
 Fund balance:		
Reserved for prepaid items	-	3,200
Unreserved:		
Designated for:		
Vehicle replacement	87,465	83,966
Streets and infrastructure	600,000	437,620
Undesignated	4,058,689	3,728,539
Total fund balance	<u>4,746,154</u>	<u>4,253,325</u>
Total liabilities and fund balance	<u>\$ 5,927,949</u>	<u>\$ 5,709,355</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
FINAL BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2008

(With comparative amounts for the year ended June 30, 2007)

	2008		Variance Positive (Negative)	2007
	Budget	Actual		Actual
Revenue				
Property taxes	\$ 2,486,851	\$ 2,330,486	\$ (156,365)	\$ 2,203,891
Franchises, licenses and permits	4,637,254	4,425,980	(211,274)	4,038,424
Other governments	380,000	504,983	124,983	497,311
Fines and forfeitures	225,000	263,470	38,470	238,794
Interest income	150,000	152,885	2,885	193,521
Charges for services	40,000	52,680	12,680	37,700
Miscellaneous	67,169	12,104	(55,065)	11,736
Total revenue	7,986,274	7,742,588	(243,686)	7,221,377
Expenditures				
General Government				
Planning, Building & Technology Department:				
Personnel	750,982	701,777	49,205	681,653
Contractual services	14,475	10,812	3,663	13,182
Repairs and maintenance	24,675	14,604	10,071	97,810
Supplies	7,805	8,129	(324)	14,249
Other operating	412,622	409,314	3,308	301,371
Allocation of personnel expenditures	(387,991)	(226,493)	(161,498)	(132,546)
Allocation of other expenditures	(217,289)	(195,302)	(21,987)	(203,354)
Total building department	605,279	722,841	(117,562)	772,365
Administration Department:				
Personnel	696,917	699,187	(2,270)	543,599
Contractual services	65,610	60,007	5,603	36,421
Repairs and maintenance	400	-	400	44
Supplies	8,790	4,626	4,164	4,519
Other operating	40,170	36,212	3,958	23,944
Allocation of personnel expenditures	(282,596)	(279,078)	(3,518)	(244,590)
Allocation of other expenditures	(27,115)	(23,560)	(3,555)	(20,100)
Total administration department	502,176	497,394	4,782	343,837
Finance:				
Personnel	397,964	349,962	48,002	324,170
Contractual services	13,545	9,781	3,764	27,021
Repairs and maintenance	100	-	100	-
Supplies	3,500	2,846	654	3,829
Other operating	47,467	44,416	3,051	39,305
Allocation of personnel expenditures	(198,982)	(168,457)	(30,525)	(162,086)
Allocation of other expenditures	(31,654)	(28,528)	(3,126)	(35,077)
Total finance	231,940	210,020	21,920	197,162

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
FINAL BUDGET (GAAP BASIS) AND ACTUAL

- CONTINUED -

	2008		Variance Positive (Negative)	2007
	Budget	Actual		Actual
Expenditures (Continued)				
General Government (Continued)				
Council:				
Personnel	149,431	149,261	170	128,280
Contractual services	19,240	17,286	1,954	9,596
Supplies	1,870	1,588	282	881
Other operating	135,425	141,728	(6,303)	118,158
Contributions	6,000	6,001	(1)	4,755
Allocation of personnel expenditures	(74,715)	(72,354)	(2,361)	(64,140)
Allocation of other expenditures	(75,460)	(72,477)	(2,983)	(66,695)
Total council	161,791	171,033	(9,242)	130,835
Total general government	1,501,186	1,601,288	(100,102)	1,444,199
Public Safety				
Personnel	2,707,953	2,646,744	61,209	2,228,253
Contractual services	58,565	71,231	(12,666)	81,330
Repairs and maintenance	37,400	39,720	(2,320)	41,628
Supplies	23,930	21,169	2,761	128,252
Other operating	286,945	245,337	41,608	88,520
Total public safety	3,114,793	3,024,201	90,592	2,567,983
Parks, Streets and Sanitation				
Personnel	708,880	670,970	37,910	620,012
Contractual services	652,223	639,380	12,843	609,861
Repairs and maintenance	13,477	22,504	(9,027)	21,834
Supplies	50,732	59,919	(9,187)	55,649
Other operating	265,132	286,578	(21,446)	225,916
Total parks, streets and sanitation	1,690,444	1,679,351	11,093	1,533,272
Capital Outlay	465,986	442,131	23,855	509,941
Debt Service	192,233	179,540	12,693	155,069
Total expenditures	6,964,642	6,926,511	38,131	6,210,464
Other Financing Sources (Uses)				
Issuance of capital lease	-	-	-	168,108
Sale of capital assets	-	29,417	29,417	19,115
Transfers in	102,000	100,000	(2,000)	26,860
Transfers out	(758,935)	(452,665)	306,270	(380,150)
Total other financing sources (uses)	(656,935)	(323,248)	333,687	(166,067)
Excess of revenue over (under) expenditures and other financing sources (uses)	364,697	492,829	128,132	844,846
Fund balance, beginning of year	4,253,325	4,253,325	-	3,408,479
Fund balance, end of year	\$ 4,618,022	\$ 4,746,154	\$ 128,132	\$ 4,253,325

TOWN OF LEXINGTON, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

(With comparative total amounts at June 30, 2007)

	<u>Police Grants and Programs</u>	<u>Golden Hills Tax District</u>	<u>Downtown Restoration</u>	<u>Disaster Fund</u>	<u>Alcohol Permits</u>	<u>Sidewalk Fund</u>	<u>Drug Fund</u>	<u>Cans to Trees</u>	<u>Victims Assistance</u>	<u>Caractor Park</u>
Assets										
Cash and temporary investments	\$ 5,645	\$ -	\$ -	\$ -	\$ -	\$ 81,392	\$ -	\$ 8,629	\$ 182	\$ 13,199
Receivables, net:										
Taxes	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	6,950	-	-	-	-	-
Due from grantor	8,672	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Restricted cash and temporary investments	-	97,381	25,186	14,577	50,172	-	21,961	-	-	-
Total assets	<u>\$ 14,317</u>	<u>\$ 97,381</u>	<u>\$ 25,186</u>	<u>\$ 14,577</u>	<u>\$ 57,122</u>	<u>\$ 81,392</u>	<u>\$ 21,961</u>	<u>\$ 8,629</u>	<u>\$ 182</u>	<u>\$ 13,199</u>
Liabilities and Fund Balances										
Accounts payable	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-	1,979	-
Due to other funds	8,672	-	-	-	-	-	-	-	2,898	-
Total liabilities	<u>8,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,877</u>	<u>-</u>
Fund balances:										
Unreserved/undesignated	5,635	97,381	25,186	14,577	57,122	81,392	21,961	8,629	(4,695)	13,199
Total fund equity	<u>5,635</u>	<u>97,381</u>	<u>25,186</u>	<u>14,577</u>	<u>57,122</u>	<u>81,392</u>	<u>21,961</u>	<u>8,629</u>	<u>(4,695)</u>	<u>13,199</u>
Total liabilities and fund balances	<u>\$ 14,317</u>	<u>\$ 97,381</u>	<u>\$ 25,186</u>	<u>\$ 14,577</u>	<u>\$ 57,122</u>	<u>\$ 81,392</u>	<u>\$ 21,961</u>	<u>\$ 8,629</u>	<u>\$ 182</u>	<u>\$ 13,199</u>

Teacher Appreciation	KEYS Grant	Youth Corp	Concerts					Special Projects	Veterans Monument	Accommodation Tax	Totals	
			in the Park	Hospitality Tax	Carol Lighting						2008	2007
\$ 2,200	\$ -	\$ -	\$ 6,156	\$ -	\$ 867	\$ -	\$ 20,809	\$ -	\$ -	\$ 139,079	\$ 194,641	
-	-	-	-	-	-	-	-	-	31,369	31,369	19,037	
-	-	-	-	-	-	-	-	-	-	6,950	7,800	
-	15,152	-	-	-	-	-	-	-	-	23,824	51,221	
-	-	-	-	-	-	3,338	-	-	-	3,338	-	
-	-	-	-	217,865	-	669	-	-	22,943	450,754	483,070	
<u>\$ 2,200</u>	<u>\$15,152</u>	<u>\$ -</u>	<u>\$ 6,156</u>	<u>\$ 217,865</u>	<u>867</u>	<u>4,007</u>	<u>\$ 20,809</u>	<u>\$ 54,312</u>	<u>\$ 655,314</u>	<u>\$ 755,769</u>		
\$ 2,187	\$ 1,396	\$ 1,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,854	\$ 18,646	
-	3,508	-	-	-	-	-	-	-	-	5,487	9,509	
-	11,552	865	-	75,000	-	-	-	-	-	98,987	47,042	
<u>2,187</u>	<u>16,456</u>	<u>2,126</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,328</u>	<u>75,197</u>	
13	(1,304)	(2,126)	6,156	142,865	867	4,007	20,809	54,312	545,986	680,572		
13	(1,304)	(2,126)	6,156	142,865	867	4,007	20,809	54,312	545,986	680,572		
<u>\$ 2,200</u>	<u>\$15,152</u>	<u>\$ -</u>	<u>\$ 6,156</u>	<u>\$ 217,865</u>	<u>\$ 867</u>	<u>4,007</u>	<u>\$ 20,809</u>	<u>\$ 54,312</u>	<u>\$ 655,314</u>	<u>\$ 755,769</u>		

TOWN OF LEXINGTON, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008
 (With comparative total amounts at June 30, 2007)

	Police Grants and Programs	Golden Hills Tax District	Downtown Restoration	Disaster Fund	Alcohol Permits	Sidewalk Fund	Drug Fund	Cans to Trees Fund	Victims Assistance	Caractor Park
Revenue										
Grant revenue	\$ 105,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road assessment	-	20,580	-	-	-	-	-	-	-	-
Alcohol permits	-	-	-	-	31,700	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	26,021	-	32,282	-
Sidewalk proceeds	-	-	-	-	-	4,798	-	-	-	-
Accommodations tax	-	-	-	-	-	-	-	-	-	-
Interest income	-	2,498	676	583	-	5,495	258	-	-	-
Other income	41,049	-	-	-	-	-	-	-	7	13,500
Total revenue	146,545	23,078	676	583	31,700	10,293	26,279	-	32,289	13,500
Expenditures										
Current:										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	61,086	-	-	-	-	-	6,705	-	-	-
Victims assistance	-	-	-	-	-	-	-	-	30,792	-
Street maintenance	-	-	-	-	-	-	-	-	-	-
Parks and appearance	-	-	-	-	-	-	-	-	-	301
Tourism related expenses	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Capital outlay	87,125	-	-	-	-	85,069	2,582	-	-	-
Total expenditures	148,211	-	-	-	-	85,069	9,287	-	30,792	301
Other Financing Sources (Uses)										
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenue and other financing sources (uses) over (under) expenditures	(1,666)	23,078	676	583	31,700	(74,776)	16,992	-	1,497	13,199
Fund balances, beginning of year	7,301	74,303	24,510	13,994	25,422	156,168	4,969	8,629	(6,192)	-
Fund balances, end of year	\$ 5,635	\$ 97,381	\$ 25,186	\$ 14,577	\$ 57,122	\$ 81,392	\$ 21,961	\$ 8,629	\$ (4,695)	\$ 13,199

Teacher Appreciation	KEYS Grant	Youth Corp	Concerts in the Park	Hospitality Tax	Carol Lighting	Special Projects	Veterans Monument	Accommodation Tax	Totals	
									2008	2007
\$ -	\$ 71,175	\$ 11,467	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 198,138	\$ 279,191
-	-	-	-	-	-	-	-	-	20,580	18,060
-	-	-	-	-	-	-	-	-	31,700	34,550
-	-	-	-	-	-	-	-	-	58,303	33,079
-	-	-	-	-	-	-	-	-	4,798	-
-	-	-	-	-	-	-	-	77,719	77,719	62,206
-	-	-	-	5,877	-	-	576	1,592	17,555	76,863
2,200	4,369	-	1,000	-	1,000	36,680	850	-	100,655	80,945
2,200	75,544	11,467	1,000	5,877	1,000	46,680	1,426	79,311	509,448	584,894
2,187	-	-	-	-	-	89,269	-	-	91,456	58,502
-	71,143	-	-	-	-	-	-	-	138,934	188,089
-	-	12,345	-	-	-	5,081	-	-	30,792	61,962
-	-	-	2,344	-	363	-	1,610	-	17,426	2,563
-	-	-	-	24,900	-	-	-	28,057	4,618	6,454
-	-	-	-	-	-	-	-	-	52,957	33,278
-	5,705	-	-	-	-	-	-	-	-	40,492
-	-	-	-	-	-	-	-	-	180,481	114,330
2,187	76,848	12,345	2,344	24,900	363	94,350	1,610	28,057	516,664	505,670
-	-	-	5,000	(80,000)	-	-	-	(52,370)	(127,370)	(1,008,360)
-	-	-	5,000	(80,000)	-	-	-	(52,370)	(127,370)	(1,008,360)
13	(1,304)	(878)	3,656	(99,023)	637	(47,670)	(184)	(1,116)	(134,586)	(929,136)
-	-	(1,248)	2,500	241,888	230	51,677	20,993	55,428	680,572	1,609,708
\$ 13	\$ (1,304)	\$ (2,126)	\$ 6,156	\$ 142,865	\$ 867	\$ 4,007	\$ 20,809	\$ 54,312	\$ 545,986	\$ 680,572

TOWN OF LEXINGTON, SOUTH CAROLINA

DEBT SERVICE FUND
BALANCE SHEET

JUNE 30, 2008

(With comparative amounts at June 30, 2007)

	<u>2008</u>	<u>2007</u>
Assets		
Restricted cash and temporary investments	\$ 219,498	\$ 223,253
Total assets	<u>\$ 219,498</u>	<u>\$ 223,253</u>
Liabilities and Fund Balance		
Fund balance:		
Reserved for debt service	\$ 219,498	\$ 223,253
Total fund balance	<u>219,498</u>	<u>223,253</u>
Total liabilities and fund balance	<u>\$ 219,498</u>	<u>\$ 223,253</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

DEBT SERVICE FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED JUNE 30, 2008

(With comparative actual amounts for the year ended June 30, 2007)

	2008		Variance Favorable (Unfavorable)	2007
	Budget	Actual		Actual
Revenue				
Interest income	\$ -	\$ 7,181	\$ 7,181	\$ 12,993
Total revenue	-	7,181	7,181	12,993
Expenditures				
Debt service	408,935	410,035	(1,100)	411,035
Total expenditures	408,935	410,035	(1,100)	411,035
Deficiency of revenue under expenditures	(408,935)	(402,854)	6,081	(398,042)
Other Financing Sources				
Transfers in	408,935	399,099	(9,836)	293,968
Total other financing source	408,935	399,099	(9,836)	293,968
Excess of revenue and other financing sources over (under) expenditures	-	(3,755)	(3,755)	(104,074)
Fund balance, beginning of year	223,253	223,253	-	327,327
Fund balance, end of year	\$ 223,253	\$ 219,498	\$ (3,755)	\$ 223,253

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

(With comparative amounts at June 30, 2007)

	<u>Streets and Infrastructure</u>	<u>Gibson Pond</u>	<u>Palmetto Collegiate</u>	<u>Totals</u>	
				<u>2008</u>	<u>2007</u>
Assets					
Due from other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and temporary investments	205,943	57,166	16,152	279,261	784,859
Total assets	<u>\$ 205,943</u>	<u>\$ 57,166</u>	<u>\$ 16,152</u>	<u>\$ 279,261</u>	<u>\$ 784,859</u>
Liabilities and Fund Balances					
Accounts payable	\$ 5,054	\$ -	\$ 171	\$ 5,225	\$ 213,053
Fund balance:					
Unreserved/Undesignated	200,889	57,166	15,981	274,036	571,806
Total fund balances	<u>200,889</u>	<u>57,166</u>	<u>15,981</u>	<u>274,036</u>	<u>571,806</u>
Total liabilities and fund balances	<u>\$ 205,943</u>	<u>\$ 57,166</u>	<u>\$ 16,152</u>	<u>\$ 279,261</u>	<u>\$ 784,859</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2008
 (With comparative amounts for the year ended June 30, 2007)

	Streets and	Gibson	Palmetto	Totals	
	Infrastructure	Pond	Collegiate	2008	2007
Revenue					
Interest income	\$ 5,425	-	-	\$ 5,425	\$ 23,341
Donations	-	2,615	151,393	154,008	-
Total revenue	<u>5,425</u>	<u>2,615</u>	<u>151,393</u>	<u>159,433</u>	<u>23,341</u>
Expenditures					
Parks, streets, and sanitation	1,682	19,643	11,626	32,951	11,904
Capital outlay	10,088	6,543	434,992	451,623	933,764
Total expenditures	<u>11,770</u>	<u>26,186</u>	<u>446,618</u>	<u>484,574</u>	<u>945,668</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(6,345)</u>	<u>(23,571)</u>	<u>(295,225)</u>	<u>(325,141)</u>	<u>(922,327)</u>
Other Financing Sources (Uses)					
Transfer in (out)	-	-	27,370	27,370	1,000,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>27,370</u>	<u>27,370</u>	<u>1,000,000</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures	<u>(6,345)</u>	<u>(23,571)</u>	<u>(267,855)</u>	<u>(297,771)</u>	<u>77,673</u>
Fund balances, beginning of year	207,233	80,737	283,836	571,806	494,133
Fund balances, end of year	<u>\$ 200,888</u>	<u>\$ 57,166</u>	<u>\$ 15,981</u>	<u>\$ 274,035</u>	<u>\$ 571,806</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM ENTERPRISE FUND
STATEMENT OF NET ASSETS

JUNE 30, 2008
(With comparative amounts at June 30, 2007)

	2008	2007
Assets		
Cash and temporary investments	\$ 21,062,462	\$ 16,051,318
Receivables, net:		
Fees and services	1,734,721	1,626,445
Other	64,785	13,794
Internal Balance	774,899	1,071,333
Inventories-supplies	161,473	139,105
Deferred charges:		
Bond issue cost, net of amortization	1,220,022	1,225,409
Restricted assets:		
Cash and temporary investments	10,674,106	1,105,242
Investments	560,145	560,145
Property, plant, and equipment, net:		
Land	370,522	137,434
Construction in progress	906,512	2,711,730
Buildings and system	57,490,963	47,591,370
Vehicles, machinery and equipment	643,837	684,799
Intangible assets:		
Capacity reserve	16,744,221	17,003,252
Retail distribution rights	2,052,287	2,102,343
Total assets	114,460,955	92,023,719
Liabilities		
Liabilities:		
Accounts payable	563,548	427,001
Accrued liabilities	73,085	64,141
Liabilities payable from restricted assets:		
Construction payables	56,427	245,144
Accrued interest	440,973	447,897
Revenue bonds-current	10,595,000	1,150,000
Customer deposits	3,500	9,000
Revenue bonds payable	33,792,586	34,271,785
Contracts payable	2,559,018	2,559,018
Accrued compensated absences	102,655	87,749
Capital lease obligation	488,775	488,775
Total liabilities	48,675,567	39,750,510
Net Assets		
Invested in capital assets, net of related debt	31,365,187	32,363,082
Restricted for capital projects	9,724,305	121,725
Restricted for debt service	363,345	390,157
Unrestricted	24,332,551	19,398,245
Total net assets	\$ 65,785,388	\$ 52,273,209

TOWN OF LEXINGTON, SOUTH CAROLINA

WATERWORKS AND SEWER SYSTEM ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2008

(With comparative amounts for the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
Operating Revenue		
Water service	\$ 3,967,630	\$ 3,585,618
Sewer service	5,868,988	5,283,882
Tap and meter fees	132,718	151,359
Other income	484,367	459,026
Total operating revenue	<u>10,453,703</u>	<u>9,479,885</u>
Operating Expenses		
Salaries and benefits	2,776,105	2,432,501
Water treatment	1,144,291	1,285,434
Sewer treatment	624,582	620,331
Other contractual services	274,067	306,309
Materials and supplies	279,576	191,380
Electricity	176,233	180,035
Miscellaneous operating expenses	915,527	862,370
Depreciation and amortization	1,779,212	1,589,291
Total operating expenses	<u>7,969,593</u>	<u>7,467,651</u>
Operating income	<u>2,484,110</u>	<u>2,012,234</u>
Non-Operating Revenue (Expenses)		
Interest income	893,834	837,650
Interest expense	(2,022,046)	(1,928,950)
Amortization of bond issuance costs	(58,524)	(58,524)
Total non-operating revenue (expenses)	<u>(1,186,736)</u>	<u>(1,149,824)</u>
Net income (loss) before contributions and transfers	<u>1,297,374</u>	<u>862,410</u>
Capital Contributions:		
Capital contribution fees	3,468,019	5,494,825
Developer capital asset contributions	8,693,220	2,876,970
Total capital contributions	<u>12,161,239</u>	<u>8,371,795</u>
Transfers In	53,566	67,682
Change in net assets	13,512,179	9,301,887
Net assets, beginning of year	<u>52,273,209</u>	<u>42,971,322</u>
Net assets, end of year	<u>\$ 65,785,388</u>	<u>\$ 52,273,209</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

WATERWORKS AND SEWER SYSTEM ENTERPRISE FUND
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2008

(With comparative amounts for the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Cash received from customers	\$ 10,288,936	\$ 9,147,948
Cash paid to suppliers for goods or services	(3,300,096)	(3,331,819)
Cash paid to employees for services	(2,752,255)	(2,416,711)
Net cash provided by operating activities	<u>4,236,585</u>	<u>3,399,418</u>
Cash Flows from Non-Capital Financing Activities		
Transfer from other fund	350,000	350,000
Net cash provided by non-capital financing activities	<u>350,000</u>	<u>350,000</u>
Cash Flows from Capital and Related Financing Activities		
Purchases and construction of capital assets	(1,252,124)	(1,533,366)
Purchase of capacity reserve	-	(1,533,000)
Bond issuance costs paid	(53,138)	(8,558)
Principal paid on capital debt	(1,150,000)	(1,125,000)
Interest and fees paid	(1,713,168)	(1,606,271)
Proceeds from Bond Anticipation Note	9,800,000	-
Proceeds from capital contribution fees	3,468,019	5,494,825
Net cash provided by (used in) capital and related financing activities	<u>9,099,589</u>	<u>(311,370)</u>
Cash Flows from Investing Activities		
Purchases of investments	(560,145)	(560,145)
Proceeds from the sale of investments	560,145	560,145
Interest received	893,834	837,650
Net cash provided by investing activities	<u>893,834</u>	<u>837,650</u>
Net increase in cash and temporary investments	14,580,008	4,275,698
Cash and temporary investments, beginning of year	17,156,560	12,880,862
Cash and temporary investments, end of year	<u>\$ 31,736,568</u>	<u>\$ 17,156,560</u>
Reconciliation to the Statement of Net Assets:		
Cash and temporary investments	\$ 21,062,462	\$ 16,051,318
Restricted cash and temporary investments	10,674,106	1,105,242
Cash and temporary investments, end of year	<u>\$ 31,736,568</u>	<u>\$ 17,156,560</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

WATERWORKS AND SEWER SYSTEM ENTERPRISE FUND
STATEMENT OF CASH FLOWS

- CONTINUED -

	<u>2008</u>	<u>2007</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 2,484,110	\$ 2,012,234
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,779,212	1,589,291
Increase in accounts receivable	(159,266)	(334,438)
Decrease (increase) in inventory	(22,368)	(25,595)
Increase (decrease) in accounts payable	136,547	139,636
Increase (decrease) in customer deposits	(5,500)	2,500
Increase in accrued expenses	23,850	15,790
Net cash provided by operating activities	<u>\$ 4,236,585</u>	<u>\$ 3,399,418</u>
Non-Cash Capital Supplementary Information:		
Revenue bond principal accretion and discount amortization		\$ 95,179
Revenue bond premium and deferred amount on refunding amortization		216,507
Contributed capital assets from developers		8,693,220

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

This schedule presents only the capital asset balances related to Governmental-type funds. Accordingly, the capital assets reported in Proprietary-type funds are excluded from these amounts.

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE

June 30, 2008

(With comparative amounts at June 30, 2007)

	<u>2008</u>	<u>2007</u>
Governmental Funds Capital Assets:		
Land	\$ 3,687,208	\$ 3,687,208
Buildings	10,115,678	9,424,808
Vehicles and equipment	2,078,020	1,792,982
Streets and roadways	8,871,065	8,208,247
Sidewalks	1,186,554	982,584
Storm drainage	1,409,350	1,409,350
Construction in progress	16,465	266,638
Total governmental funds capital assets	<u>\$ 27,364,340</u>	<u>\$ 25,771,817</u>
 Investments in Governmental Funds Capital Assets by Source:		
General fund	\$ 12,018,855	\$ 11,058,435
Special revenue funds	675,002	494,521
Capital projects funds	4,286,595	3,986,365
Donations	10,383,888	10,232,496
Total governmental funds capital assets	<u>\$ 27,364,340</u>	<u>\$ 25,771,817</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2008

Function and Activity	Land	Buildings and Improvements	Vehicles and Equipment	Streets and Roadways	Sidewalks	Storm Drainage	Construction in Progress	Total
General government:								
Council	\$ -	\$ -	\$ 10,777	\$ -	\$ -	\$ -	\$ -	\$ 10,777
Administration	-	-	37,861	-	-	-	-	37,861
Finance	-	-	13,203	-	-	-	-	13,203
Information technology	-	-	170,472	-	-	-	-	170,472
Building department	-	-	47,106	-	-	-	-	47,106
Other-unclassified	1,715,661	5,947,737	56,252	-	-	-	-	7,719,650
Total general government	1,715,661	5,947,737	335,671	-	-	-	-	7,999,069
Public safety:								
Police	-	2,662,006	957,625	-	-	-	-	3,619,631
Police grants and programs	-	-	215,606	-	-	-	-	215,606
Total public safety	-	2,662,006	1,173,231	-	-	-	-	3,835,237
Parks, streets, and sanitation	1,971,547	250,400	569,118	8,871,065	1,186,554	1,409,350	16,465	14,274,499
Tourism related	-	1,255,535	-	-	-	-	-	1,255,535
Total governmental funds capital assets	\$ 3,687,208	\$ 10,115,678	\$ 2,078,020	\$ 8,871,065	\$ 1,186,554	\$ 1,409,350	\$ 16,465	\$ 27,364,340

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

YEAR ENDED JUNE 30, 2008

Function and Activity	Governmental Funds Capital Assets	Additions	Deductions	Governmental Funds Capital Assets
	June 30, 2007			June 30, 2008
General government:				
Council	\$ 10,777	\$ -	\$ -	\$ 10,777
Administration	37,861	-	-	37,861
Finance	13,203	-	-	13,203
Information technology	132,373	38,099	-	170,472
Building department	47,106	-	-	47,106
Other-unclassified	7,719,650	-	-	7,719,650
Total general government	<u>7,960,970</u>	<u>38,099</u>	<u>-</u>	<u>7,999,069</u>
Public safety:				
Police	3,471,002	194,989	(46,360)	3,619,631
Police grants and programs	128,481	87,125	-	215,606
Total public safety	<u>3,599,483</u>	<u>282,114</u>	<u>(46,360)</u>	<u>3,835,237</u>
Parks, streets, and sanitation	<u>13,397,364</u>	<u>984,168</u>	<u>(107,033)</u>	<u>14,274,499</u>
Tourism related	<u>814,000</u>	<u>1,132,405</u>	<u>(690,870)</u>	<u>1,255,535</u>
Total governmental funds capital assets	<u>\$ 25,771,817</u>	<u>\$ 2,436,786</u>	<u>\$ (844,263)</u>	<u>\$ 27,364,340</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

VICTIMS' ASSISTANCE

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES

YEAR ENDED JUNE 30, 2008

Court Fines and Assessments:

Total Court fines and assessments collected	<u>\$ 636,568</u>
Total Court fines and assessments retained by Municipal Treasure	<u>\$ 263,470</u>
Total Court fines and assessments remitted to State Treasurer	<u>\$ 340,816</u>

Surcharges:

Total surcharges collected	<u>\$ 90,910</u>
Total surcharges retained by Municipal Treasurer	<u>\$ 1,745</u>

Victim's Services:

Total Court fines and assessments allocated	<u>\$ 30,537</u>
Total surcharges allocated	<u>\$ 1,745</u>

Funds Allocated to Victims Service

Beginning Fund Balance	\$ (6,192)
Funds Collected for Victim's Advocate Services	32,289
Expenditures for Victim's Advocate Services	<u>30,792</u>
Ending Fund Balance	<u>\$ (4,695)</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

STATISTICAL SECTION

This section of the Comprehensive Annual Financial Report presents information that will assist in understanding the information in the financial statements, note disclosures, and the required supplementary information about the overall financial health of the Town.

Contents

Financial Trends (Pages 87 – 92)

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity (Pages 93 – 100)

These schedules present information that helps the reader assess the Town's most significant local revenue source.

Debt Capacity (Pages 101 – 105)

These schedules present information that helps the reader assess the affordability of the Town's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information (Pages 106 – 108)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information (Pages 109– 111)

These schedules contain service and infrastructure data to help the reader understand how the Town's financial report relates to the services the Town provides and the activities it performs.

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	(A)	(A)	(A)	(A)	(A)	\$ 13,128,724	\$ 14,921,730	\$ 14,776,315	\$ 16,375,272	\$ 17,294,448
Restricted	(A)	(A)	(A)	(A)	(A)	1,065,564	1,860,561	1,765,083	1,313,881	856,430
Unrestricted	(A)	(A)	(A)	(A)	(A)	2,469,611	2,411,116	4,074,923	3,958,676	4,609,765
Total Governmental Activities Net Assets						<u>\$ 16,663,899</u>	<u>\$ 19,193,407</u>	<u>\$ 20,616,321</u>	<u>\$ 21,647,829</u>	<u>\$ 22,760,643</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	(A)	(A)	(A)	(A)	(A)	\$ 15,006,879	\$ 22,064,484	\$ 27,373,745	\$ 32,363,082	\$ 31,365,187
Restricted	(A)	(A)	(A)	(A)	(A)	1,031,264	400,728	467,675	511,882	10,087,650
Unrestricted	(A)	(A)	(A)	(A)	(A)	12,767,262	10,225,445	15,129,902	19,398,245	24,332,551
Total Business-Type Activities Net assets						<u>\$ 28,805,405</u>	<u>\$ 32,690,657</u>	<u>\$ 42,971,322</u>	<u>\$ 52,273,209</u>	<u>\$ 65,785,388</u>
Primary Government										
Invested in Capital Assets, Net of Related Debt	(A)	(A)	(A)	(A)	(A)	\$ 28,135,603	\$ 36,986,214	\$ 42,150,060	\$ 48,738,354	\$ 48,659,635
Restricted	(A)	(A)	(A)	(A)	(A)	2,096,828	2,261,289	2,232,758	1,825,763	10,944,080
Unrestricted	(A)	(A)	(A)	(A)	(A)	15,236,873	12,636,561	19,204,825	23,356,921	28,942,316
Total Primary Government Net Assets						<u>\$ 45,469,304</u>	<u>\$ 51,884,064</u>	<u>\$ 63,587,643</u>	<u>\$ 73,921,038</u>	<u>\$ 88,546,031</u>

(A) GASB 34 was not implemented until the 2004 fiscal year; net asset information is not available prior to that fiscal year.

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Expenses										
Governmental Activities:										
General Government	(A)	(A)	(A)	(A)	(A)	\$ 1,231,253	\$ 1,395,091	\$ 1,723,654	\$ 1,693,276	\$ 1,932,426
Public Safety	(A)	(A)	(A)	(A)	(A)	2,351,798	2,595,158	2,768,585	2,981,243	3,440,468
Parks, Streets, and Sanitation	(A)	(A)	(A)	(A)	(A)	1,706,399	1,897,425	1,979,016	2,092,395	2,346,278
Victims' Assistance	(A)	(A)	(A)	(A)	(A)	48,897	54,696	55,732	61,962	30,792
Housing Rehabilitation	(A)	(A)	(A)	(A)	(A)	-	157,053	136,985	-	-
Tourism Related	(A)	(A)	(A)	(A)	(A)	184,862	332,007	31,448	33,278	52,957
Interest on Long-Term Debt	(A)	(A)	(A)	(A)	(A)	250,309	358,158	252,162	230,334	232,385
Total Governmental Activities Expenses	(A)	(A)	(A)	(A)	(A)	<u>5,773,518</u>	<u>6,789,588</u>	<u>6,947,582</u>	<u>7,092,488</u>	<u>8,035,306</u>
Business-Type Activities:										
Water and Sewer System	(A)	(A)	(A)	(A)	(A)	7,616,681	8,539,264	9,195,210	9,455,125	10,050,163
Total Business-Type Activities Expenses	(A)	(A)	(A)	(A)	(A)	<u>7,616,681</u>	<u>8,539,264</u>	<u>9,195,210</u>	<u>9,455,125</u>	<u>10,050,163</u>
Total Primary Government Expenses	(A)	(A)	(A)	(A)	(A)	<u>\$13,390,199</u>	<u>\$15,328,852</u>	<u>\$16,142,792</u>	<u>\$16,547,613</u>	<u>\$18,085,469</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	(A)	(A)	(A)	(A)	(A)	\$ 181,021	\$ 254,412	\$ 304,403	\$ 367,681	\$ 349,718
Public Safety	(A)	(A)	(A)	(A)	(A)	258,233	199,256	258,831	252,458	297,015
Parks, Streets, and Sanitation	(A)	(A)	(A)	(A)	(A)	652,834	713,897	773,362	827,857	906,815
Victims' Assistance	(A)	(A)	(A)	(A)	(A)	46,671	29,878	34,330	29,390	32,289
Housing Rehabilitation	(A)	(A)	(A)	(A)	(A)	-	138	-	-	-
Tourism Related	(A)	(A)	(A)	(A)	(A)	61,831	54,116	59,528	98,776	109,419
Operating Grants and Contributions	(A)	(A)	(A)	(A)	(A)	209,753	207,811	278,086	221,899	232,901
Capital Grants and Contributions	(A)	(A)	(A)	(A)	(A)	176,096	1,360,018	1,193,869	452,296	990,687
Total Governmental Activities Program Revenues	(A)	(A)	(A)	(A)	(A)	<u>1,586,439</u>	<u>2,819,526</u>	<u>2,902,409</u>	<u>2,250,257</u>	<u>2,918,844</u>
Business-Type Activities:										
Charges for Services										
Water and Sewer System	(A)	(A)	(A)	(A)	(A)	6,942,895	7,494,063	8,506,545	9,479,885	10,453,703
Operating Grants and Contributions	(A)	(A)	(A)	(A)	(A)	-	-	-	-	-
Capital Grants and Contributions	(A)	(A)	(A)	(A)	(A)	3,248,045	4,976,928	10,425,149	8,371,795	12,161,239
Total Business-Type Activities Program Revenues	(A)	(A)	(A)	(A)	(A)	<u>10,190,940</u>	<u>12,470,991</u>	<u>18,931,694</u>	<u>17,851,680</u>	<u>22,614,942</u>
Total Primary Government Program Revenues	(A)	(A)	(A)	(A)	(A)	<u>\$11,777,379</u>	<u>\$15,290,517</u>	<u>\$21,834,103</u>	<u>\$20,102,037</u>	<u>\$25,533,786</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

(Continued)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue										
Governmental Activities	(A)	(A)	(A)	(A)	(A)	\$ (4,187,079)	\$ (3,970,062)	\$ (4,045,173)	\$ (4,842,131)	\$ (5,116,462)
Business-Type Activities	(A)	(A)	(A)	(A)	(A)	2,574,259	3,931,727	9,736,484	8,396,555	12,564,779
Total Primary Government Net (Expense)/Revenue	(A)	(A)	(A)	(A)	(A)	<u>\$ (1,612,820)</u>	<u>\$ (38,335)</u>	<u>\$ 5,691,311</u>	<u>\$ 3,554,424</u>	<u>\$ 7,448,317</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes by Source:										
Property Tax	(A)	(A)	(A)	(A)	(A)	\$ 1,956,731	\$ 2,101,197	\$ 2,133,809	\$ 2,196,430	\$ 2,322,437
Business License Tax	(A)	(A)	(A)	(A)	(A)	2,092,340	2,430,443	2,744,734	2,899,862	3,247,655
Hospitality Tax	(A)	(A)	(A)	(A)	(A)	777,968	1,236,308	47,652	-	-
State Aid not Restricted for Specific Purpose	(A)	(A)	(A)	(A)	(A)	341,246	321,134	388,904	497,311	504,983
Unrestricted Investment Earnings	(A)	(A)	(A)	(A)	(A)	53,381	122,275	220,046	306,718	183,048
Miscellaneous	(A)	(A)	(A)	(A)	(A)	3,922	15,651	14,062	21,885	4,428
Gain on sale of capital assets	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	19,115	20,291
Transfers	(A)	(A)	(A)	(A)	(A)	609,386	272,562	(81,120)	(67,682)	(53,566)
Total Governmental Activities	(A)	(A)	(A)	(A)	(A)	<u>5,834,974</u>	<u>6,499,570</u>	<u>5,468,087</u>	<u>5,873,639</u>	<u>6,229,276</u>
Business-Type Activities:										
Water and Sewer System:										
Unrestricted Investment Earnings	(A)	(A)	(A)	(A)	(A)	199,511.0	236,087.0	463,061.0	837,650.0	893,834.0
Transfers	(A)	(A)	(A)	(A)	(A)	(609,386)	(272,562)	81,120	67,682	53,566
Total Business-Type Activities	(A)	(A)	(A)	(A)	(A)	<u>(409,875)</u>	<u>(46,475)</u>	<u>544,181</u>	<u>905,332</u>	<u>947,400</u>
Total Primary Government	(A)	(A)	(A)	(A)	(A)	<u>\$ 5,425,099</u>	<u>\$ 6,453,095</u>	<u>\$ 6,012,268</u>	<u>\$ 6,778,971</u>	<u>\$ 7,176,676</u>
Change in Net Assets:										
Governmental Activities	(A)	(A)	(A)	(A)	(A)	\$ 1,647,895	\$ 2,529,508	\$ 1,422,914	\$ 1,031,508	\$ 1,112,814
Business-Type Activities	(A)	(A)	(A)	(A)	(A)	2,164,384	3,885,252	10,280,665	9,301,887	13,512,179
Total Primary Government	(A)	(A)	(A)	(A)	(A)	<u>\$ 3,812,279</u>	<u>\$ 6,414,760</u>	<u>\$ 11,703,579</u>	<u>\$ 10,333,395</u>	<u>\$ 14,624,993</u>

(A) GASB 34 was not implemented until the 2003 fiscal year; change in net asset information is not available prior to that fiscal year.

TOWN OF LEXINGTON, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ -	\$ -	\$ 96,540	\$ 2,790	\$ 1,102	\$ 959	\$ 127,860	\$ 7,651	\$ 3,200	\$ -
Unreserved	2,282,194	2,691,466	2,820,287	3,299,872	3,527,752	2,421,765	2,501,473	3,400,828	4,250,125	4,746,154
Total General Fund	<u>\$ 2,282,194</u>	<u>\$ 2,691,466</u>	<u>\$ 2,916,827</u>	<u>\$ 3,302,662</u>	<u>\$ 3,528,854</u>	<u>\$ 2,422,724</u>	<u>\$ 2,629,333</u>	<u>\$ 3,408,479</u>	<u>\$ 4,253,325</u>	<u>\$ 4,746,154</u>
All Other Governmental Funds										
Reserved	\$ 272,345	\$ 284,422	\$ 301,484	\$ 307,444	\$ 310,253	\$ 311,557	\$ 316,048	\$ 327,327	\$ 223,253	\$ 219,498
Unreserved, Reported In:										
Special Revenue Funds	285,884	334,256	364,383	397,405	314,160	974,930	1,562,355	1,609,708	680,572	545,986
Capital Projects	-	-	-	2,300,380	1,176,726	524,202	515,903	494,133	571,806	274,035
Total All Other Governmental Funds	<u>\$ 558,229</u>	<u>\$ 618,678</u>	<u>\$ 665,867</u>	<u>\$ 3,005,229</u>	<u>\$ 1,801,139</u>	<u>\$ 1,810,689</u>	<u>\$ 2,394,306</u>	<u>\$ 2,431,168</u>	<u>\$ 1,475,631</u>	<u>\$ 1,039,519</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes by Source:										
Property Tax	\$ 1,353,996	\$ 1,411,538	\$ 1,654,082	\$ 1,643,953	\$ 1,840,776	\$ 1,942,182	\$ 2,101,280	\$ 2,146,307	\$ 2,203,891	\$ 2,330,486
Hospitality Tax	-	-	2,252,406	2,485,391	2,636,418	771,779	1,236,308	6,902	-	-
Franchises, Licenses, and Permits	1,813,731	1,998,933	523,963	691,297	967,237	2,883,054	3,340,848	3,776,681	4,038,424	4,430,778
Intergovernmental	584,881	587,083	239,456	299,714	289,877	588,626	824,628	869,401	838,708	755,401
Fines and Forfeitures	242,753	193,455	152,459	81,140	87,767	299,319	233,947	282,805	271,873	321,773
Interest Income	80,034	134,511	35,591	41,429	27,587	53,381	122,275	220,046	306,718	183,046
Charges for Services	26,238	26,165	43,485	40,634	52,684	23,958	10,175	26,263	37,700	52,680
Miscellaneous	75,740	318,341	4,901,442	5,283,558	5,902,346	142,545	112,579	117,916	145,291	344,486
Total Revenues	\$ 4,177,373	\$ 4,670,026	\$ 4,901,442	\$ 5,283,558	\$ 5,902,346	\$ 6,704,844	\$ 7,982,040	\$ 7,446,321	\$ 7,842,605	\$ 8,418,650
Expenditures										
Current:										
General Government	\$ 990,345	\$ 1,253,790	\$ 1,387,621	\$ 1,509,230	\$ 1,005,750	\$ 1,105,468	\$ 1,253,880	\$ 1,528,647	\$ 1,502,701	\$ 1,692,744
Public Safety	1,125,591	1,193,358	1,391,450	1,551,536	1,850,757	2,133,078	2,307,164	2,544,655	2,758,380	3,163,135
Parks, Streets and Sanitation	772,834	846,282	957,204	1,023,938	1,170,204	1,313,460	1,387,808	1,476,649	1,552,945	1,734,346
Tourism Related	10,839	16,838	30,042	-	52,207	181,300	332,007	31,448	33,278	52,957
Housing Rehabilitation	235,588	78,710	-	-	816	662	157,053	136,985	-	-
Victims' Assistance	618	38,110	35,236	44,184	82,450	48,864	54,696	55,732	61,962	30,792
Capital Outlay	425,253	394,474	437,340	689,109	5,112,166	3,175,050	1,555,783	637,421	1,556,975	1,074,235
Debt Service:										
Principal	346,648	325,810	310,076	169,917	276,072	298,003	3,958,672	424,035	485,522	460,210
Interest and Other Charges	29,311	85,854	230,351	54,939	188,989	154,925	250,518	135,506	121,074	129,365
Grants in Aid	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,937,027	\$ 4,233,226	\$ 4,779,320	\$ 5,042,853	\$ 9,739,411	\$ 8,410,810	\$ 11,257,581	\$ 6,971,078	\$ 8,072,837	\$ 8,337,784
Excess of Revenues Over (Under) Expenditures	\$ 240,346	\$ 436,800	\$ 122,122	\$ 240,705	\$ (3,837,065)	\$ (1,705,966)	\$ (3,275,541)	\$ 475,243	\$ (230,232)	\$ 80,866

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

(Continued)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other Financing Sources (Uses)										
Transfers In	413,888	209,274	210,060	206,300	3,444,695	1,156,141	891,307	487,151	1,339,328	531,469
Transfers Out	(313,888)	(176,353)	(210,060)	(206,300)	(585,528)	(546,755)	(618,745)	(568,271)	(1,407,010)	(585,035)
Proceeds from Capital Lease/Other Obligations	588,723	-	150,428	83,772	-	-	178,205	421,885	168,108	-
Issuance of General Obligation Bonds	-	-	-	2,463,140	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	(62,420)	-	-	-	-	-	-
Issuance of Special Source Revenue Bonds	-	-	-	-	-	-	3,615,000	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	-	19,115	29,417
Total Other Financing Sources (Uses)	688,723	32,921	150,428	2,484,492	2,859,167	609,386	4,063,767	340,765	119,541	(24,149)
Net Change in Fund Balances	\$ 929,069	\$ 469,721	\$ 272,550	\$ 2,725,197	\$ (977,898)	\$ (1,096,580)	\$ 790,226	\$ 816,008	\$ (110,691)	\$ 56,717
Capital Asset Expenditures	\$ 425,253	\$ 394,474	\$ 437,340	\$ 689,109	\$ 5,112,166	\$ 3,175,050	\$ 1,555,783	\$ 637,421	\$ 1,434,778	\$ 870,002
Debt Service as a	10.7%	10.7%	12.4%	5.2%	10.1%	8.7%	43.4%	8.8%	9.1%	7.9%
Percentage of Noncapital Expenditures										

TOWN OF LEXINGTON, SOUTH CAROLINA

WATER AND SEWER CONSUMPTION AND TOTAL DIRECT RATES
LAST TEN FISCAL YEARS

(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Water Service (Thousands of Gallons)										
In-Town										
Residential	243,509	264,676	258,237	265,254	268,449	258,403	270,395	298,705	326,468	356,966
Commercial	181,952	212,182	233,293	249,327	256,740	257,435	262,146	277,912	286,821	329,326
Total	425,461	476,858	491,530	514,581	525,189	515,838	532,541	576,617	613,289	686,292
Out of Town										
Residential	24,329	28,444	28,887	28,912	30,452	32,093	38,445	45,644	64,214	90,539
Commercial	49,387	48,328	38,166	37,665	41,107	49,769	53,445	46,603	46,029	44,487
Total	73,716	76,772	67,053	66,577	71,559	81,862	91,890	92,247	110,243	135,026
Total Direct Rate	\$ 3.33	\$ 3.36	\$ 3.76	\$ 4.08	\$ 4.20	\$ 4.68	\$ 4.73	\$ 4.86	\$ 4.96	\$ 4.83

Sewer Service (Thousands of Gallons)										
In-Town										
Residential	230,828	251,076	245,373	258,104	269,602	271,303	281,288	313,189	339,419	368,868
Commercial	141,926	165,546	161,166	172,981	191,152	205,854	202,923	212,568	216,963	235,984
Total	372,754	416,622	406,539	431,085	460,754	477,157	484,211	525,757	556,382	604,852
Out of Town										
Residential	97,444	123,296	125,464	126,681	148,577	185,280	201,671	250,374	316,477	402,550
Commercial	21,881	20,288	16,866	28,339	37,314	43,187	46,056	49,651	50,746	49,413
Total	119,325	143,584	142,330	155,020	185,891	228,467	247,727	300,025	367,223	451,963
Total Direct Rate	\$ 3.52	\$ 3.77	\$ 4.39	\$ 4.85	\$ 4.96	\$ 5.37	\$ 5.63	\$ 5.79	\$ 5.72	\$ 5.55

Source: Utility billing records

TOWN OF LEXINGTON, SOUTH CAROLINA
 WATER AND SEWER DIRECT RATES
 LAST TEN FISCAL YEARS

(Unaudited)

Water Service	1999		2000		2001		2002		2003		2004		2005		2006		2007		2008			
	Monthly Base	Volume																				
In-Town:																						
Residential	\$ 4.36	\$ 2.28	\$ 4.62	\$ 2.57	\$ 5.17	\$ 2.88	\$ 5.43	\$ 3.02	\$ 5.70	\$ 3.17	\$ 5.99	\$ 3.33	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50
Commercial	\$ 4.36	\$ 2.28	\$ 4.62	\$ 2.40	\$ 5.17	\$ 2.68	\$ 5.43	\$ 2.82	\$ 5.70	\$ 2.96	\$ 5.99	\$ 3.11	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27
Out of Town:																						
Residential	\$ 7.18	\$ 4.28	\$ 7.61	\$ 4.81	\$ 8.53	\$ 5.39	\$ 8.95	\$ 5.66	\$ 9.40	\$ 5.94	\$ 9.87	\$ 6.24	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55
Commercial	\$ 2.13	\$ 4.01	\$ 7.61	\$ 4.51	\$ 8.53	\$ 5.05	\$ 8.95	\$ 5.30	\$ 9.40	\$ 5.37	\$ 9.87	\$ 5.85	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14
Sever Service																						
In-Town:																						
Residential	\$ 4.13	\$ 2.71	\$ 4.38	\$ 3.04	\$ 4.92	\$ 3.40	\$ 5.16	\$ 3.57	\$ 5.42	\$ 3.75	\$ 5.69	\$ 3.94	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14
Commercial	\$ 4.13	\$ 2.71	\$ 4.38	\$ 3.04	\$ 4.92	\$ 3.40	\$ 5.16	\$ 3.57	\$ 5.42	\$ 3.75	\$ 5.69	\$ 3.94	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14
Out of Town:																						
Residential	\$ 5.50	\$ 4.77	\$ 5.83	\$ 5.36	\$ 6.53	\$ 6.00	\$ 6.86	\$ 6.30	\$ 7.20	\$ 6.62	\$ 7.56	\$ 6.95	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30
Commercial	\$ 5.50	\$ 4.77	\$ 5.83	\$ 5.36	\$ 6.53	\$ 6.00	\$ 6.86	\$ 6.30	\$ 7.20	\$ 6.62	\$ 7.56	\$ 6.95	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30

Source: Town of Lexington water and sewer rate schedules

Note: Monthly base rates apply to 2/8" x 3/4" meters - the majority of meters in use for both residential and commercial users. Higher base rates apply to users with larger meters.

TOWN OF LEXINGTON, SOUTH CAROLINA
 PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

June 30, 2008

Taxpayer	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County Government	28,243	1	1.79%	28,494	1	2.72%
Apartment Complex	13,186	2	0.84%	10,413	3	0.99%
Apartment Complex	10,236	3	0.65%	6,565	6	0.63%
Apartment Complex	9,126	4	0.58%	9,126	4	0.87%
Apartment Complex	8,901	5	0.56%	4,513	10	0.43%
Apartment Complex	8,109	6	0.51%	6,366	7	0.61%
Medical Center	7,319	7	0.46%	-	-	-
School District	7,248	8	0.46%	20,181	2	1.92%
Apartment Complex	5,905	9	0.37%	5,905	9	0.56%
Manufacturer	5,617	10	0.36%	-	-	-
Extended Care Facility	-	-	-	7,002	5	0.67%
Mobile Home Park	-	-	-	6,092	8	0.58%
Totals	103,890		6.59%	104,658		9.98%
Total Consumption	1,577,464			1,048,652		

June 30, 2007

Taxpayer	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County Government	27,479	1	1.83%	25,620	1	2.79%
Apartment Complex	14,014	2	0.93%	11,279	3	1.23%
Apartment Complex	9,605	3	0.64%	9,605	4	1.05%
Apartment Complex	9,241	4	0.61%	9,241	5	1.01%
Apartment Complex	7,836	5	0.52%	6,260	8	0.68%
Manufacturer	6,129	6	0.41%	-	-	0.00%
Manufacturer	5,868	7	0.39%	-	-	0.00%
Apartment Complex	5,856	8	0.39%	5,856	9	0.64%
Medical Center	6,729	9	0.45%	-	-	0.00%
School District	4,499	10	0.30%	13,922	2	1.52%
Extended Care Facility	-	-	-	6,895	7	0.75%
Mobile Home Park	-	-	-	7,632	6	0.83%
Manufacturer	-	-	-	4,696	10	0.51%
Totals	97,256		6.46%	101,006		11.01%
Total Consumption	1,504,809			917,551		

June 30, 2006

Taxpayer	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County Government	19,825	1	2.96%	20,135	1	2.44%
Apartment Complex	13,654	2	2.04%	13,654	3	1.65%
Apartment Complex	12,434	3	1.86%	10,251	5	1.24%
Apartment Complex	10,548	4	1.58%	10,548	6	1.28%
Apartment Complex	9,101	5	1.36%	7,227	4	0.88%
Manufacturer	8,498	6	1.27%	-	-	0.00%
Manufacturer	7,590	7	1.13%	-	-	0.00%
Apartment Complex	6,651	8	0.99%	6,651	8	0.81%
Medical Center	6,141	9	0.92%	3,767	10	0.46%
School District	5,882	10	0.88%	18,122	2	2.19%
Extended Care Facility	-	-	-	6,887	7	0.83%
Totals	100,324		14.99%	97,242		11.78%
Total Consumption	669,045			825,630		

TOWN OF LEXINGTON, SOUTH CAROLINA
 ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
 LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Tax Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Assessed Value to Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
1999	1998	\$ 17,924,860	\$ 369,030,610	\$ 7,325,460	\$ 66,522,571	\$ 25,250,320	\$ 435,553,181	53.60	4.58%
2000	1999	18,224,150	369,016,350	9,191,670	90,404,761	27,415,820	459,421,111	53.60	5.80%
2001	2000	19,605,580	407,635,800	10,289,750	97,997,619	29,895,330	505,633,419	51.00	5.90%
2002	2001	27,339,580	557,161,700	10,847,520	105,481,062	38,187,100	662,642,762	51.00	5.90%
2003	2002	30,025,460	613,465,420	10,998,510	109,019,170	41,023,970	722,484,590	43.70	5.76%
2004	2003	32,437,320	668,795,610	11,874,310	113,088,666	44,311,630	781,884,276	43.70	5.68%
2005	2004	35,236,570	718,734,147	12,216,770	132,269,358	47,453,340	851,003,505	43.70	5.58%
2006	2005	45,116,590	927,724,390	12,237,780	138,175,200	57,354,370	1,065,899,590	43.70	5.38%
2007	2006	47,958,170	973,175,071	12,475,870	149,786,751	60,434,040	1,122,961,822	36.24	5.38%
2008	2007	\$ 52,154,580	\$ 1,071,640,833	\$ 12,021,200	\$ 156,658,524	\$ 64,175,780	\$ 1,228,299,357	36.24	5.22%

Source: Lexington County Auditor's Office

Notes: Includes Fee In Lieu. Direct tax rate is per \$1000 of assessed value.

TOWN OF LEXINGTON, SOUTH CAROLINA

PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Town of Lexington (Direct Rate)	Town of Lexington Midlands						Total
		Lexington County	School District 1	Technical College	Recreation Commission	Riverbanks Zoo	Mental Health	
1999	\$ 53.60	\$ 67.90	\$ 214.60	\$ 3.30	\$ 12.80	\$ 2.60	\$ 0.90	\$ 355.70
2000	51.00	76.20	224.40	4.20	12.80	2.60	0.90	372.10
2001	51.00	80.20	239.40	4.20	13.20	2.50	0.90	391.40
2002	43.70 (1)	74.47	250.30	3.72	12.78	2.01	0.84	387.82
2003	43.70	81.75	262.30	4.08	13.04	1.73	0.84	407.44
2004	43.70	83.54	277.10	4.18	13.29	1.86	0.87	424.54
2005	43.70	87.32	285.10	4.27	15.10	1.89	0.74	438.12
2006	36.24 (1)	80.56	287.10	4.45	13.98	1.92	0.68	424.93
2007	36.24	85.14	301.40	4.45	18.02	1.96	0.68	447.89
2008	\$ 36.24	\$ 89.06	\$ 311.28	\$ 4.45	\$ 16.60	\$ 1.89	\$ 0.68	\$ 460.20

(1) = Reassessment of real property required the Town and other governments to comply with roll back millage provisions in state law.

Note: Amounts are per \$1,000 of Assessed Value

Source: Lexington County Finance Office and Town of Lexington tax levies

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

(Unaudited)

Taxpayer	2008			2007			2006			1998		
	Taxable Assessed Value (12/31/2007)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2006)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2005)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/1997)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 1,300,120	1	2.03%	\$ 1,224,210	1	2.03%	\$ 1,177,880	1	2.05%	\$ 613,200	1	2.79%
Lowe's Home Centers	727,930	2	1.13%	682,280	2	1.13%	892,740	2	1.56%	-	-	-
Carlyle Centennial Century Mill	599,210	3	0.93%	-	-	-	-	-	-	-	-	-
W M Lexington Trust	570,810	4	0.89%	570,810	3	0.94%	570,810	4	1.00%	-	-	-
Inland Southeast Lexington LLC	490,260	5	0.76%	490,260	4	0.81%	490,260	5	0.85%	-	-	-
Edens & Avant Financing	472,420	6	0.74%	472,420	5	0.78%	472,420	6	0.82%	-	-	-
RCS Oakleaf Lexington, LLC	461,940	7	0.72%	368,910	8	0.61%	387,790	9	0.68%	-	-	-
Home Depot USA	459,290	8	0.72%	-	-	-	-	-	-	-	-	-
Shenandoah Apartments	458,560	9	0.71%	458,560	6	0.76%	458,560	7	0.80%	-	-	-
Thornhill LP	415,800	10	0.65%	415,800	7	0.69%	415,800	8	0.72%	-	-	-
Old Mill Apartments/Lexington	-	-	-	-	-	-	598,100	3	1.04%	-	-	-
Baker & Baker Etal	-	-	-	331,260	9	0.55%	-	-	-	-	-	-
Chimney Ridge Partners	-	-	-	330,000	10	0.55%	-	-	-	-	-	-
Kohl's Department Stores, Inc.	-	-	-	-	-	-	377,930	10	0.66%	-	-	-
Altel	-	-	-	-	-	-	-	-	-	298,670	2	1.36%
Safety Kleen	-	-	-	-	-	-	-	-	-	240,140	3	1.09%
Kmart	-	-	-	-	-	-	-	-	-	193,350	4	0.88%
Lexco Associates	-	-	-	-	-	-	-	-	-	177,000	5	0.81%
BW Krolex Inc.	-	-	-	-	-	-	-	-	-	142,360	6	0.65%
Tri Center Partnership	-	-	-	-	-	-	-	-	-	134,440	7	0.61%
BB&T	-	-	-	-	-	-	-	-	-	121,460	8	0.55%
Golden Hills Partnership	-	-	-	-	-	-	-	-	-	109,710	9	0.50%
Roberts Enterprises	-	-	-	-	-	-	-	-	-	88,020	10	0.40%
Totals	\$ 5,956,340		9.28%	\$ 5,344,510		8.84%	\$ 5,842,290		10.19%	\$ 2,118,350		9.64%
Total Assessed Valuations	\$ 64,175,780			\$ 60,434,040			\$ 57,354,370			\$ 21,968,100		

Source: Lexington County Property Appraisers Office

Note: Data from 9 year ago not available; therefore, earliest available data used.

TOWN OF LEXINGTON, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

(Unaudited)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections (Fiscal Year)</u>	<u>Percentage of Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes (End of Fiscal Year)</u>	<u>Subsequent Collections</u>	<u>Percentage Delinquent Taxes to Total Tax Levy</u>	<u>Total Collections To Date</u>	<u>Percentage of Total Tax Collections to Tax Levy</u>
1999	\$ 1,341,709	\$ 1,268,429	94.54%	\$ 73,280	NA	5.46%	\$ 1,268,429	94.54%
2000	1,425,166	1,392,750	97.73%	32,416	NA	2.22%	1,392,750	97.73%
2001	1,604,590	1,550,107	96.60%	54,483	NA	3.40%	1,550,107	96.60%
2002	1,700,317	1,659,502	97.60%	40,815	NA	2.40%	1,659,502	97.60%
2003	1,805,421	1,801,584	99.79%	3,837	NA	0.21%	1,801,584	99.79%
2004	1,952,443	1,867,298	95.64%	75,966	NA	3.89%	1,867,298	95.64%
2005	2,069,605	2,041,104	98.62%	59,731	NA	2.89%	2,041,104	98.62%
2006	2,096,016	2,071,316	98.82%	53,977	NA	2.58%	2,071,316	98.82%
2007	2,158,599	2,123,766	98.39%	61,867	NA	2.87%	2,123,766	98.39%
2008	\$ 2,330,009	\$ 2,238,054	96.05%	\$ 76,587	NA	3.29%	\$ 2,238,054	96.05%

Source: Lexington County Treasurer's Office

NA = data is not readily available.

TOWN OF LEXINGTON, SOUTH CAROLINA

FRANCHISES, LICENSES, PERMITS AND FEES REVENUE
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Business License	Franchise Fees	Building Permits	Total
2008	\$ 3,247,655	\$ 881,437	\$ 296,888	\$ 4,425,980
2007	\$ 2,899,862	\$ 808,597	\$ 329,965	\$ 4,038,424
2006	\$ 2,744,734	\$ 754,757	\$ 277,190	\$ 3,776,681
2005	\$ 2,430,443	\$ 680,687	\$ 229,718	\$ 3,340,848
2004	\$ 2,092,340	\$ 618,417	\$ 156,150	\$ 2,866,907
2003	\$ 1,893,173	\$ 537,135	\$ 206,110	\$ 2,636,418
2002	\$ 1,773,253	\$ 496,406	\$ 215,723	\$ 2,485,382
2001	\$ 1,618,943	\$ 464,955	\$ 168,508	\$ 2,252,406
2000	\$ 1,366,629	\$ 376,979	\$ 255,325	\$ 1,998,933
1999	\$ 1,283,907	\$ 350,378	\$ 188,684	\$ 1,822,969

TOWN OF LEXINGTON, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	Governmental Activities				Total	Percentage of Actual Tax Value	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Notes Payable			
1999	\$ -	\$ 2,387,478	\$ -	\$ 432,684	\$ 2,820,162	0.65%	\$ 362
2000	-	2,319,354	-	251,874	2,571,228	0.56%	262
2001	-	2,247,206	-	96,798	2,344,004	0.46%	223
2002	2,450,000	2,175,663	-	170,653	4,796,316	0.72%	428
2003	2,370,000	2,106,010	-	144,581	4,620,591	0.64%	388
2004	2,280,000	2,020,230	-	116,578	4,416,808	0.56%	351
2005	2,185,000	1,936,927	149,617	86,494	4,358,038	0.51%	325
2006	2,090,000	1,850,590	473,827	55,134	4,469,551	0.42%	307
2007	1,990,000	1,754,332	501,547	-	4,245,879	0.38%	274
2008	\$ 1,885,000	\$ 1,652,388	\$ 356,336	\$ -	\$ 3,893,724	0.32%	\$ 236

Fiscal Year Ended June 30	Business-Type Activities				Total	Percentage of Personal Income	Per Capita
	Water and Sewer Revenue Bonds	Water and Sewer Bond Anticipation Notes	Contracts Payable	Notes Payable			
1999	\$ 21,599,342	\$ 3,000,000	\$ 5,669,416	\$ 240,296	\$ 31,308,038	16.04%	\$ 4,375
2000	21,287,154	7,000,000	5,415,722	139,668	34,616,460	13.13%	3,795
2001	20,959,637	7,000,000	5,147,622	-	33,848,127	12.04%	3,447
2002	30,702,465	-	2,559,018	-	33,776,898	11.75%	3,444
2003	30,212,332	7,500,000	2,559,018	-	40,786,765	12.70%	3,816
2004	29,727,244	8,000,000	2,559,018	-	40,775,037	11.53%	3,587
2005	36,983,100	-	2,559,018	-	488,775	10.29%	3,313
2006	36,218,510	-	2,559,018	-	488,775	9.02%	3,007
2007	35,421,785	-	2,559,018	-	488,775	7.99%	2,756
2008	\$ 34,585,528	\$ 9,802,058	\$ 2,559,018	\$ -	\$ 47,435,379	8.72%	\$ 3,111

Note: Details regarding the Town of Lexington's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

NA=Data not readily available

TOWN OF LEXINGTON, SOUTH CAROLINA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1999	\$ -	-	\$ -	-	\$ -
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	2,450,000	-	2,450,000	0.4%	219
2003	2,370,000	-	2,370,000	0.3%	199
2004	2,280,000	-	2,280,000	0.3%	181
2005	2,185,000	-	2,185,000	0.3%	163
2006	2,090,000	-	2,090,000	0.2%	144
2007	1,990,000	-	1,990,000	0.2%	128
2008	\$ 1,885,000	-	\$ 1,885,000	0.2%	\$ 114

Note: Details regarding the Town of Lexington's outstanding debt can be found in the notes to the basic financial statements. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data. See the Schedule of Demographic and Economic Statistics for population data.

TOWN OF LEXINGTON, SOUTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2008

(Unaudited)

Political Subdivision	Assessed		Governmental Activities Debt Outstanding		
	Total	Assessed Value Within the Town	Debt Outstanding	Percentage Applicable to the Town	Town's Share of Debt
Direct:					
Town of Lexington	\$ 64,175,780	\$ 64,175,780	\$ 3,893,725	100.00%	\$ 3,893,725
Overlapping:					
Lexington County	918,579,210	64,175,780	46,904,991	6.99%	3,278,659
Lexington County School District One	381,419,440	64,175,780	161,520,000	16.83%	27,183,816
Lexington County Recreation Commission	664,112,560	64,175,780	27,775,000	9.66%	2,683,065
Riverbanks Zoo	2,254,637,731	64,175,780	13,550,000	2.85%	386,175
Total Overlapping			249,749,991		33,531,716
Total			\$ 253,643,716		\$ 37,425,440

TOWN OF LEXINGTON, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 2,020,026	\$ 2,193,266	\$ 2,391,626	\$ 3,054,968	\$ 3,281,918	\$ 3,544,930	\$ 3,796,267	\$ 4,588,350	\$ 4,834,723	\$ 5,134,062
Total Net Debt Applicable to Debt Limit	114,152	105,864	96,798	2,620,653	2,514,581	2,396,578	2,271,494	2,145,134	1,990,000	1,885,000
Legal Debt Margin	\$ 1,905,874	\$ 2,087,402	\$ 2,294,828	\$ 434,315	\$ 767,337	\$ 1,148,352	\$ 1,524,773	\$ 2,443,216	\$ 2,844,723	\$ 3,249,062
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	5.7%	4.8%	4.0%	85.8%	76.6%	67.6%	59.8%	46.8%	41.2%	36.7%

Legal Debt Margin Calculation for Fiscal Year 2008

Total Assessed Value	\$ 64,175,780
Debt Limit (8% of Total Assessed Value)	5,134,062
Amount of Debt Applicable to Debt Limit:	1,885,000
Legal Debt Margin	\$ 3,249,062

Note: The Town's borrowing power is restricted by amended Article X, Section 14, of the State Constitution which became effective November 30, 1977. This Section provides that a local government unit cannot at any time have total general bonded debt outstanding (excluding certain lease and installment obligations) in any amount that exceeds eight percent (8%) of its total assessed property value. Also, excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and other bonded indebtedness existing on or prior to 1995. Accordingly, the Town's outstanding Certificates of Participation in the amount of \$1,652,388 or Capital Leases totaling \$356,336 as of June 30, 2008 have not been included in the Town's computation of legal debt margin.

TOWN OF LEXINGTON, SOUTH CAROLINA

PLEDGED REVENUE COVERAGE
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Gross Revenues(1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
1999	\$ 5,108,532	\$ 2,478,107	\$ 2,630,425	\$ 420,000	\$ 1,268,962	\$ 1,688,962	1.56
2000	7,502,725	2,902,209	4,600,516	819,390	1,428,701	2,248,091	2.05
2001	6,618,244	2,972,509	3,645,735	895,816	1,618,510	2,514,326	1.45
2002	7,264,940	3,211,480	4,053,460	1,856,736	774,747	2,631,483	1.54
2003	8,181,271	4,049,662	4,131,609	855,000	1,360,808	2,215,808	1.86
2004	9,811,861	4,491,816	5,320,045	855,000	1,322,358	2,177,358	2.44
2005	11,490,064	5,192,492	6,297,572	970,000	1,471,839	2,441,839	2.58
2006	13,822,459	5,769,478	8,052,981	1,105,000	1,698,624	2,803,624	2.87
2007	15,812,360	5,878,361	9,933,999	1,125,000	1,712,982	2,837,982	3.50
2008	\$ 14,815,556	\$ 6,190,381	\$ 8,625,175	\$ 1,150,000	\$ 1,708,863	\$ 2,858,863	3.02

Notes: (1) Includes capital contribution fees (CCFs) but excludes non-cash capital contributions
(2) Does not include depreciation and other non-cash related charges

	<u>CCF Revenue</u>	<u>% Increase (Decrease)</u>		<u>CCF Revenue</u>	<u>% Increase (Decrease)</u>
1999	1,021,407	-37.88	2004	2,669,455	37.51
2000	2,830,716	177.14	2005	3,859,914	44.60
2001	1,251,965	-55.77	2006	4,852,853	25.72
2002	1,528,075	22.05	2007	5,494,827	13.23
2003	1,941,348	27.05	2008	3,468,019	-36.89

TOWN OF LEXINGTON, SOUTH CAROLINA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) School Enrollment	(5) Unemployment Rate
1999	7,800	\$ 212,830,800	\$ 27,286	15,822	1.70%
2000	9,800	283,239,600	28,902	16,314	2.20%
2001	10,500	300,667,500	28,635	16,831	2.30%
2002	11,200	328,350,400	29,317	17,268	3.20%
2003	11,900	357,571,200	30,048	17,829	3.30%
2004	12,600	391,855,968	31,100	18,229	3.50%
2005	13,400	431,321,462	32,188	18,688	4.80%
2006	14,547	484,629,737	33,315	19,091	5.10%
2007	15,500	534,451,952	34,481	19,705	4.10%
2008	16,500	\$ 588,827,525	\$ 35,688	20,458	4.70%

Data Sources and Notes:

- (1) Population based on 2000 Census and 2006 Special Census, with other years estimated based on estimated growth rates.
- (2) Information provided by Central Midlands COG, Census Bureau, Office of Research and Statistics
- (3) Information provided by Office of Research and Statistics through 2003. For Fiscal years 2004 - 2006, amount is estimated based on a 3.5% rate of annual growth.
- (4) Provided by Lexington County School District 1 and includes entire District.
- (5) Provided by SC Labor and Marketing

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS
CURRENT YEAR

(Unaudited)

Employer	2008			2007			2006		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Lexington County	870	1	9.6%	860	1	10.1%	525	2	6.6%
Lexington School District One	500	2	5.5%	509	2	6.0%	536	1	6.7%
Walmart	330	3	3.6%	375	3	4.4%	400	3	5.0%
Target	170	4	1.9%	-	-	-	-	-	-
Lowes Home Centers	150	5	1.7%	140	5	1.6%	154	4	1.9%
Kohl's Department Stores, Inc.	140	6	1.5%	160	4	1.9%	130	5	1.6%
Town of Lexington	125	7	1.4%	120	6	1.4%	117	6	1.5%
Home Depot	94	8	1.0%	93	7	1.1%	-	-	-
Food Lion	90	9	1.0%	82	9	1.0%	95	7	1.2%
KMart Stores	85	10	0.9%	85	8	1.0%	86	9	1.1%
Herndon Chevrolet	-	-	-	-	-	-	87	8	1.1%
IHOP	-	-	-	-	-	-	-	-	-
Ryan's Steakhouse	-	-	-	82	10	1.0%	-	-	-
Totals	2,554		28.1%	2,506		29.4%	2,188		27.4%
Estimated total employment	9,075.0			8,525.0			8,000.0		

Sources: Employers

Notes: Estimated total employment calculated by applying the 2004 county-wide ratio of labor force to population of 55% to the Town's population.

Data from 9 years ago not available

TOWN OF LEXINGTON, SOUTH CAROLINA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

(Unaudited)

<u>Year</u>	<u>Estimated Actual Real Property Value</u>	<u>Residential Construction</u>		<u>Commercial Construction</u>		<u>Bank Deposits (x 1,000)</u>
		<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>	
1999	\$ 369,030,610	434	\$ 29,214,128	18	\$ 8,755,848	\$ 388,135
2000	369,016,350	459	29,145,971	20	38,489,121	418,789
2001	407,635,800	255	23,037,796	10	3,680,720	460,432
2002	557,161,700	348	24,749,534	18	31,852,541	523,898
2003	613,465,420	313	27,591,523	11	12,417,501	581,493
2004	668,795,610	270	19,336,607	6	5,340,122	673,226
2005	718,734,147	318	27,612,515	13	15,821,341	798,302
2006	927,724,390	487	42,363,362	20	30,277,161	897,741
2007	973,175,071	366	26,717,874	41	66,518,910	999,770
2008	\$ 1,071,640,833	160	\$ 25,238,137	29	\$19,496,925	\$ 1,010,748

Source: Town of Lexington Building & Zoning Department, Lexington
County Assessor's Office, F.D.I.C.

TOWN OF LEXINGTON, SOUTH CAROLINA

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

(Unaudited)

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities										
General Government	NA	NA	24.5	25.5	26.5	28.0	32.0	30.0	33.5	28.5
Public Safety	NA	NA	28.0	29.0	32.0	32.0	34.0	37.0	38.0	41.5
Parks, Streets, and Sanitation	NA	NA	11.0	11.0	12.0	12.0	12.0	12.0	12.0	14.0
Victims' Assistance	NA	NA	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Housing Rehabilitation	NA	NA	-	-	-	-	-	-	-	-
Tourism Related	NA	NA	-	-	-	-	-	-	-	-
Business-Type Activities										
Water and Sewer System	NA	NA	27.0	29.0	29.0	34.0	34.5	35.5	35.0	39.0
Total	NA	NA	<u>91.5</u>	<u>95.5</u>	<u>100.5</u>	<u>107.0</u>	<u>113.5</u>	<u>115.5</u>	<u>119.5</u>	<u>124.0</u>

Source: Town of Lexington, South Carolina Annual Budgets.

NA=data not readily available

TOWN OF LEXINGTON, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
<u>Building/Zoning</u>										
Building Permits Issued	577	759	1,036	556	622	492	541	461	524	522
Building Inspections Conducted	NA	NA	NA	NA	NA	NA	NA	2,420	2,898	2,787
Zoning Permits Issued	201	260	336	294	310	299	262	291	334	487
<u>Information Technology</u>										
Water/Sewer Customers Serviced Online	NA	NA	NA	NA	NA	NA	NA	6,935	9,113	11,872
<u>Finance</u>										
Business Licenses Issued Intown/Renewals	NA	NA	NA	NA	NA	NA	NA	1,590	1,771	1,968
<u>Parks, Streets and Sanitation</u>										
Residential Solid Waste Customers	NA	NA	NA	NA	NA	NA	NA	4,699	4,850	4,995
<u>Public Safety - Police</u>										
Physical Arrests	NA	NA	NA	NA	NA	NA	NA	838	1,002	955
Parking Tickets	NA	NA	NA	NA	NA	NA	NA	110	93	69
Traffic Violations	NA	NA	NA	NA	NA	NA	NA	6,921	7,379	7,685
Business-Type Activities										
<u>Water and Sewer System</u>										
Average Daily Consumption of Water(MGD)	NA	1,517	1,530	1,592	1,635	1,638	1,711	1,833	1,982	2,250
Average Daily Consumption of Sewer(MGD)	NA	1,535	1,504	1,606	1,772	1,933	2,005	2,262	2,530	2,895
Capital Contribution Certificates sold	NA	NA	NA	NA	NA	NA	NA	2,972	3,604	2,078
Capital Contribution Certificates Outstanding	NA	NA	NA	NA	NA	NA	NA	4,488	3,213	1,655

NA = Data not readily available
MGD = Million gallons per day

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

(Unaudited)

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Town Hall (<i>Approx. Sq. Ft. Used</i>)	16,000	16,000	16,000	16,000	16,000	16,000	60,100	60,100	60,100	60,100
Public Safety - Police										
Town Hall (<i>Approx. Sq. Ft. Used</i>)	2,500	2,500	2,500	2,500	13,800	13,800	13,800	13,800	13,800	13,800
Number of Patrol Units	NA	NA	NA	NA	31	31	43	39	38	41
Parks, Streets and Sanitation										
Administrative Office Building	1	1	1	1	1	1	1	1	1	1
Workshop and Storage Building	1	1	1	1	1	1	1	1	1	1
Town Hall (<i>Approx. Sq Ft Used</i>)	-	-	-	-	-	-	1,000	1,000	1,000	1,000
Parks and Playgrounds	2	2	2	2	2	2	2	2	2	3
Streetsweeper	1	1	1	1	1	1	1	1	1	1
Victims' Assistance										
Vehicle	-	-	-	-	1	1	1	1	1	1
Housing Rehabilitation										
Tourism Related										
Roof House (<i>Approx. Sq. Ft. Used</i>)	-	-	-	-	-	-	-	-	-	1,880
Water and Sewer System										
Water Plants	1	-	-	-	-	-	-	-	-	-
Sewer Treatment Plants	2	2	1	1	1	1	1	1	1	1
Sewer Capacity - all sources (MGD)	1.95	4.40	6.40	6.40	6.40	6.40	6.40	6.40	6.40	6.40
Water Capacity - all sources (MGD)	NA	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	5.50
Water Lines (miles)	NA	NA	NA	168	172	174	177	186	198	205
Sewer Lines (miles)	NA	NA	NA	122	125	146	163	182	217	257

Sources: Town of Lexington departmental records

MGD = Million Gallons per Day
NA = Data not readily available