

TOWN OF LEXINGTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2006

WITH

REPORT OF INDEPENDENT AUDITORS



Prepared by: Finance Department

James W. Duckett, Jr., Town Administrator
J. Daniel Edens, Finance Director

TOWN OF LEXINGTON, SOUTH CAROLINA

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COMPREHENSIVE ANNUAL
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MAYOR
T. Randall Halfacre

TOWN OF LEXINGTON

111 Maiden Lane

TOWN ADMINISTRATOR
James W. Duckett, Jr.

MAYOR PRO-TEM
Hazel Leggett-Tyndall

MAILING ADDRESS
Post Office Box 397
Lexington, SC 29071

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



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Letter of Transmittal

January 19, 2007,

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 polices 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, 2006, is hereby submitted. The report is divided into three distinct sections as follows:

- The Introductory Section contains this letter of transmittal, a list of Town officials and an organizational chart of the Town Government.
- The Financial Section includes the independent auditors' report, management's discussion and analysis, basic financial statements, notes to financial statements and other financial information.
- The Statistical Section, which is unaudited, includes selected general, financial and demographic information, presented on a multi-year comparative basis.

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.

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, 2006, 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's 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 14,500, 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 2006, the town estimates based on a special census that its population is 14,500 which is approximately 48% 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 182 miles of sewer lines and 186 miles of water lines and serves approximately 6,200 water accounts and 8,700 sewer accounts (nearly 9,400 individual residential and commercial customers).

During the year, approximately 100 net new businesses opened in the Town of Lexington, including numerous restaurants, 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 487 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, 2005. This was the eighth-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.

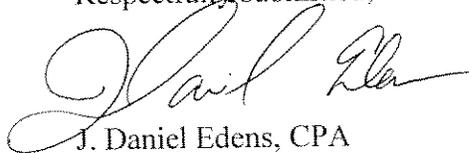
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

Additional thanks to Pine Press of Lexington for printing services. Finally, special thanks to Robert E. Milhous, CPA, for assistance in helping to complete this – the Town's ninth-year Comprehensive Annual Financial Report.

Respectfully submitted,



J. Daniel Edens, 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, 2005

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.



Carla E. Perry

President

Jeffrey R. Enos

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

Dan Walker, Parks, Streets, & Sanitation

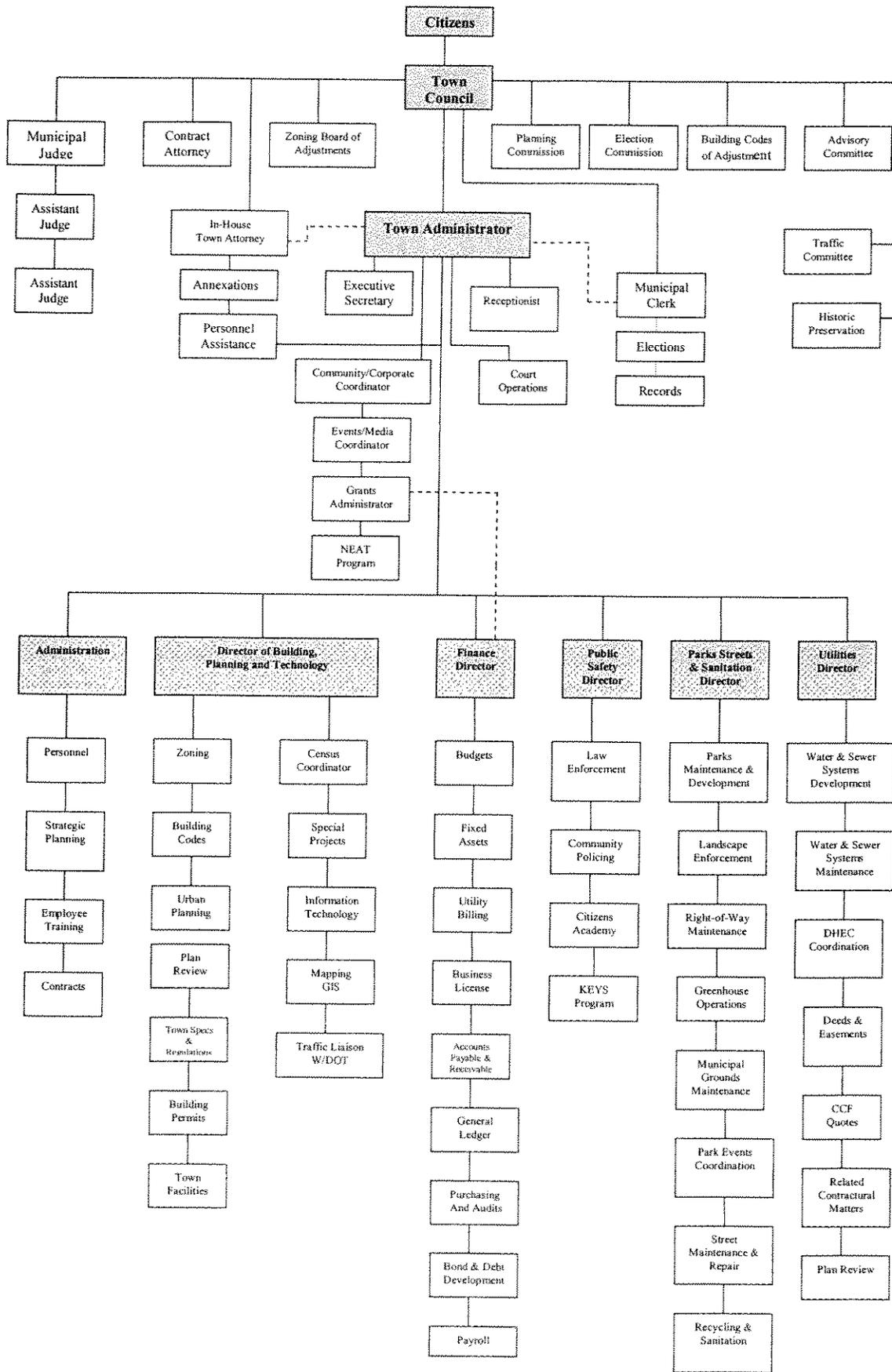
Chief Terrence Green, Police Department

Allen Lutz, Utilities

J. Daniel Edens, Finance

Britt Poole, Building, Planning and Technology

Town of Lexington 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, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund and the Hospitality Tax Special Revenue Fund 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 as listed in the table of contents is not a required part of the basic financial statements, but is 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 2006 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, is 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.



January 17, 2007
Columbia, South Carolina

Town of Lexington, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2006

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, 2006. 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, 2006 by \$63,587,643 (*net assets*). Of the total net assets at June 30, 2006, \$19,204,825 was unrestricted and available to meet the ongoing obligations and operations of the Town.
- The Town's total net assets increased by \$11,703,579, as revenues of \$27,846,371 exceeded expenses of \$16,142,792. Governmental Activities contributed \$1,422,914 and Business-type activities contributed \$10,280,665 of the overall increase in net assets.
- Governmental funds reported combined ending fund balances at June 30, 2006, of \$5,839,647, an increase of \$816,008, compared to the prior year. Approximately \$5,504,669, or approximately 95 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, 2006, was \$3,400,828 or approximately 58 percent of total fund expenditures.
- The Town had \$43,735,854 in bonds, notes, contracts and capital leases payable at year end, a decrease of \$653,077 from the prior year. The decrease occurred due primarily to the net effect of principal repayments and an increase in capital lease obligations.
- Capital assets totaled \$67,454,499 at June 30, 2006, an increase of \$7,270,497 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 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.

Budgetary comparison statements have been provided to demonstrate compliance with the adopted annually appropriated budgets for the Town's two major governmental funds, the General Fund and Hospitality Tax Fund.

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.

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 \$63,587,643 at year end June 30, 2006.

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, 2006 and 2005:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Assets:						
Cash and cash equivalents:						
Unrestricted	\$4,923,114	\$4,252,907	\$11,556,294	\$6,870,314	\$16,479,408	\$11,123,221
Restricted	2,310,559	2,403,402	1,324,568	3,268,916	3,635,127	5,672,318
Investments	-	-	560,145	565,191	560,145	565,191
Other current assets	408,966	730,519	1,419,312	1,386,363	1,828,278	2,116,882
Internal balances	(1,353,651)	(1,622,523)	1,353,651	1,622,523	-	-
Deferred charges, net	-	-	19,126,219	19,060,517	19,126,219	19,060,517
Capital assets, net	19,528,261	18,794,407	47,926,238	41,389,595	67,454,499	60,184,002
Total assets	<u>\$25,817,249</u>	<u>\$24,558,712</u>	<u>\$83,266,427</u>	<u>\$74,163,419</u>	<u>\$109,083,676</u>	<u>\$98,722,131</u>
Liabilities and Net Assets:						
Current liabilities	\$ 577,355	\$ 907,656	\$ 390,332	\$ 610,116	\$ 967,687	\$ 1,517,772
Current liabilities payable						
From restricted assets	-	99,611	598,836	831,753	598,836	931,364
Non-current liabilities	4,623,573	4,358,038	39,305,937	40,030,893	43,929,510	44,388,931
Total liabilities	<u>5,200,928</u>	<u>5,365,305</u>	<u>40,295,105</u>	<u>41,472,762</u>	<u>45,496,033</u>	<u>46,838,067</u>
Net invested in capital assets	14,776,315	14,921,730	27,373,745	22,064,484	42,150,060	36,986,214
Restricted	1,765,083	1,860,561	467,675	400,728	2,232,758	2,261,289
Unrestricted	4,074,923	2,411,116	15,129,902	10,225,445	19,204,825	12,636,561
Total net assets	<u>20,616,321</u>	<u>19,193,407</u>	<u>42,971,322</u>	<u>32,690,657</u>	<u>63,587,643</u>	<u>51,884,064</u>
Total liabilities and net assets	<u>\$25,817,249</u>	<u>\$24,558,712</u>	<u>\$83,266,427</u>	<u>\$74,163,419</u>	<u>\$109,083,676</u>	<u>\$98,722,131</u>

By far the largest portion of the Town's net assets (\$42,150,060, or 66 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 (\$2,232,758, or 4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$19,204,825, or 30 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 2006 and 2005 are illustrated in the following table:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue:						
Program Revenue:						
Charges for services	\$1,430,454	\$1,251,697	\$8,506,545	\$7,494,063	\$9,936,999	\$8,745,760
Operating grants and contributions	278,086	207,811	-	-	278,086	207,811
Capital grants and contributions	1,193,869	1,360,018	10,425,149	4,976,928	11,619,018	6,336,946
General Revenue:						
Property taxes	2,133,809	2,101,197	-	-	2,133,809	2,101,197
Business license taxes	2,744,734	2,430,443	-	-	2,744,734	2,430,443
Hospitality taxes	47,652	1,236,308	-	-	47,652	1,236,308
State aid not restricted	388,904	321,134	-	-	388,904	321,134
Unrestricted						
Investment earnings	220,046	122,275	463,061	226,087	683,107	348,362
Miscellaneous	14,062	15,651	-	-	14,062	15,651
Total revenue	<u>8,451,616</u>	<u>9,046,534</u>	<u>19,394,755</u>	<u>12,697,078</u>	<u>27,846,371</u>	<u>21,743,612</u>
Expenses:						
General government	1,723,654	1,395,091	-	-	1,723,654	1,395,091
Public safety	2,768,585	2,595,158	-	-	2,768,585	2,595,158
Parks, streets, and sanitation	1,979,016	1,897,425	-	-	1,979,016	1,897,425
Victim's assistance	55,732	54,696	-	-	55,732	54,696
Housing rehabilitation	136,985	157,053	-	-	136,985	157,053
Tourism related	31,448	332,007	-	-	31,448	332,007
Interest on long-term debt	252,162	358,158	-	-	252,162	358,158
Water and sewer	-	-	9,195,210	8,539,264	9,195,210	8,539,264
Total expenses	<u>6,947,582</u>	<u>6,789,588</u>	<u>9,195,210</u>	<u>8,539,264</u>	<u>16,142,792</u>	<u>15,328,852</u>
Transfers	<u>(81,120)</u>	<u>272,562</u>	<u>81,120</u>	<u>(272,562)</u>	<u>-</u>	<u>-</u>
Change in net assets	1,422,914	2,529,508	10,280,665	3,885,252	11,703,579	6,414,760
Beginning net assets	19,193,407	16,663,899	32,690,657	28,805,405	51,884,064	45,469,304
Ending net assets	<u>\$20,616,321</u>	<u>\$19,193,407</u>	<u>\$42,971,322</u>	<u>\$32,690,657</u>	<u>\$63,587,643</u>	<u>\$51,884,064</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, 2006. 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.

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Net Revenue (Expense)</u>	<u>% Funded by Program Revenues</u>	<u>% Required to be Funded by General Revenues</u>
General government	\$(1,723,654)	\$313,403	\$(1,410,251)	18%	82%
Public safety	(2,768,585)	549,258	(2,219,327)	20%	80%
Parks, streets, and sanitation	(1,979,016)	1,808,905	(170,111)	91%	9%
Victim's assistance	(55,732)	34,330	(21,402)	62%	38%
Housing rehabilitation	(136,985)	136,985	-	100%	-
Tourism related	(31,448)	59,528	28,080	189%	-89%
Interest on long-term debt	(252,162)	-	(252,162)	-	100%
Totals	<u>\$(6,947,582)</u>	<u>\$2,902,409</u>	<u>\$(4,045,173)</u>	<u>42%</u>	<u>58%</u>

General Revenues by Source – Governmental Activities

	<u>2006</u>	<u>2005</u>
Property taxes	\$2,133,809	\$2,101,197
Business license taxes	2,744,734	2,430,443
Hospitality taxes	47,652	1,236,308
Unrestricted state aid	388,904	321,134
Unrestricted investment earnings	220,046	122,275
Miscellaneous	14,062	15,651
Total	<u>\$5,549,207</u>	<u>\$6,227,008</u>

Revenue and Expenses – Governmental Activities – Significant factors effecting governmental activities revenue and expenses during the year ended June 30, 2006, included the following:

- Charges for services increased 14.28% due primarily to increased building permits due to growth and higher fines and forfeitures resulting from more court sessions and overall town growth.
- Capital grants and contributions declined due to the expiration of the housing rehabilitation grant.
- Property taxes and business licenses continued to grow as the town experiences strong population and economic growth.
- Unrestricted state revenue increases as a result of higher population indicated by as special census requested by the Town.
- Hospitality Tax revenues fell substantially due to the elimination of the tax.
- General government expenses increased mostly as a result of the costs of conducting a special census.
- Public safety increased due to higher personnel and depreciation costs.

- Parks, streets and sanitation increased due to higher depreciation expenses resulting from acquisition of equipment and donation of infrastructure capital assets from developers.
- Tourism related expenses declined as funding for certain promotions was redirected to long-term capital projects as a result of elimination of the Hospitality Tax.
- Interest on long-term debt declined due to refunding of special source revenue bonds in the prior fiscal year as a result of elimination of the Hospitality Tax.

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 \$10,280,665, accounting for 88% of the total growth in net assets. The significant factors related to the increase are as follows:

- Charges for services increased \$1,012,482, or 14%, due to continued growth in total customers on the system.
- Operating expenses increased at a higher rate than revenues. Operating expenses increased \$652,429, or 10%, due primarily to an impairment of capital assets related to failure of an automated radio read meter system. The impairment accounted for 48% of the increase in expenses.
- Capital contributions remained very strong totaling \$10,425,149, of which \$5,572,296 were developer contributions of system capital assets. Capital contribution fees increased \$882,939, or 24%, due primarily to continued development of residential subdivisions. Capital asset contributions from developers increased \$4,365,282, or roughly 462%. Overall, total capital contributions (including capital asset contributions and capital contribution fees) increased \$5,448,221, or approximately 109%, indicating significant continued strong 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 \$5,839,647, an increase of \$816,008. The General Fund's fund balance increased \$779,146, accounting for 95% of the increase in governmental fund balances. General Fund revenues exceeded expectations by approximately \$411,000, accounting for about 53% of the increase in fund balance. General Fund revenue growth continued to be driven by increases in property and business license taxes and franchise fees. Additionally, the amount of unrestricted revenue from the state increased as a result of a 43% increase in population over the 2000 Census indicated by a special census requested by the town. General Fund expenditures were approximately \$202,000 under budget due primarily to lower than expected personnel costs as a result of delays in filling of vacancies and retirements.

The Town eliminated the Hospitality Tax on June 30, 2005. Therefore, revenue from this tax in the current year represented only delinquent collections.

Of the \$5,839,647 governmental fund balances, approximately \$5,504,669 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 (\$596,500) and vehicle replacement (\$79,654). 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 \$3,400,828, or 58% 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 \$1,353,651. 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 Hospitality Tax Fund's unreserved fund balance at June 30, 2006 totaled \$1,188,573, which will be used for tourism related projects and promotions.

The non-major funds report unreserved fund balances totaling \$915,268. Approximately 71% of the balance will be used for infrastructure capital projects including roadways and sidewalks.

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 \$10,280,665 resulting in ending net assets of \$42,971,322.

General Fund Budgetary Highlights – General Fund revenues exceeded budgeted amounts by \$410,573. General Fund total expenditures were less than the final budget by \$202,039, primarily due to lower than expected personnel costs.

All departments were under total final budgets.

The Town's original budget shows an excess of revenue over expenditures of \$156,948 which equals the amount of budgeted reserve for contingencies and grant matches. The final budget's deficit of revenues over expenditures reflects additional appropriations primarily for a special census and additional capital outlay.

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, 2006, amounts to \$67.455 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 the an above ground water storage tank and interconnecting lines,
- Construction in progress in business-type activities totaled \$1,680,396, related to relocation and extension of water and sewer lines,
- Developer contributions of water and sewer capital assets of approximately \$5.6 Million, and approximately \$1 Million of general governmental infrastructure, and
- Write-off due to impairment of approximately \$315,000, in radio meter reading equipment.

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, 2006, the Town had non-current liabilities of \$43,929,510 (due within one year, \$1,578,679; due in more than one year, \$42,350,831). Of the total non-current liabilities due in more than one year, compensated absences totaled \$193,656. Certificates of participation totaled \$1,850,590, while debt secured by the full faith and credit of the Town (general obligation bonds and notes payable) represented \$2,145,134 of the total and bonded debt secured by the pledge of net revenues of the Enterprise Fund totaled \$36,218,510. 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 entered into a capital lease purchase financing agreement totaling approximately

\$422,000 to acquire vehicles and equipment increasing the total of general government capital leases to \$473,827. Additional information on the Town's long-term debt can be found in *Note 9*.

Economic Factors and Next Year's Budgets and Rates – As previously discussed, the Town of Lexington continues to experience high rates of 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 2007 did not include any tax or fee increase to support general government activities or business-type activities.

The local Hospitality Tax implemented in fiscal year 2005 was repealed (after an advisory referendum) effective June 30, 2006. Proceeds from the Hospitality Tax can only be expended on tourism related promotions and projects permitted by state law. Projects anticipated to be funded by the Hospitality Tax have been modified to reflect the change in available funding from the remaining Hospitality Tax proceeds and therefore will have no significant effect on the 2007 General Fund Budget..

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.

TOWN OF LEXINGTON, SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	\$ 4,923,114	\$ 11,556,294	\$ 16,479,408
Receivables, net	170,882	1,305,802	1,476,684
Due from other governments	230,433	-	230,433
Internal balances	(1,353,651)	1,353,651	-
Inventories-supplies	-	113,510	113,510
Prepays	7,651	-	7,651
Deferred charges	-	19,126,219	19,126,219
Restricted assets:			
Temporarily restricted:			
Cash and temporary investments	2,310,559	1,324,568	3,635,127
Investments	-	560,145	560,145
Capital assets, net:			
Land and construction in progress	3,777,117	1,817,830	5,594,947
Buildings, vehicles, equipment, and infrastructure	15,751,144	46,108,408	61,859,552
Total assets	<u>25,817,249</u>	<u>83,266,427</u>	<u>109,083,676</u>
Liabilities			
Accounts payable and other current liabilities	459,792	357,181	816,973
Liabilities payable from restricted assets	-	598,836	598,836
Accrued compensated absences - current portion	117,563	33,151	150,714
Noncurrent liabilities:			
Due within one year	453,679	1,125,000	1,578,679
Due in more than one year	4,169,894	38,180,937	42,350,831
Total liabilities	<u>5,200,928</u>	<u>40,295,105</u>	<u>45,496,033</u>
Net Assets			
Invested in capital assets, net of related debt	14,776,315	27,373,745	42,150,060
Restricted for:			
Capital projects	124,861	103,319	228,180
Debt service	224,725	364,356	589,081
Other purposes	1,415,497	-	1,415,497
Unrestricted	4,074,923	15,129,902	19,204,825
Total net assets	<u>\$ 20,616,321</u>	<u>\$ 42,971,322</u>	<u>\$ 63,587,643</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, 2006

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ (1,723,654)	\$ 304,403	\$ 9,000	\$ -	\$ (1,410,251)	\$ -	\$ (1,410,251)
Public safety	(2,768,585)	258,831	251,336	39,091	(2,219,327)	-	(2,219,327)
Parks, streets and sanitation	(1,979,016)	773,362	17,750	1,017,793	(170,111)	-	(170,111)
Victim's assistance	(55,732)	34,330	-	-	(21,402)	-	(21,402)
Housing rehabilitation	(136,985)	-	-	136,985	-	-	-
Tourism related	(31,448)	59,528	-	-	28,080	-	28,080
Interest on long-term debt	(252,162)	-	-	-	(252,162)	-	(252,162)
Total governmental activities	(6,947,582)	1,430,454	278,086	1,193,869	(4,045,173)	-	(4,045,173)
Business-Type Activities:							
Water and sewer system	(9,195,210)	8,506,545	-	10,425,149	-	9,736,484	9,736,484
Total business-type activities	(9,195,210)	8,506,545	-	10,425,149	-	9,736,484	9,736,484
Total	\$ (16,142,792)	\$ 9,936,999	\$ 278,086	\$ 11,619,018	(4,045,173)	9,736,484	5,691,311
General Revenues:							
Property taxes					2,133,809	-	2,133,809
Business license taxes					2,744,734	-	2,744,734
Hospitality taxes					47,652	-	47,652
State aid not restricted for specific purpose					388,904	-	388,904
Unrestricted investment earnings					220,046	463,061	683,107
Miscellaneous					14,062	-	14,062
Transfers					(81,120)	81,120	-
Total general revenues and transfers					5,468,087	544,181	6,012,268
Change in net assets					1,422,914	10,280,665	11,703,579
Total net assets, beginning of year					19,193,407	32,690,657	51,884,064
Total net assets, end of year					\$ 20,616,321	\$ 42,971,322	\$ 63,587,643

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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, 2006

	General Fund	Hospitality Tax	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 4,725,571	\$ -	\$ 197,543	\$ 4,923,114
Receivables, net	60,746	-	17,985	78,731
Due from other funds	117,533	-	17,670	135,203
Due from other governments	112,313	-	118,120	230,433
Prepaid items	7,651	-	-	7,651
Restricted assets:				
Cash and temporary investments	73,602	1,206,243	1,030,714	2,310,559
Total assets	<u>\$ 5,097,416</u>	<u>\$ 1,206,243</u>	<u>\$ 1,382,032</u>	<u>\$ 7,685,691</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 148,634	\$ -	\$ 20,131	\$ 168,765
Accrued liabilities	152,240	-	1,773	154,013
Due to other funds	-	17,670	117,533	135,203
Other liabilities	34,412	-	-	34,412
Advance from other fund	1,353,651	-	-	1,353,651
Total liabilities	<u>1,688,937</u>	<u>17,670</u>	<u>139,437</u>	<u>1,846,044</u>
Fund balances:				
Reserved for:				
Prepaid items	7,651	-	-	7,651
Debt service	-	-	327,327	327,327
Unreserved, designated for:				
Vehicle replacement	79,654	-	-	79,654
Streets and infrastructure	596,500	-	-	596,500
Unreserved, reported in:				
General Fund	2,724,674	-	-	2,724,674
Special Revenue Funds	-	1,188,573	421,135	1,609,708
Capital Projects Funds	-	-	494,133	494,133
Total fund balances	<u>3,408,479</u>	<u>1,188,573</u>	<u>1,242,595</u>	<u>5,839,647</u>
Total liabilities and fund balances	<u>\$ 5,097,416</u>	<u>\$ 1,206,243</u>	<u>\$ 1,382,032</u>	<u>\$ 7,685,691</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

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

JUNE 30, 2006

- CONTINUED -

Total fund balances - governmental funds		\$ 5,839,647
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 \$24,152,218 and the accumulated depreciation is \$4,623,957.		19,528,261
Property taxes receivable that are not available to pay for expenditures for current period are not recognized in the governmental funds.		92,151
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.		(102,602)
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	\$ 2,090,000	
Certificates of participation	1,850,590	
Notes payable	55,134	
Capital lease payable	473,827	
Compensated absences	271,585	
	<u>271,585</u>	<u>(4,741,136)</u>
Total net assets - governmental activities		<u>\$ 20,616,321</u>

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, 2006

	General Fund	Hospitality Tax	Other Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 2,146,307	\$ -	\$ -	\$ 2,146,307
Hospitality taxes	-	6,902	-	6,902
Franchises, licenses, permits and fees	3,776,681	-	-	3,776,681
Other governments	362,426	-	506,975	869,401
Fines and forfeitures	245,426	-	37,379	282,805
Interest income	124,124	49,835	46,087	220,046
Charges for services	26,263	-	-	26,263
Miscellaneous	25,846	40,750	51,320	117,916
Total Revenue	<u>6,707,073</u>	<u>97,487</u>	<u>641,761</u>	<u>7,446,321</u>
Expenditures				
Current:				
General government	1,516,508	-	12,139	1,528,647
Public safety	2,298,507	-	246,148	2,544,655
Parks, streets and sanitation	1,456,413	-	20,236	1,476,649
Victim's assistance	-	-	55,732	55,732
Housing rehabilitation	-	-	136,985	136,985
Tourism related	-	19,160	12,288	31,448
Debt Service:				
Principal	97,675	-	326,360	424,035
Interest	11,155	-	118,101	129,256
Fees and other costs	3,511	-	2,739	6,250
Capital Outlay	502,204	32,630	102,587	637,421
Total expenditures	<u>5,885,973</u>	<u>51,790</u>	<u>1,033,315</u>	<u>6,971,078</u>
Excess (deficiency) of revenue over (under) expenditures	821,100	45,697	(391,554)	475,243
Other Financing Sources (Uses)				
Issuance of capital lease	421,885	-	-	421,885
Transfers in	36,478	-	450,673	487,151
Transfers out	(500,317)	(17,670)	(50,284)	(568,271)
Total other financing sources (uses)	<u>(41,954)</u>	<u>(17,670)</u>	<u>400,389</u>	<u>340,765</u>
Excess of revenue over expenditures and other financing sources	779,146	28,027	8,835	816,008
Fund balance, beginning of year	2,629,333	1,160,546	1,233,760	5,023,639
Fund balance, end of year	<u>\$ 3,408,479</u>	<u>\$ 1,188,573</u>	<u>\$ 1,242,595</u>	<u>\$ 5,839,647</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, 2006

- CONTINUED -

Total net change in fund balance - governmental funds \$ 816,008

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. (12,498)

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 of \$492,574 were exceeded by depreciation expense of \$757,366. (264,792)

Donations of capital assets are recorded as program revenues in the statement of activities 1,017,793

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. 424,035

Proceeds from the issuance of debt are financial resources in the governmental funds, but increase liabilities in the statement of net assets (421,885)

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. (116,656)

Disposal of capital assets is not recognized in the governmental funds (19,147)

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 decreased by a net \$56 for this fiscal year. 56

Change in net assets of governmental activities \$ 1,422,914

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

TOWN OF LEXINGTON, SOUTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Property taxes	\$ 2,152,000	\$ 2,152,000	\$ 2,146,307	\$ (5,693)
Franchises, licenses and permits	3,515,000	3,515,000	3,776,681	261,681
Other governments	290,000	290,000	362,426	72,426
Fines and forfeitures	225,000	225,000	245,426	20,426
Interest income	50,000	50,000	124,124	74,124
Charges for services	40,000	40,000	26,263	(13,737)
Miscellaneous	24,500	24,500	25,846	1,346
Total revenue	<u>6,296,500</u>	<u>6,296,500</u>	<u>6,707,073</u>	<u>410,573</u>
Expenditures				
Current:				
General government:				
Building department	605,427	604,612	585,696	18,916
Administration department	328,288	524,103	503,464	20,639
Finance	298,777	313,490	301,064	12,426
Council	126,547	126,589	126,284	305
Total general government	<u>1,359,039</u>	<u>1,568,794</u>	<u>1,516,508</u>	<u>52,286</u>
Public safety	2,400,154	2,402,855	2,298,507	104,348
Parks, streets and sanitation	1,497,274	1,487,058	1,456,413	30,645
Capital Outlay	421,885	508,795	502,204	6,591
Debt Service	120,510	120,510	112,341	8,169
Total expenditures	<u>5,798,862</u>	<u>6,088,012</u>	<u>5,885,973</u>	<u>202,039</u>
Excess of revenue over (under) expenditures	497,638	208,488	821,100	612,612
Other Financing Sources (Uses)				
Issuance of capital lease	421,885	421,885	421,885	-
Transfers in	-	37,500	36,478	(1,022)
Transfers out	(762,575)	(762,575)	(500,317)	262,258
Total other financing sources (uses)	<u>(340,690)</u>	<u>(303,190)</u>	<u>(41,954)</u>	<u>261,236</u>
Excess of revenue over (under) expenditures and other financing sources (uses)	156,948	(94,702)	779,146	873,848
Fund balance, beginning of year	<u>2,629,333</u>	<u>2,629,333</u>	<u>2,629,333</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,786,281</u>	<u>\$ 2,534,631</u>	<u>\$ 3,408,479</u>	<u>\$ 873,848</u>

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

TOWN OF LEXINGTON, SOUTH CAROLINA
HOSPITALITY TAX FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenue				
Hospitality tax	\$ -	\$ -	\$ 6,902	\$ 6,902
Other income	-	-	40,750	40,750
Interest income	24,000	24,000	49,835	25,835
Total revenue	<u>24,000</u>	<u>24,000</u>	<u>97,487</u>	<u>73,487</u>
Expenditures				
Tourism related	22,400	22,400	19,160	3,240
Capital Outlay	1,025,000	1,025,000	32,630	992,370
Total expenditures	<u>1,047,400</u>	<u>1,047,400</u>	<u>51,790</u>	<u>995,610</u>
Excess (deficiency) of revenue over (under) expenditures	(1,023,400)	(1,023,400)	45,697	1,069,097
Other Financing Sources				
Transfers to other funds	-	-	(17,670)	(17,670)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(17,670)</u>	<u>(17,670)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures	(1,023,400)	(1,023,400)	28,027	1,051,427
Fund balance, beginning of year	<u>1,160,546</u>	<u>1,160,546</u>	<u>1,160,546</u>	<u>-</u>
Fund balance, end of year	<u>\$ 137,146</u>	<u>\$ 137,146</u>	<u>\$ 1,188,573</u>	<u>\$ 1,051,427</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, 2006

	<u>Business-Type Activities Enterprise Fund</u>
Assets	
Current assets:	
Cash and temporary investments	\$ 11,556,294
Receivables, net	1,305,802
Inventories-supplies	113,510
Total current assets	<u>12,975,606</u>
Noncurrent assets:	
Restricted cash and temporary investments	1,324,568
Restricted investments	560,145
Deferred charges	19,126,219
Advance to other fund	1,353,651
Capital assets, net	
Land and construction in progress	1,817,830
Buildings, vehicles, equipment and infrastructure	<u>46,108,408</u>
Total noncurrent assets	<u>70,290,821</u>
Total assets	<u>83,266,427</u>
Liabilities	
Current liabilities:	
Accounts payable	287,365
Accrued liabilities	63,316
Accrued compensated absences - current portion	33,151
Current liabilities payable from restricted assets:	
Construction payables	145,345
Accrued interest	453,491
Revenue bonds-current	1,125,000
Customer deposits	6,500
Total current liabilities	<u>2,114,168</u>
Noncurrent liabilities:	
Revenue bonds payable	35,093,511
Contracts payable	2,559,018
Accrued compensated absences	39,633
Capital lease obligation	488,775
Total noncurrent liabilities	<u>38,180,937</u>
Total liabilities	<u>40,295,105</u>
Net Assets	
Invested in capital assets, net of related debt	27,373,745
Restricted for capital projects	103,319
Restricted for debt service	364,356
Unrestricted	15,129,902
Total net assets	<u>\$ 42,971,322</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, 2006

	<u>Business-Type Activities Enterprise Fund</u>
Operating Revenue	
Charges for services:	
Water service	\$ 3,248,247
Sewer service	4,778,994
Tap and meter fees	101,729
Other income	<u>377,575</u>
Total operating revenue	<u>8,506,545</u>
Operating Expenses	
Salaries and benefits	2,328,103
Water and sewer treatment services	1,699,312
Other contractual services	266,339
Depreciation and amortization	1,464,223
Other operating expenses	<u>1,475,724</u>
Total operating expenses	<u>7,233,701</u>
Operating income	<u>1,272,844</u>
Non-Operating Revenue (Expenses)	
Interest income	463,061
Interest expense	(1,902,986)
Amortization of bond issuance costs	<u>(58,523)</u>
Total non-operating revenue (expenses)	<u>(1,498,448)</u>
Net loss before contributions and transfers	<u>(225,604)</u>
Capital Contribution Fees and Other Contributed Capital Transfers In	<u>10,425,149</u> <u>81,120</u>
Change in net assets	10,280,665
Net assets, beginning of year	<u>32,690,657</u>
Net assets, end of year	<u>\$ 42,971,322</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, 2006

	Business-Type Activities Enterprise Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 8,427,955
Cash paid to suppliers for goods or services	(3,196,922)
Cash paid to employees for services	(2,323,505)
Net cash provided by operating activities	<u>2,907,528</u>
Cash Flows from Non-Capital Financing Activities	
Transfer from other fund	349,992
Net cash provided by non-capital financing activities	<u>349,992</u>
Cash Flows from Capital and Related Financing Activities	
Purchases and construction of capital assets	(2,661,097)
Purchase of capacity reserve	(417,955)
Principal paid on capital debt	(1,105,000)
Interest and fees paid on capital debt	(1,562,796)
Proceeds from capital contribution fees	4,762,853
Net cash used in capital and related financing activities	<u>(983,995)</u>
Cash Flows from Investing Activities	
Purchases of investments	(560,145)
Proceeds from the sale of investments	565,191
Interest received	463,061
Net cash provided by investing activities	<u>468,107</u>
Net increase in cash and temporary investments	2,741,632
Cash and temporary investments, beginning of year	10,139,230
Cash and temporary investments, end of year	<u>\$ 12,880,862</u>
Reconciliation to the Statement of Net Assets:	
Cash and temporary investments	\$ 11,556,294
Restricted cash and temporary investments	1,324,568
Cash and temporary investments, end of year	<u>\$ 12,880,862</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

- CONTINUED -

	<u>Business-Type Activities Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,272,844
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,464,223
Loss on impairment of capital assets	273,218
Increase in accounts receivable	(81,596)
Decrease in inventory	48,647
decrease in accounts payable	(77,406)
Increase in customer deposits	3,000
Increase in accrued expenses	4,598
Net cash provided by operating activities	<u>\$ 2,907,528</u>
Non-cash Capital Supplementary Information:	
Revenue bond principal accretion and discount amortization	\$ 121,846
Revenue bond premium and deferred amount on refunding amortization	218,565
Contributed capital assets from developers	5,572,296

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

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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. 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 funds:

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.

Hospitality Tax Special Revenue Fund-The fund used to account for the proceeds of the 2% Local Hospitality Tax that are legally restricted to expenditures for specific tourism related purposes.

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.)

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)

“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 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.

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)

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 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.

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)

Interfund Receivables and Payables

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, 2006, consists of various supplies and other inventoriable items which are expensed at the time they are consumed.

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 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 and Depreciation

All property, plant, equipment and 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) 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.

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)

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 \$2,052,423. Of this amount, \$155,822 was included as part of the cost of capital assets under construction during the year.

Depreciation 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

Compensated Absences

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

1st Year - Five (5) days per year
2-5 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 incurred 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.

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)

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.

Contributed Capital

Contributions are recorded as non-operating revenue in Proprietary Funds which receive capital grants or contributions from developers, customers or other funds. Contributions from developers and customers can take the form of cash or capital assets which include both capital assets and capital contribution fees for water and sewer service. The Town issues certificates redeemable for future sewer taps in exchange for payment of capital contribution fees. The purchase of capital contribution certificates is generally recorded as non-operating revenue in the Waterworks and Sewer System Enterprise Fund when received.

E. 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.

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, Hospitality Tax 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 was 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, Mayor 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, Hospitality Tax 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, 2006.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Deposits and Investments

The Town had the following investments at June 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Rating</u>
State Treasury's Investment Pool	\$ 16,096,091	On-Demand	Unrated
Governmental Mutual Funds	1,651,895	On-Demand	AAA
FHLMC – discount note	560,145	8/2006	A
Total fair value	<u>\$ 18,308,131</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 minimum two rating

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Deposits and Investments (Continued)

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 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, 2006, the Town had investments in governmental mutual funds representing 9.1% 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, 2006, the reported carrying amount of the Town's cash deposits with financial institutions was \$2,364,835 and the financial institutions' balances totaled \$2,369,874. Of the balance, \$173,602 was covered by federal depository insurance and \$2,196,272 was collateralized by securities held by the financial institution's agent in the Town's name. The Town had \$1,100 on hand at June 30, 2006.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

3. Deposits and Investments (Continued)

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 9*).

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

Cash on hand	\$ 1,100
Carrying amount of cash deposits	2,364,847
Carrying amount of temporary investments	17,747,988
Carrying amount of investments	560,145
Total	<u>\$ 20,674,080</u>
Cash and temporary investments	\$ 16,479,408
Cash and temporary investments-restricted	3,635,127
Investments-restricted	560,145
Total	<u>\$ 20,674,680</u>

4. Receivables

Receivables at June 30, 2006, consist of the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Fees and Services	\$ 31,470	\$ 1,386,255	\$ 1,417,725
Property and other taxes	168,885	-	168,885
Due from other governments	230,433	-	230,433
Other	2,569	3,675	6,244
Less, allowance for doubtful accounts	(32,042)	(84,128)	(116,170)
	<u>\$ 401,315</u>	<u>\$ 1,305,802</u>	<u>\$ 1,707,117</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Receivables (Continued)

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

5. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2006, were as follows:

	Interfund	
	Receivables	Payables
General Fund	\$ 117,533	\$ -
Other Governmental Funds:		
<u>Special Revenue Funds:</u>		
Police Grants and Programs	-	117,533
	<u>117,533</u>	<u>117,533</u>
Hospitality Tax Fund	-	17,670
Other Governmental Funds:		
<u>Capital Projects Funds:</u>		
Gibson Pond Fund	2,663	-
Palmetto Collegiate Fund	15,007	-
	<u>17,670</u>	<u>17,670</u>
	<u>\$ 135,203</u>	<u>\$ 135,203</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 \$1,353,651. The advance was made by the Enterprise Fund as part of the funding for the construction of the Municipal Complex.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. Interfund Receivables, Payables and Transfers (Continued)

Individual fund interfund transfer balances at June 30, 2006, were as follows:

	Interfund	
	Transfers Out	Transfers In
General Fund	\$ 500,317	\$ -
Other Governmental Funds:		
<u>Special Revenue Funds:</u>		
Alcohol Permits	-	6,990
History Book	-	5,000
Debt Service Fund	-	407,207
Enterprise Fund	-	81,120
	<u>500,317</u>	<u>500,317</u>
Other Governmental Funds:		
<u>Special Revenue Funds:</u>		
Accommodations Tax	26,478	-
Police Grants and Programs	10,000	-
General Fund		36,478
	<u>36,478</u>	<u>36,478</u>
Hospitality Tax	17,670	-
Other Governmental Funds:		
<u>Capital Projects Funds:</u>		
Streetscape	-	13,806
Streets and Infrastructure	13,806	-
Gibson Pond	-	2,663
Palmetto Collegiate	-	15,007
	<u>31,476</u>	<u>31,476</u>
	<u>\$ 568,271</u>	<u>\$ 568,271</u>

The General Fund transfers out include \$407,207 to the Debt Service Fund to fund debt service requirements, \$81,120 to the Enterprise Fund related to the funding of the Municipal Complex, \$6,990 to the Alcohol Permits Fund for a portion of the fund debt service requirements, and \$5,000 History Book Fund for a historic preservation study. The General Fund received transfers in from the Police Grant and Program Fund of \$10,000 for vehicles, and \$26,478 from the Accommodations Tax Fund representing amounts collected

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. Interfund Receivables, Payables and Transfers (Continued)

in the Accommodations Tax Fund that by state law may be transferred to the General Fund without restriction. The Streetscape Fund received a transfer of \$13,806 from the Streets and Infrastructure Fund to cover project costs.

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.

Carrying balances of restricted cash and temporary investments in the Waterworks and Sewer System Enterprise Fund at June 30, 2006, are as follows:

	Cash and Temporary Investments
Renewal and Replacement Fund	\$ 103,501
Debt Service Fund 2001A	463,981
Debt Service Fund 2001B	121,209
Debt Service Reserve Fund 2004	263
Debt Service Fund 2004	232,618
Construction Fund 2004	402,414
Operations and Maintenance Fund	582
	<hr/>
	\$ 1,324,568

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

	<u>Restricted Investments</u>
Debt Service Reserve Fund 2004	\$ 560,145

General Fund:

Remaining proceeds from the lease purchase agreement are set aside for the purchase of equipment under the terms to the agreement.

The carrying balance at the year ended June 30, 2006, is as follows:

	<u>Cash and Temporary Investments</u>
Lease Purchase Project Accounts	\$ 73,602

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 9*). 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, 2006, is as follows:

	<u>Cash and Temporary Investments</u>
Debt Service Account	\$ 111,009
Reserve Account	216,318
	<u>\$ 327,327</u>

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.

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 (Continued):

Carrying balance at the year ended June 30, 2006, is as follows:

	Cash and Temporary Investments
Capital Projects Accounts	<u>\$ 494,133</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, 2006, are as follows:

	Cash and Temporary Investments
Police Grants and Programs	\$ 2,622
Golden Hills Tax District	96,742
Downtown Restoration	23,526
Disaster Fund	13,275
Alcohol Permits	31,364
Drug Fund	5,286
Victim's Assistance	9,739
Hospitality Tax	1,206,243
Accommodations Tax	26,700
	<u>\$ 1,415,497</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, 2006:

	<u>Balances</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2006</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,559,014	\$ 15,750	\$ -	\$ 3,574,764
Construction in progress	171,464	30,889	-	202,353
Total capital assets, not being depreciated	<u>3,730,478</u>	<u>46,639</u>	<u>-</u>	<u>3,777,117</u>
Capital assets, being depreciated:				
Buildings	8,756,264	58,880	-	8,815,144
Vehicles and equipment	1,432,814	371,866	(170,546)	1,634,134
Streets and roadways	6,762,816	785,132	-	7,547,948
Sidewalks	854,344	128,240	-	982,584
Storm drainage	1,275,682	119,609	-	1,395,291
Total capital assets, being depreciated	<u>19,081,920</u>	<u>1,463,727</u>	<u>(170,546)</u>	<u>20,375,101</u>
Less accumulated depreciation for:				
Buildings	772,384	176,764	-	949,148
Vehicles and equipment	1,008,152	162,498	(151,400)	1,019,250
Streets and roadways	1,574,804	309,264	-	1,884,068
Sidewalks	119,055	22,962	-	142,017
Storm drainage	543,596	85,878	-	629,474
Total accumulated depreciation	<u>4,017,991</u>	<u>757,366</u>	<u>(151,400)</u>	<u>4,623,957</u>
Total capital assets, being depreciated, net	<u>15,063,929</u>	<u>706,361</u>	<u>(19,146)</u>	<u>15,751,144</u>
Governmental activities capital assets, net	<u>\$ 18,794,407</u>	<u>\$ 753,000</u>	<u>\$ (19,146)</u>	<u>19,528,261</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Capital Assets (Continued)

The following is a summary of capital asset activity in business-type activities for the year ended June 30, 2006:

	Balances June 30, 2005	Additions	Retirements	Balances June 30, 2006
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 137,434	\$ -	\$ -	\$ 137,434
Construction in progress	2,082,904	2,231,880	(2,634,388)	1,680,396
Total capital assets, not being depreciated	<u>2,220,338</u>	<u>2,231,880</u>	<u>(2,634,388)</u>	<u>1,817,830</u>
Capital assets, being depreciated:				
Buildings and system	47,010,233	8,206,683	(388,045)	54,828,871
Vehicles, machinery and equipment	2,039,682	176,179	(20,395)	2,195,466
Total capital assets, being depreciated	<u>49,049,915</u>	<u>8,382,862</u>	<u>(408,440)</u>	<u>57,024,337</u>
Less accumulated depreciation for:				
Buildings and system	8,366,198	1,049,102	(123,116)	9,292,184
Vehicles, machinery and equipment	1,514,460	121,394	(12,109)	1,623,745
Total accumulated depreciation	<u>9,880,658</u>	<u>1,170,496</u>	<u>(135,225)</u>	<u>10,915,929</u>
Total capital assets, being depreciated, net	<u>39,169,257</u>	<u>7,212,366</u>	<u>(273,215)</u>	<u>46,108,408</u>
Business-type activities capital assets, net	<u>\$ 41,389,595</u>	<u>\$ 9,444,246</u>	<u>\$ (2,907,603)</u>	<u>\$ 47,926,238</u>

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

Governmental activities:

General government	\$ 136,831
Public safety	147,296
Parks, streets and sanitation	<u>473,239</u>

Total depreciation expense – governmental activities \$ 757,366

Business-type activities:

Water and sewer	<u>\$ 1,170,496</u>
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Total depreciation expense – business-type activities \$ 1,170,496

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Capital Assets (Continued)

The Town recognized an impairment loss totaling \$314,960. The net carrying value of capital assets being depreciated was reduced by \$273,218 as a result of the impairment.

8. Deferred Charges

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 13*. 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 \$11,040,242 and the Town’s share of cost incurred on the regional line of \$773,579 are being amortized to the Town’s Waterworks and Sewer System Enterprise Fund (the “System”) operations, with amortization expense totaling \$158,282 recognized during the year ended June 30, 2006.

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 13* to acquire for a total of approximately \$1,100,000 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, 2006 are being deferred until the line is completed at which time the Town will begin to amortize the cost to operations of the System.

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, 2006. Additionally, the Town has deferred \$8,767 in costs associated with future expansion of capacity at the LMWTF.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Deferred Charges (Continued)

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, 2006, net of accumulated amortization (\$2,152,398, 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, 2006.

9. Long-Term Debt

The following is a summary of long-term debt of the Town for the year ended June 30, 2006:

	<u>Balances</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2006</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Certificates of participation:					
Current interest certificates	\$ 200,000	\$ -	\$ (200,000)	\$ -	\$ -
Capital appreciation certificates	2,730,000	-	-	2,730,000	210,000
Less deferred amount:					
For issuance discount	(993,073)	-	113,663	(879,410)	-
Total certificates of participation	1,936,927	-	(86,337)	1,850,590	210,000
Notes payable	86,494	-	(31,360)	55,134	33,663
General obligation bonds	2,185,000	-	(95,000)	2,090,000	100,000
Capital leases	149,617	421,885	(97,675)	473,827	110,016
Compensated absences	271,639	120,264	(120,318)	271,585	117,563
Governmental activities					
Long-term liabilities	<u>\$ 4,629,677</u>	<u>\$ 542,149</u>	<u>\$ (430,690)</u>	<u>\$ 4,741,136</u>	<u>\$ 571,242</u>
Business-type activities:					
Revenue bonds payable:					
Revenue bonds	40,095,000	-	(1,105,000)	38,990,000	1,125,000
Less deferred amounts:					
For issuance discount	(541,227)	-	121,846	(419,381)	-
For issuance premium	88,815	-	(3,322)	85,493	-
On refunding	(2,659,488)	-	221,886	(2,437,602)	-
Total revenue bonds payable	36,983,100	-	(764,590)	36,218,510	1,125,000

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

	Balances June 30, 2005	Additions	Reductions	Balances June 30, 2006	Due Within One Year
Business-type activities					
(Continued):					
Contract payable	2,559,018	-	-	2,559,018	-
Capital lease	488,775	-	-	488,775	-
Compensated absences	76,575	33,921	(37,711)	72,785	33,159
Business-type activities					
Long-term liabilities	<u>\$ 40,107,468</u>	<u>\$ 33,921</u>	<u>\$ (802,301)</u>	<u>\$ 39,339,088</u>	<u>\$ 1,158,159</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%.

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, 2006, including interest components are as follows:

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

Certificates of Participation (Continued)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 210,000	\$ -	\$ 210,000
2008	210,000	-	210,000
2009	210,000	-	210,000
2010	210,000	-	210,000
2011	210,000	-	210,000
2012-2016	1,050,000	-	1,050,000
2017-2019	630,000	-	630,000
Subtotal	2,730,000	-	2,730,000
Less: Deferred amount	(879,410)	-	(879,410)
Total	<u>\$ 1,850,590</u>	<u>\$ -</u>	<u>\$ 1,850,590</u>

Notes Payable

Boozer Property

The Town entered an agreement during the year ended June 30, 1999, to purchase property for \$150,000. The agreement's terms provide for the Seller (Boozer) to continue to live on the property as long as is desired. A portion of the property, however, was agreed to be immediately incorporated into the Virginia Hylton Park.

If, at the death of the Seller, less than \$130,000 shall have been paid under the terms of the agreement, the remaining balance under the terms shall become due. However, if more than \$130,000 shall have been paid, then the balance shall be deemed fully satisfied. Monthly simple interest payments of 9% per annum and principal payments ranging from \$620 to \$1,519 are required through September 19, 2008. The balance at June 30, 2006, totaled \$36,997.

106 Hendrix Street

The Town entered an agreement during the year ended June 30, 2002, to purchase property at 106 Hendrix Street for a total of \$130,500 at no stated rate of interest. The Town paid \$21,750 at closing. The note payable and the cost of the acquired property have been valued based on an imputed rate of interest of 6%. Annual payments of \$21,750 are due through April 11, 2007. The balance at June 30, 2006, totaled \$18,138.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

Notes Payable (Continued)

The annual debt service requirements to amortize notes payable as of June 30, 2005, including interest component are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 33,663	\$ 6,313	\$ 39,976
2008	16,983	1,243	18,226
2009	4,488	68	4,556
Total	<u>\$ 55,134</u>	<u>\$ 7,624</u>	<u>\$ 62,758</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.

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, 2005, including interest components are as follows:

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 100,000	\$ 99,935	\$ 199,935
2008	105,000	93,935	198,935
2009	110,000	87,635	197,635
2010	115,000	81,035	196,035
2011	120,000	76,148	196,148
2012-2016	680,000	298,475	978,475
2017-2021	860,000	126,510	986,510
Total	<u>\$ 2,090,000</u>	<u>\$ 863,673</u>	<u>\$ 2,953,673</u>

Revenue Bonds

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, 2006.

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, 2006 equaled \$2,085,619 (net of discount of \$419,381 with principal accretion recognized during the year of \$121,846).

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, 2006 of \$21,656,767 (net unamortized premium and deferred amount on refunding equaled \$79,368

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

Revenue Bonds (Continued)

and (\$2,437,601), respectively). Amortization of the premium and deferred amount equaled (\$3,083) 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:

Redemption Dates (Both Dates Inclusive)	Redemption Price
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, 2006.

Optional Redemption:

The Series 2001B Bonds may be redeemed in whole or in part at the option of the Town at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest on any weekly rate interest payment date when in the weekly rate mode, on any daily rate interest payment date when in the daily rate mode and on any conversion date between interest payment modes.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

Revenue Bonds (Continued)

The Series 2001B Bonds in the term rate mode or the fixed rate mode are not subject to optional redemption during any term rate period of 5 years or less. During any term rate period of more than 5 years, the Bonds may be redeemed on or after the first optional call date. For any term rate period or fixed rate period of more than 5 years but less than 10 years the first optional call date shall be the fifth anniversary of the beginning of the term rate or fixed rate period. For any term or fixed rate of more than 10 years but less than 32 years the first optional call date shall be the anniversary of the beginning of the term or fixed rate period that is on or immediately after the midpoint of such rate period.

The Series 2001B Bonds in the term rate mode or the fixed rate mode may be redeemed in whole or in part on or after the first optional call date as defined above at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest plus a redemption premium (expressed as a percentage of principal amount redeemed) of 2% if the date of redemption is on or after the first call date but prior to the first anniversary of the first call date, 1% if the date of redemption is on or after the first anniversary of the first optional call date but prior to the second anniversary of the first optional call date, and without premium if the date of redemption is on or after the second anniversary of the first optional call date.

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, 2006. 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, 2006 of \$7,586,124 (premium totals \$6,124).

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.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

Revenue Bonds (Continued)

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 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, 2006 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,125,000	\$ 1,719,952	\$ 2,844,952
2008	1,150,000	1,673,863	2,823,863
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
2012-2016	4,485,000	7,809,791	12,294,791
2017-2021	6,480,000	6,544,205	13,024,205
2022-2026	9,310,000	4,568,538	13,878,538
2027-2031	11,410,000	2,283,821	13,693,821
2032	2,600,000	127,005	2,727,005

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Subtotal	38,990,000	29,583,746	68,573,746
Less: Deferred amounts	(2,771,490)	-	(2,771,490)
Total	<u>\$ 36,218,510</u>	<u>\$ 29,583,746</u>	<u>\$ 65,802,226</u>

Contract Payable

As discussed in *Note 8*, 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, 2006 including interest components are as follows:

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

Contract Payable (Continued)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ -	\$ -	\$ -
2008	-	-	-
2009	-	55,562	55,562
2010	209,902	106,822	316,724
2011	218,834	97,978	316,812
2012-2016	1,237,082	339,667	1,576,749
2017-2019	893,200	61,296	954,496
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 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. Vehicles and equipment acquired with proceeds from the agreements totaled approximately \$525,000. Certain assets acquired under the agreements did not meet capitalization criteria and were expense in the period acquired. The remaining proceeds from the agreements will be used subsequent to year end to acquire vehicles and equipment pursuant to the terms of the agreement.

The annual debt service requirements to amortize the governmental activities capital lease payable as of June 30, 2006, including interest component are as follows:

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

Capital Leases (Continued)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 110,016	\$ 13,726	\$ 123,742
2008	144,054	10,994	155,048
2009	85,686	6,750	92,436
2010	88,625	3,811	92,436
2011	45,446	773	46,219
Total	<u>\$ 473,827</u>	<u>\$ 36,054</u>	<u>\$ 509,881</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.

The annual debt service requirements to amortize the capital lease payable as of June 30, 2006, including interest component are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ -	\$ -	\$ -
2008	-	-	-
2009	18,757	11,498	30,255
2010	38,869	21,640	60,509
2011	40,748	19,761	60,509
2012-2016	235,270	67,275	302,545
2017-2019	155,131	11,271	166,402
Total	<u>\$ 488,775</u>	<u>\$ 131,445</u>	<u>\$ 620,220</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Long-Term Debt (Continued)

Capital Leases (Continued)

Business-type activities:

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 \$666,784 net of accumulated depreciation.

10. 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, 2006, follows:

Governmental activities:

Capital asset contributions from developers	<u>\$ 1,017,793</u>
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Business-type activities:

Capital contribution fees received	\$ 4,852,853
Capital asset contributions from developers	<u>5,572,296</u>
Total capital contribution fees and capital asset contributions recognized	<u>\$ 10,425,149</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 \$2,940,000 at June 30, 2006. Upon payment of periodic installments, the Town recognizes capital contribution fee revenue and developers may claim the applicable number of capital contribution certificates.

11. 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.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Contingencies (Continued)

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

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Contingencies (Continued)

Litigation (Continued):

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.

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.

12. Commitments

Developers and Contractors:

The Town has outstanding contracts to provide certain developers future sewer and water taps at June 30, 2006. The Town reserves sewer treatment capacity to provide the future service at the inception of the installment contracts. At year end, unredeemed capital contribution certificates representing future taps into the system total approximately 4,200.

Additionally, the Town has outstanding commitments to contractors and others for approximately \$500,000.

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. During the year ended June 30, 2004, the Town and

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Commitments (Continued)

Wastewater Treatment Service Agreement (Continued):

Cayce amended the agreement to provide for Cayce to sell the Town 2 MGD of capacity, the remaining available under the agreement, at the price of \$1.95 per gallon.

The amended conditional agreement required the following:

- 1) The Lexington County Joint Municipal Water and Sewer Commission (the “Commission”) to commit by formal action to build a wastewater line to Cayce’s wastewater treatment plant (The line will be up sized to accommodate the transport needs of the Town of Lexington),
- 2) The Town to agree to transfer all ownership and capacity rights in the Highway 321 Regional Sewer Line (“The Swansea Force Main”) upon Cayce’s request following the completion of the sewer line referred to in condition (1) above, and
- 3) The Town to pay for the 2 MGD of capacity in full by December 31, 2004 at a total cost of \$3,900,000.

All of the conditions were met during the year-ended June 30, 2005. As a result, the Town will be provided the additional 2 MGD of treatment capacity by December, 2007 and will have rights to capacity in the Commission’s interconnecting line.

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 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 costs include engineering, design, construction and inspection and total approximately \$1,100,000 with an approximate balance to completion of \$30,000 at June 30, 2006 (the Town’s agreement with Cayce also requires that the Town assign its interest in the Highway 321 Regional Sewer Line to Cayce upon completion of the Commission’s interconnection line). The Town also must pay during the term of the agreement a pro rata

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Commitments (Continued)

Regional Sewer Line Interconnection Agreement (Continued):

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.

13. 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, 2006, for employees enrolled in the SCRS and PORS, was approximately \$4,503,949, of which \$3,058,591 was for substantially all employees covered by the SCRS and \$1,445,358 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

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

14. Employee Retirement (Continued)

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 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 6.25 percent of their compensation. Under this system, the Town's contributions were 7.7 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, 2006, 2005, and 2004 were \$235,476, \$202,222, and \$186,992, 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, 2006, 2005, and 2004 were \$154,664, \$142,780, and \$131,195, respectively, which equal 100% of required contributions.

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

15. 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, 2006, 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 \$318 per participant. The total expenses incurred by the Town for the year ended June 30, 2006, were \$3,816.

TOWN OF LEXINGTON, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

16. 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 \$155,000 in the current year.

The Town provides for the administration of a plan providing health and dental coverage for all employees through the Office of Insurance Services (OIS). The Town's payments to the OIS plan approximated \$563,000 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 \$130,000 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.

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, 2006

	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	CDBG	Concerts in the Park	History Book
Assets												
Cash and temporary investments	\$ 4,038	\$ -	\$ -	\$ -	\$ -	\$ 158,703	\$ -	\$ 8,629	\$ -	\$ -	\$ 6,316	\$ -
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	1,500	-	-	-	-	-	-	-	-	-	-	-
Due from grantor	118,120	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and temporary investments	2,622	96,742	23,526	13,275	31,364	-	5,286	-	9,739	-	-	-
Total assets	<u>\$ 126,280</u>	<u>\$ 96,742</u>	<u>\$ 23,526</u>	<u>\$ 13,275</u>	<u>\$ 31,364</u>	<u>\$ 158,703</u>	<u>\$ 5,286</u>	<u>\$ 8,629</u>	<u>\$ 9,739</u>	<u>\$ -</u>	<u>\$ 6,316</u>	<u>\$ -</u>
Liabilities and Fund Balances												
Accounts payable	\$ 75	\$ -	\$ -	\$ -	\$ -	\$ 2,300	\$ -	\$ -	\$ 86	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-	1,773	-	-	-
Due to other funds	117,533	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>117,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>1,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:												
Reserved for debt	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved/ undesignated	8,672	96,742	23,526	13,275	31,364	156,403	5,286	8,629	7,880	-	6,316	-
Total fund equity	<u>8,672</u>	<u>96,742</u>	<u>23,526</u>	<u>13,275</u>	<u>31,364</u>	<u>156,403</u>	<u>5,286</u>	<u>8,629</u>	<u>7,880</u>	<u>-</u>	<u>6,316</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 126,280</u>	<u>\$ 96,742</u>	<u>\$ 23,526</u>	<u>\$ 13,275</u>	<u>\$ 31,364</u>	<u>\$ 158,703</u>	<u>\$ 5,286</u>	<u>\$ 8,629</u>	<u>\$ 9,739</u>	<u>\$ -</u>	<u>\$ 6,316</u>	<u>\$ -</u>

				Capital Projects					Debt Service	Total Nonmajor Governmental Funds
Special Projects	Veterans Monument	Accommodations Tax	Totals	Streetscape	Streets and Infrastructure	Gibson Pond	Palmetto Collegiate	Totals	Debt Service	
\$ 1,361	\$ 18,496	\$ -	\$ 197,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,543
-	-	16,485	16,485	-	-	-	-	-	-	16,485
-	-	-	1,500	-	-	-	-	-	-	1,500
-	-	-	118,120	-	-	-	-	-	-	118,120
-	-	-	-	-	-	2,663	15,007	17,670	-	17,670
-	-	26,700	209,254	-	494,133	-	-	494,133	327,327	1,030,714
<u>\$ 1,361</u>	<u>\$ 18,496</u>	<u>\$ 43,185</u>	<u>\$ 542,902</u>	<u>\$ -</u>	<u>\$ 494,133</u>	<u>\$ 2,663</u>	<u>\$ 15,007</u>	<u>\$ 511,803</u>	<u>\$ 327,327</u>	<u>\$ 1,382,032</u>
\$ -	\$ -	\$ -	\$ 2,461	\$ -	\$ -	\$ 2,663	\$ 15,007	\$ 17,670	\$ -	\$ 20,131
-	-	-	1,773	-	-	-	-	-	-	1,773
-	-	-	117,533	-	-	-	-	-	-	117,533
-	-	-	-	-	-	-	-	-	-	-
-	-	-	121,767	-	-	2,663	15,007	17,670	-	139,437
-	-	-	-	-	-	-	-	-	327,327	327,327
1,361	18,496	43,185	421,135	-	494,133	-	-	494,133	-	915,268
1,361	18,496	43,185	421,135	-	494,133	-	-	494,133	327,327	1,242,595
<u>1,361</u>	<u>\$ 18,496</u>	<u>\$ 43,185</u>	<u>\$ 542,902</u>	<u>\$ -</u>	<u>\$ 494,133</u>	<u>\$ 2,663</u>	<u>\$ 15,007</u>	<u>\$ 511,803</u>	<u>\$ 327,327</u>	<u>\$ 1,382,032</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2006

	Special Revenue											
	Police Grants and Programs	Golden Hills Tax District	Downtown Restoration	Disaster Fund	Alcohol Permits	Sidewalk Fund	Drug Fund	Cans to Trees Fund	Victims Assistance	CDBG	Concerts in the Park	History Book
Revenue												
Grant revenue	\$ 283,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,985	\$ -	\$ -
Road assessment	-	17,955	-	-	-	-	-	-	-	-	-	-
Alcohol permits	-	-	-	-	31,450	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	3,071	-	34,309	-	-	-
Accommodations tax	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	3,209	866	515	-	6,158	162	-	-	-	-	-
Miscellaneous income	6,444	-	-	-	-	-	-	-	21	-	17,750	-
Total revenue	290,427	21,164	866	515	31,450	6,158	3,233	-	34,330	136,985	17,750	-
Expenditures												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	243,079	-	-	-	-	-	3,069	-	-	-	-	-
Victim's assistance	-	-	-	-	-	-	-	-	55,732	-	-	-
Street maintenance	-	1,104	-	-	-	-	-	-	-	-	-	-
Parks and appearance	-	-	-	-	-	-	-	-	-	-	15,102	-
Housing rehabilitation	-	-	-	-	-	-	-	-	-	136,985	-	-
Tourism related	-	-	-	-	-	-	-	-	-	-	-	5,000
Debt service	-	-	-	-	39,976	-	-	-	-	-	-	-
Capital outlay	39,091	-	-	-	-	2,300	-	-	-	-	-	-
Total expenditures	282,170	1,104	-	-	39,976	2,300	3,069	-	55,732	136,985	15,102	5,000
Other Financing Sources (Uses)												
Transfers in (out)	(10,000)	-	-	-	6,990	-	-	-	-	-	-	5,000
Total other financing sources	(10,000)	-	-	-	6,990	-	-	-	-	-	-	5,000
Excess (deficiency) of revenue and other financing sources (uses) over (under) expenditures	(1,743)	20,060	866	515	(1,536)	3,858	164	-	(21,402)	-	2,648	-
Fund balances, beginning of year	10,415	76,682	22,660	12,760	32,900	152,545	5,122	8,629	29,282	-	3,668	-
Fund balances, end of year	\$ 8,672	\$ 96,742	\$ 23,526	\$ 13,275	\$ 31,364	\$ 156,403	\$ 5,286	\$ 8,629	\$ 7,880	\$ -	\$ 6,316	\$ -

				Capital Projects					Debt Service	Total Nonmajor Governmental Funds
Special Projects	Veterans Monument	Accommodations Tax	Totals	Streetscape	Streets and Infrastructure	Gibson Pond	Palmetto Collegiate	Totals	Debt Service	
\$ -	\$ -	\$ -	\$ 420,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 420,968
-	-	-	17,955	-	-	-	-	-	-	17,955
-	-	-	31,450	-	-	-	-	-	-	31,450
-	-	-	37,380	-	-	-	-	-	-	37,380
-	-	54,556	54,556	-	-	-	-	-	-	54,556
-	756	1,369	13,035	1,003	20,753	-	-	21,756	11,296	46,087
8,500	650	-	33,365	-	-	-	-	-	-	33,365
8,500	1,406	55,925	608,709	1,003	20,753	-	-	21,756	11,296	641,761
7,139	5,000	-	12,139	-	-	-	-	-	-	12,139
-	-	-	246,148	-	-	-	-	-	-	246,148
-	-	-	55,732	-	-	-	-	-	-	55,732
-	-	-	1,104	-	-	-	-	-	-	1,104
-	4,030	-	19,132	-	-	-	-	-	-	19,132
-	-	-	136,985	-	-	-	-	-	-	136,985
-	-	7,288	12,288	-	-	-	-	-	-	12,288
-	-	-	39,976	-	-	-	-	-	407,224	447,200
-	-	-	41,391	15,188	28,338	2,663	15,007	61,196	-	102,587
7,139	9,030	7,288	564,895	15,188	28,338	2,663	15,007	61,196	407,224	1,033,315
-	-	(26,478)	(24,488)	13,806	(13,806)	2,663	15,007	17,670	407,207	400,389
-	-	(26,478)	(24,488)	13,806	(13,806)	2,663	15,007	17,670	407,207	400,389
1,361	(7,624)	22,159	19,326	(379)	(21,391)	-	-	(21,770)	11,279	8,835
-	26,120	21,026	401,809	379	515,524	-	-	515,903	316,048	1,233,760
\$ 1,361	\$ 18,496	\$ 43,185	\$ 421,155	\$ -	\$ 494,133	\$ -	\$ -	\$ 494,133	\$ 327,327	\$ 1,242,595

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, 2006

(With comparative amounts at June 30, 2005)

	<u>2006</u>	<u>2005</u>
Assets		
Cash and temporary investments	\$ 4,725,571	\$ 4,054,059
Receivables, net:		
Fees and services	31,470	27,615
Property taxes, net	26,707	98,371
Other governments	112,313	114,495
Other	2,569	3,769
Due from other funds	117,533	210,996
Prepaid items	7,651	127,860
Restricted cash and temporary investments	73,602	45,244
Total assets	<u>\$ 5,097,416</u>	<u>\$ 4,682,409</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 148,634	\$ 172,100
Accrued liabilities	152,240	119,739
Due to other funds	-	18
Other liabilities	34,412	34,050
Deferred revenue	-	104,649
Advance from other fund	1,353,651	1,622,520
Total liabilities	<u>1,688,937</u>	<u>2,053,076</u>
Fund balance:		
Reserved for prepaid items	7,651	127,860
Unreserved:		
Designated for:		
Vehicle replacement	79,654	76,561
Streets and infrastructure	596,500	638,450
Undesignated	2,724,674	1,786,462
Total fund balance	<u>3,408,479</u>	<u>2,629,333</u>
Total liabilities and fund balance	<u>\$ 5,097,416</u>	<u>\$ 4,682,409</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, 2006
 (With comparative amounts for the year ended June 30, 2005)

	2006		Variance Positive (Negative)	2005
	Budget	Actual		Actual
Revenue				
Property taxes	\$ 2,152,000	\$ 2,146,307	\$ (5,693)	\$ 2,101,280
Franchises, licenses and permits	3,515,000	3,776,681	261,681	3,340,848
Other governments	290,000	362,426	72,426	295,054
Fines and forfeitures	225,000	245,426	20,426	186,964
Interest income	50,000	124,124	74,124	62,801
Charges for services	40,000	26,263	(13,737)	10,175
Miscellaneous	24,500	25,846	1,346	29,046
Total revenue	<u>6,296,500</u>	<u>6,707,073</u>	<u>410,573</u>	<u>6,026,168</u>
Expenditures				
General Government				
Building Department:				
Personnel	402,552	404,568	(2,016)	356,208
Contractual services	2,420	2,654	(234)	2,894
Repairs and maintenance	91,720	88,058	3,662	5,724
Supplies	15,340	11,671	3,669	11,576
Other operating	258,240	231,853	26,387	9,484
Allocation of other expenditures	(165,660)	(153,108)	(12,552)	-
Total building department	<u>604,612</u>	<u>585,696</u>	<u>18,916</u>	<u>385,886</u>
Administration Department:				
Personnel	628,006	595,557	32,449	589,352
Contractual services	132,641	133,274	(633)	6,035
Repairs and maintenance	2,660	103	2,557	694
Supplies	12,210	7,082	5,128	9,985
Other operating	37,690	51,184	(13,494)	31,065
Allocation of personnel expenditures	(259,694)	(251,556)	(8,138)	(294,676)
Allocation of other expenditures	(29,410)	(32,180)	2,770	(23,890)
Total administration department	<u>524,103</u>	<u>503,464</u>	<u>20,639</u>	<u>318,565</u>
Finance:				
Personnel	521,497	508,786	12,711	440,041
Contractual services	7,100	10,120	(3,020)	8,934
Repairs and maintenance	3,150	2,339	811	2,904
Supplies	4,510	3,456	1,054	3,169
Other operating	90,721	77,426	13,295	82,811
Allocation of personnel expenditures	(260,748)	(254,393)	(6,355)	(220,021)
Allocation of other expenditures	(52,740)	(46,670)	(6,070)	(48,909)
Total finance	<u>313,490</u>	<u>301,064</u>	<u>12,426</u>	<u>268,929</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

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

- CONTINUED -

	2006		Variance	2005
	Budget	Actual	Positive (Negative)	Actual
Expenditures (Continued)				
General Government (Continued)				
Council:				
Personnel	109,037	109,079	(42)	98,201
Contractual services	22,050	10,746	11,304	40,017
Repairs and maintenance	-	-	-	49,593
Supplies	1,000	322	678	2,477
Other operating	116,090	122,423	(6,333)	364,813
Contributions	5,000	10,000	(5,000)	5,900
Allocation of personnel expenditures	(54,518)	(54,540)	22	(49,101)
Allocation of other expenditures	(72,070)	(71,746)	(324)	(231,400)
Total council	126,589	126,284	305	280,500
Total general government	1,568,794	1,516,508	52,286	1,253,880
Public Safety				
Personnel	2,055,189	1,974,752	80,437	1,853,584
Contractual services	83,140	83,366	(226)	58,255
Repairs and maintenance	34,900	27,255	7,645	38,981
Supplies	111,909	113,321	(1,412)	94,909
Other operating	117,717	99,813	17,904	92,730
Total public safety	2,402,855	2,298,507	104,348	2,138,459
Parks, Streets and Sanitation				
Personnel	590,568	595,114	(4,546)	543,690
Contractual services	604,000	574,276	29,724	534,377
Repairs and maintenance	29,740	17,338	12,402	29,874
Supplies	53,500	53,850	(350)	55,360
Other operating	209,250	215,835	(6,585)	194,503
Total parks, streets and sanitation	1,487,058	1,456,413	30,645	1,357,804
Capital Outlay	508,795	502,204	6,591	1,012,716
Debt Service	120,510	112,341	8,169	34,806
Total expenditures	6,088,012	5,885,973	202,039	5,797,665
Other Financing Sources (Uses)				
Issuance of capital lease	421,885	421,885	-	178,205
Transfers in	37,500	36,478	(1,022)	392,566
Transfers out	(762,575)	(500,317)	262,258	(592,665)
Total other financing sources (uses)	(303,190)	(41,954)	261,236	(21,894)
Excess of revenue over (under) expenditures and other financing sources (uses)	(94,702)	779,146	873,848	206,609
Fund balance, beginning of year	2,629,333	2,629,333	-	2,422,724
Fund balance, end of year	\$ 2,534,631	\$ 3,408,479	\$ 873,848	\$ 2,629,333

TOWN OF LEXINGTON, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

(With comparative total amounts at June 30, 2005)

	<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>
Assets									
Cash and temporary investments	\$ 4,038	\$ -	\$ -	\$ -	\$ -	\$ 158,703	\$ -	\$ 8,629	\$ -
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Other	1,500	-	-	-	-	-	-	-	-
Due from grantor	118,120	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Restricted cash and temporary investments	2,622	96,742	23,526	13,275	31,364	-	5,286	-	9,739
Total assets	\$ 126,280	\$ 96,742	\$ 23,526	\$ 13,275	\$ 31,364	\$ 158,703	\$ 5,286	\$ 8,629	\$ 9,739
Liabilities and Fund Balances									
Accounts payable	\$ 75	\$ -	\$ -	\$ -	\$ -	\$ 2,300	\$ -	\$ -	\$ 86
Accrued Liabilities	-	-	-	-	-	-	-	-	1,773
Due to other funds	117,533	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Total liabilities	117,608	-	-	-	-	2,300	-	-	1,859
Fund balances:									
Unreserved/undesignated	8,672	96,742	23,526	13,275	31,364	156,403	5,286	8,629	7,880
Total fund equity	8,672	96,742	23,526	13,275	31,364	156,403	5,286	8,629	7,880
Total liabilities and fund balances	\$ 126,280	\$ 96,742	\$ 23,526	\$ 13,275	\$ 31,364	\$ 158,703	\$ 5,286	\$ 8,629	\$ 9,739

CDBG	Concerts	Hospitality Tax	History Book	Special Projects	Veterans Monument	Accommodations Tax	Totals	
	in the Park						2006	2005
\$ -	\$ 6,316	\$ -	\$ -	\$ 1,361	\$ 18,496	\$ -	\$ 197,543	\$ 198,848
-	-	-	-	-	-	16,485	16,485	119,400
-	-	-	-	-	-	-	1,500	1,800
-	-	-	-	-	-	-	118,120	237,209
-	-	-	-	-	-	-	-	10,213
-	-	1,206,243	-	-	-	26,700	1,415,497	1,503,330
<u>\$ -</u>	<u>\$ 6,316</u>	<u>\$ 1,206,243</u>	<u>-</u>	<u>1,361</u>	<u>\$ 18,496</u>	<u>\$ 43,185</u>	<u>\$ 1,749,145</u>	<u>\$ 2,070,800</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,461	\$ 277,954
-	-	-	-	-	-	-	1,773	1,778
-	-	17,670	-	-	-	-	135,203	221,209
-	-	-	-	-	-	-	-	7,504
-	-	17,670	-	-	-	-	139,437	508,445
-	6,316	1,188,573	-	1,361	18,496	43,185	1,609,708	1,562,355
-	6,316	1,188,573	-	1,361	18,496	43,185	1,609,708	1,562,355
<u>\$ -</u>	<u>\$ 6,316</u>	<u>\$ 1,206,243</u>	<u>\$ -</u>	<u>1,361</u>	<u>\$ 18,496</u>	<u>\$ 43,185</u>	<u>\$ 1,749,145</u>	<u>\$ 2,070,800</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2006
 (With comparative total amounts at June 30, 2005)

	Police Grants and Programs	Golden Hills Tax District	Downtown Restoration	Disaster Fund	Alcohol Permits	Sidewalk Fund	Drug Fund	Cans to Trees Fund
Revenue								
Grant revenue	\$ 283,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road assessment	-	17,955	-	-	-	-	-	-
Sidewalk proceeds	-	-	-	-	-	-	-	-
Alcohol permits	-	-	-	-	31,450	-	-	-
Recycling proceeds	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	3,071	-
Hospitality tax	-	-	-	-	-	-	-	-
Accommodations tax	-	-	-	-	-	-	-	-
Interest income	-	3,209	866	515	-	6,158	162	-
Other income	6,444	-	-	-	-	-	-	-
Total revenue	290,427	21,164	866	515	31,450	6,158	3,233	-
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	243,079	-	-	-	-	-	3,069	-
Victims assistance	-	-	-	-	-	-	-	-
Street maintenance	-	1,104	-	-	-	-	-	-
Parks and appearance	-	-	-	-	-	-	-	-
Housing rehabilitation	-	-	-	-	-	-	-	-
Tourism related expenses	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	39,976	-	-	-
Capital outlay	39,091	-	-	-	-	2,300	-	-
Total expenditures	282,170	1,104	-	-	39,976	2,300	3,069	-
Other Financing Sources (Uses)								
Proceeds from special source revenue bonds	-	-	-	-	-	-	-	-
Transfers in (out)	(10,000)	-	-	-	6,990	-	-	-
Total other financing sources (uses)	(10,000)	-	-	-	6,990	-	-	-
Excess (deficiency) of revenue and other financing sources (uses) over (under) expenditures	(1,743)	20,060	866	515	(1,536)	3,858	164	-
Fund balances, beginning of year of year	10,415	76,682	22,660	12,760	32,900	152,545	5,122	8,629
Fund balances, end of year	\$ 8,672	\$96,742	\$ 23,526	\$13,275	\$ 31,364	\$ 156,403	\$ 5,286	\$ 8,629

Victims Assistance	CDBG	Concerts in the Park	Hospitality Tax	History Book	Special Projects	Veterans Monument	Accommodations Tax	Totals	
								2006	2005
\$ -	\$ 136,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 420,968	\$ 449,378
-	-	-	-	-	-	-	-	17,955	17,850
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	31,450	33,600
-	-	-	-	-	-	-	-	-	-
34,309	-	-	-	-	-	-	-	37,380	46,983
-	-	-	6,902	-	-	-	-	6,902	1,236,308
-	-	-	-	-	-	-	54,556	54,556	46,596
-	-	-	49,835	-	-	756	1,369	62,870	43,683
21	-	17,750	40,750	-	8,500	650	-	74,115	50,323
<u>34,330</u>	<u>136,985</u>	<u>17,750</u>	<u>97,487</u>	<u>-</u>	<u>8,500</u>	<u>1,406</u>	<u>55,925</u>	<u>706,196</u>	<u>1,924,721</u>
-	-	-	-	-	7,139	5,000	-	258,287	168,705
55,732	-	-	-	-	-	-	-	55,732	54,696
-	-	-	-	-	-	-	-	1,104	410
-	-	15,102	-	-	-	4,030	-	19,132	29,594
-	136,985	-	-	-	-	-	-	136,985	157,053
-	-	-	19,160	5,000	-	-	7,288	31,448	332,007
-	-	-	-	-	-	-	-	39,976	3,764,443
-	-	-	32,630	-	-	-	-	74,021	433,110
<u>55,732</u>	<u>136,985</u>	<u>15,102</u>	<u>51,790</u>	<u>5,000</u>	<u>7,139</u>	<u>9,030</u>	<u>7,288</u>	<u>616,685</u>	<u>4,940,018</u>
-	-	-	-	-	-	-	-	-	3,615,000
-	-	-	(17,670)	5,000	-	-	(26,478)	(42,158)	(12,278)
-	-	-	(17,670)	5,000	-	-	(26,478)	(42,158)	3,602,722
(21,402)	-	2,648	28,027	-	1,361	(7,624)	22,159	47,353	587,425
29,282	-	3,668	1,160,546	-	-	26,120	21,026	1,562,355	974,930
<u>\$ 7,880</u>	<u>\$ -</u>	<u>\$ 6,316</u>	<u>\$ 1,188,573</u>	<u>\$ -</u>	<u>\$ 1,361</u>	<u>\$ 18,496</u>	<u>\$ 43,185</u>	<u>\$ 1,609,708</u>	<u>\$ 1,562,355</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

DEBT SERVICE FUND
BALANCE SHEET

JUNE 30, 2006

(With comparative amounts at June 30, 2005)

	<u>2006</u>	<u>2005</u>
Assets		
Due from other funds	\$ -	\$ 15
Restricted cash and temporary investments	<u>327,327</u>	<u>316,033</u>
Total assets	<u>\$ 327,327</u>	<u>\$ 316,048</u>
Liabilities and Fund Balance		
Fund balance:		
Reserved for debt service	<u>\$ 327,327</u>	<u>\$ 316,048</u>
Total fund balance	<u>327,327</u>	<u>316,048</u>
Total liabilities and fund balance	<u>\$ 327,327</u>	<u>\$ 316,048</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, 2006

(With comparative actual amounts for the year ended June 30, 2005)

	2006		Variance Favorable (Unfavorable)	2005
	Budget	Actual		Actual
Revenue				
Interest income	\$ -	\$ 11,296	\$ 11,296	\$ 4,493
Total revenue	-	11,296	11,296	4,493
Expenditures				
Debt service	405,585	407,224	(1,639)	409,941
Total expenditures	405,585	407,224	(1,639)	409,941
Deficiency of revenue under expenditures	(405,585)	(395,928)	9,657	(405,448)
Other Financing Sources				
Transfers in	405,585	407,207	1,622	409,939
Total other financing source	405,585	407,207	1,622	409,939
Excess of revenue and other financing sources over expenditures	-	11,279	11,279	4,491
Fund balance, beginning of year	316,048	316,048	-	311,557
Fund balance, end of year	\$ 316,048	\$ 327,327	\$ 11,279	\$ 316,048

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

(With comparative amounts at June 30, 2005)

	<u>Streetscape</u>	<u>Streets and Infrastructure</u>	<u>Gibson Pond</u>	<u>Palmetto Collegiate</u>	<u>Totals</u>	
					<u>2006</u>	<u>2005</u>
Assets						
Due from other funds	\$ -	\$ -	\$ 2,663	\$ 15,007	17,670	-
Restricted cash and temporary investments	-	494,133	-	-	494,133	538,795
Total assets	<u>\$ -</u>	<u>\$ 494,133</u>	<u>\$ 2,663</u>	<u>\$ 15,007</u>	<u>\$ 511,803</u>	<u>\$ 538,795</u>
Liabilities and Fund Balances						
Accounts payable	\$ -	\$ -	\$ 2,663	\$ 15,007	\$ 17,670	\$ 22,892
Fund balance: Unreserved/Undesignated	-	494,133	-	-	494,133	515,903
Total fund balances	-	494,133	-	-	494,133	515,903
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 494,133</u>	<u>\$ 2,663</u>	<u>\$ 15,007</u>	<u>\$ 511,803</u>	<u>\$ 538,795</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2006

(With comparative amounts for the year ended June 30, 2005)

	Streetscape	Streets and Infrastructure	Gibson Pond	Palmetto Collegiate	Totals	
					2006	2005
Revenue						
Other income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,360
Interest income	1,003	20,753	-	-	21,756	11,298
Total Revenue	<u>1,003</u>	<u>20,753</u>	<u>-</u>	<u>-</u>	<u>21,756</u>	<u>26,658</u>
Expenditures						
Capital outlay	15,188	28,338	2,663	15,007	61,196	109,957
Total expenditures	<u>15,188</u>	<u>28,338</u>	<u>2,663</u>	<u>15,007</u>	<u>61,196</u>	<u>109,957</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(14,185)</u>	<u>(7,585)</u>	<u>(2,663)</u>	<u>(15,007)</u>	<u>(39,440)</u>	<u>(83,299)</u>
Other Financing Sources (Uses)						
Transfer in (out)	13,806	(13,806)	2,663	15,007	17,670	75,000
Total other financing sources (uses)	<u>13,806</u>	<u>(13,806)</u>	<u>2,663</u>	<u>15,007</u>	<u>17,670</u>	<u>75,000</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures	<u>(379)</u>	<u>(21,391)</u>	<u>-</u>	<u>-</u>	<u>(21,770)</u>	<u>(8,299)</u>
Fund balances, beginning of year	379	515,524	-	-	515,903	524,202
Fund balances, end of year	<u>\$ -</u>	<u>\$ 494,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,133</u>	<u>\$ 515,903</u>

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

JUNE 30, 2006
(With comparative amounts at June 30, 2005)

	<u>2006</u>	<u>2005</u>
Assets		
Cash and temporary investments	\$ 11,556,294	\$ 6,870,314
Receivables, net:		
Fees and services	1,302,127	1,217,381
Other	3,675	6,825
Advance from other fund	1,353,651	1,622,523
Inventories-supplies	113,510	162,157
Restricted assets:		
Cash and temporary investments	1,324,568	3,268,916
Investments	560,145	565,191
Property, plant, and equipment, net:		
Land	137,434	137,434
Construction in progress	1,680,396	2,082,904
Buildings and system	45,536,687	38,644,035
Vehicles, machinery and equipment	571,721	525,222
Deferred charges:		
Capacity reserve	15,698,447	15,524,165
Retail distribution rights	2,152,399	2,202,454
Bond issue cost, net of amortization	1,275,373	1,333,898
Total assets	<u>83,266,427</u>	<u>74,163,419</u>
Liabilities		
Liabilities:		
Accounts payable	287,365	385,114
Accrued liabilities	63,316	54,927
Deferred revenue	-	90,000
Current liabilities payable from restricted assets:		
Construction payables	145,345	378,041
Accrued interest	453,491	453,712
Revenue bonds-current	1,125,000	1,105,000
Customer deposits	6,500	3,500
Revenue bonds payable	35,093,511	35,878,100
Contracts payable	2,559,018	2,559,018
Accrued compensated absences	72,784	76,575
Capital lease obligation	488,775	488,775
Total liabilities	<u>40,295,105</u>	<u>41,472,762</u>
Net Assets		
Invested in capital assets, net of related debt	27,373,745	22,064,484
Restricted for capital projects	103,319	58,258
Restricted for debt service	364,356	342,470
Unrestricted	<u>15,129,902</u>	<u>10,225,445</u>
Total net assets	<u>\$ 42,971,322</u>	<u>\$ 32,690,657</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2006

(With comparative amounts for the year ended June 30, 2005)

	<u>2006</u>	<u>2005</u>
Operating Revenue		
Water service	\$ 3,248,247	\$ 2,954,579
Sewer service	4,778,994	4,117,671
Tap and meter fees	101,729	109,088
Other income	<u>377,575</u>	<u>312,725</u>
Total operating revenue	<u>8,506,545</u>	<u>7,494,063</u>
Operating Expenses		
Salaries and benefits	2,328,103	2,256,972
Water treatment	1,230,485	1,293,019
Sewer treatment	468,827	427,837
Other contractual services	266,339	207,278
Materials and supplies	178,415	230,012
Electricity	152,585	128,658
Miscellaneous operating expenses	1,144,724	648,716
Depreciation and amortization	<u>1,464,223</u>	<u>1,389,780</u>
Total operating expenses	<u>7,233,701</u>	<u>6,582,272</u>
Operating income	<u>1,272,844</u>	<u>911,791</u>
Non-Operating Revenue (Expenses)		
Interest income	463,061	226,087
Interest expense	(1,902,986)	(1,900,862)
Amortization of bond issuance costs	<u>(58,523)</u>	<u>(56,130)</u>
Total non-operating revenue (expenses)	<u>(1,498,448)</u>	<u>(1,730,905)</u>
Net income (loss) before contributions and transfers	<u>(225,604)</u>	<u>(819,114)</u>
Capital Contributions:		
Capital contribution fees	4,852,853	3,769,914
Developer capital asset contributions	<u>5,572,296</u>	<u>1,207,014</u>
Total capital contributions	<u>10,425,149</u>	<u>4,976,928</u>
Transfers In	81,120	93,924
Transfers Out	<u>-</u>	<u>(366,486)</u>
Change in net assets	10,280,665	3,885,252
Net assets, beginning of year	<u>32,690,657</u>	<u>28,805,405</u>
Net assets, end of year	<u>\$ 42,971,322</u>	<u>\$ 32,690,657</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM ENTERPRISE FUND
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2006
(With comparative amounts for the year ended June 30, 2005)

	2006	2005
Cash Flows from Operating Activities		
Cash received from customers	\$ 8,427,955	\$ 7,463,835
Cash paid to suppliers for goods or services	(3,196,922)	(2,770,464)
Cash paid to employees for services	(2,323,505)	(2,236,573)
Net cash provided by operating activities	2,907,528	2,456,798
Cash Flows from Non-Capital Financing Activities		
Advances to other fund	-	(76,449)
Transfer from other fund	349,992	93,924
Transfer to other fund	-	(366,486)
Net cash provided by (used in) non-capital financing activities	349,992	(349,011)
Cash Flows from Capital and Related Financing Activities		
Purchases and construction of capital assets	(2,661,097)	(3,585,413)
Purchase of capacity reserve	(417,955)	(4,558,204)
Proceeds from capital debt	-	7,871,564
Bond issuance costs paid	-	(266,861)
Principal paid on capital debt	(1,105,000)	(8,970,000)
Interest and fees paid	(1,562,796)	(1,489,456)
Proceeds from capital contribution fees	4,762,853	3,859,914
Net cash used in capital and related financing activities	(983,995)	(7,138,456)
Cash Flows from Investing Activities		
Purchases of investments	(560,145)	(565,191)
Proceeds from the sale of investments	565,191	
Interest received	463,061	226,087
Net cash provided by (used in) investing activities	468,107	(339,104)
Net increase (decrease) in cash and temporary investments	2,741,632	(5,369,773)
Cash and temporary investments, beginning of year	10,139,230	15,509,003
Cash and temporary investments, end of year	\$ 12,880,862	\$ 10,139,230
Reconciliation to the Statement of Net Assets:		
Cash and temporary investments	\$ 11,556,294	\$ 6,870,314
Restricted cash and temporary investments	1,324,568	3,268,916
Cash and temporary investments, end of year	\$ 12,880,862	\$ 10,139,230

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM ENTERPRISE FUND
STATEMENT OF CASH FLOWS

- CONTINUED -

	2006	2005
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 1,272,844	\$ 911,791
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,464,223	1,389,780
Loss on impairment of capital assets	273,218	-
Increase in accounts receivable	(81,596)	(29,728)
Decrease (increase) in inventory	48,647	(39,972)
Increase (decrease) in accounts payable	(77,406)	205,028
Increase (decrease) in customer deposits	3,000	(500)
Increase in accrued expenses	4,598	20,399
Net cash provided by operating activities	\$ 2,907,528	\$ 2,456,798
Non-Cash Capital Supplementary Information:		
Revenue bond principal accretion and discount amortization	\$ 121,846	\$ 135,687
Revenue bond premium and deferred amount on refunding amortization	218,565	218,605
Contributed capital assets from developers	5,572,296	1,207,014

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, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Governmental Funds Capital Assets:		
Land	\$ 3,574,764	\$ 3,559,014
Buildings	8,815,144	8,756,264
Vehicles and equipment	1,634,134	1,432,814
Streets and roadways	7,547,948	6,762,816
Sidewalks	982,584	854,344
Storm drainage	1,395,291	1,275,682
Construction in progress	202,353	171,464
Total governmental funds capital assets	<u>\$ 24,152,218</u>	<u>\$ 22,812,398</u>
Investments in Governmental Funds Capital Assets by Source:		
General fund	\$ 10,748,174	\$ 10,519,368
Special revenue funds	479,864	430,420
Capital projects funds	3,009,103	2,965,326
Donations	9,915,077	8,897,284
Total governmental funds capital assets	<u>\$ 24,152,218</u>	<u>\$ 22,812,398</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

JUNE 30, 2006

Function and Activity	Land	Buildings	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	-	-	73,271	-	-	-	-	73,271
Building department	-	-	34,084	-	-	-	-	34,084
Other-unclassified	1,715,661	5,947,737	56,252	-	-	-	-	7,719,650
68 Total general government	<u>1,715,661</u>	<u>5,947,737</u>	<u>225,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,888,846</u>
Public Safety:								
Police	-	2,662,006	717,303	-	-	-	-	3,379,309
Victim's assistance	-	-	-	-	-	-	-	-
Police grants and programs	-	-	122,450	-	-	-	-	122,450
Total public safety	<u>-</u>	<u>2,662,006</u>	<u>839,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,501,759</u>
Parks, streets, and sanitation	<u>1,859,103</u>	<u>205,401</u>	<u>568,933</u>	<u>7,547,948</u>	<u>982,584</u>	<u>1,395,291</u>	<u>13,220</u>	<u>12,572,480</u>
Tourism related	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,133</u>	<u>189,133</u>
Total governmental funds capital assets	<u>\$ 3,574,764</u>	<u>\$ 8,815,144</u>	<u>\$ 1,634,134</u>	<u>\$ 7,547,948</u>	<u>\$ 982,584</u>	<u>\$ 1,395,291</u>	<u>\$ 202,353</u>	<u>\$ 24,152,218</u>

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, 2006

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	June 30, 2005	Additions	Deductions	June 30, 2006
General government:				
Council	\$ 31,413	\$ -	\$ 20,636	\$ 10,777
Administration	59,134		21,273	37,861
Finance	13,203	-	-	13,203
Information technology	5,692	67,579	-	73,271
Building department	76,188		42,104	34,084
Other-unclassified	7,719,650		-	7,719,650
Total general government	<u>7,905,280</u>	<u>67,579</u>	<u>84,013</u>	<u>7,888,846</u>
Public Safety:				
Police	3,304,669	116,640	42,000	3,379,309
Victim's assistance	-	-	-	-
Police grants and programs	107,936	14,514	-	122,450
Total public safety	<u>3,412,605</u>	<u>131,154</u>	<u>42,000</u>	<u>3,501,759</u>
Parks, streets, and sanitation	<u>11,323,049</u>	<u>1,314,600</u>	<u>65,169</u>	<u>12,572,480</u>
Tourism related	<u>171,464</u>	<u>17,669</u>	<u>-</u>	<u>189,133</u>
Total governmental funds capital assets	<u>\$ 22,812,398</u>	<u>\$ 1,531,002</u>	<u>\$ 191,182</u>	<u>\$ 24,152,218</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, 2006

Court Fines and Assessments:

Total Court fines and assessments collected	<u>\$ 597,043</u>
Total Court fines and assessments retained by Municipal Treasurer	<u>\$ 245,426</u>
Total Court fines and assessments remitted to State Treasurer	<u>\$ 317,307</u>

Surcharges:

Total surcharges collected	<u>\$ 6,901</u>
Total surcharges retained by Municipal Treasurer	<u>\$ 6,901</u>

Assessments

Total assessments collected	<u>\$ 27,408</u>
Total assessments retained by Municipal Treasurer	<u>\$ 27,408</u>

Victim's Services:

Total Court fines and assessments allocated	<u>\$ 34,809</u>
Total surcharges allocated	<u>\$ 6,901</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 92 – 97)

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 98 – 104)

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

Debt Capacity (Pages 105 – 109)

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 110 – 112)

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 113– 115)

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)

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	(A)	(A)	(A)	(A)	(A)	(A)	(A)	\$ 13,128,724	\$ 14,921,730	\$ 14,776,315
Restricted	(A)	(A)	(A)	(A)	(A)	(A)	(A)	1,065,564	1,860,561	1,765,083
Unrestricted	(A)	(A)	(A)	(A)	(A)	(A)	(A)	2,469,611	2,411,116	4,074,923
Total Governmental Activities Net Assets								<u>\$ 16,663,899</u>	<u>\$ 19,193,407</u>	<u>\$ 20,616,321</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	(A)	(A)	(A)	(A)	(A)	(A)	(A)	\$ 15,006,879	22,064,484	27,373,745
Restricted	(A)	(A)	(A)	(A)	(A)	(A)	(A)	1,031,264	400,728	467,675
Unrestricted	(A)	(A)	(A)	(A)	(A)	(A)	(A)	12,767,262	10,225,445	15,129,902
Total Business-Type Activities Net assets								<u>\$ 28,805,405</u>	<u>\$ 32,690,657</u>	<u>\$ 42,971,322</u>
Primary Government										
Invested in Capital Assets, Net of Related Debt	(A)	(A)	(A)	(A)	(A)	(A)	(A)	\$ 28,135,603	\$ 36,986,214	\$ 42,150,060
Restricted	(A)	(A)	(A)	(A)	(A)	(A)	(A)	2,096,828	2,261,289	2,232,758
Unrestricted	(A)	(A)	(A)	(A)	(A)	(A)	(A)	15,236,873	12,636,561	19,204,825
Total Primary Government Net Assets								<u>\$ 45,469,304</u>	<u>\$ 51,884,064</u>	<u>\$ 63,587,643</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)

Fiscal Year June 30,

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Expenses										
Governmental Activities:										
General Government	(A)	\$ 1,231,253	\$ 1,395,091	\$ 1,723,654						
Public Safety	(A)	2,351,798	2,595,158	2,768,585						
Parks, Streets, and Sanitation	(A)	1,706,399	1,897,425	1,979,016						
Victims' Assistance	(A)	48,897	54,696	55,732						
Housing Rehabilitation	(A)	-	157,053	136,985						
Tourism Related	(A)	184,862	332,007	31,448						
Interest on Long-Term Debt	(A)	250,309	358,158	252,162						
Total Governmental Activities Expenses	(A)	<u>\$ 5,773,518</u>	<u>\$ 6,789,588</u>	<u>\$ 6,947,582</u>						
Business-Type Activities:										
Water and Sewer System	(A)	7,616,681	8,539,264	9,195,210						
Total Business-Type Activities Expenses	(A)	<u>7,616,681</u>	<u>8,539,264</u>	<u>9,195,210</u>						
Total Primary Government Expenses	(A)	<u>\$13,390,199</u>	<u>\$15,328,852</u>	<u>\$ 16,142,792</u>						
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	(A)	\$ 181,021	\$ 254,412	\$ 304,403						
Public Safety	(A)	258,233	199,256	258,831						
Parks, Streets, and Sanitation	(A)	652,834	713,897	773,362						
Victims' Assistance	(A)	46,671	29,878	34,330						
Housing Rehabilitation								-	138	-
Tourism Related								61,831	54,116	59,528
Operating Grants and Contributions	(A)	209,753	207,811	278,086						
Capital Grants and Contributions	(A)	176,096	1,360,018	1,193,869						
Total Governmental Activities Program Revenues	(A)	<u>\$ 1,586,439</u>	<u>\$ 2,819,526</u>	<u>\$ 2,902,409</u>						
Business-Type Activities:										
Charges for Services:										
Water and Sewer System	(A)	6,942,895	7,494,063	8,506,545						
Operating Grants and Contributions	(A)	-	-	-						
Capital Grants and Contributions	(A)	3,248,045	4,976,928	10,425,149						
Total Business-Type Activities Program Revenues	(A)	<u>10,190,940</u>	<u>12,470,991</u>	<u>18,931,694</u>						
Total Primary Government Program Revenues	(A)	<u>\$11,777,379</u>	<u>\$15,290,517</u>	<u>\$ 21,834,103</u>						

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

(Continued)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Net (Expense)/Revenue										
Governmental Activities	(A)	(A)	(A)	(A)	(A)	(A)	(A)	\$ (4,187,079)	\$ (3,970,062)	\$ (4,045,173)
Business-Type Activities	(A)	(A)	(A)	(A)	(A)	(A)	(A)	2,574,259	3,931,727	9,736,484
Total Primary Government Net (Expense)/Revenue	(A)	(A)	(A)	(A)	(A)	(A)	(A)	<u>\$ (1,612,820)</u>	<u>\$ (38,335)</u>	<u>\$ 5,691,311</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes by Source:										
Property Tax	(A)	(A)	(A)	(A)	(A)	(A)	(A)	\$ 1,956,731	\$ 2,101,197	\$ 2,133,809
Business License Tax	(A)	(A)	(A)	(A)	(A)	(A)	(A)	\$ 2,092,340	2,430,443	2,744,734
Hospitality Tax	(A)	(A)	(A)	(A)	(A)	(A)	(A)	777,968	1,236,308	47,652
State Aid not Restricted for Specific Purpose	(A)	(A)	(A)	(A)	(A)	(A)	(A)	341,246	321,134	388,904
Unrestricted Investment Earnings	(A)	(A)	(A)	(A)	(A)	(A)	(A)	53,381	122,275	220,046
Miscellaneous	(A)	(A)	(A)	(A)	(A)	(A)	(A)	3,922	15,651	14,062
Transfers	(A)	(A)	(A)	(A)	(A)	(A)	(A)	609,386	272,562	(81,120)
Total Governmental Activities	(A)	(A)	(A)	(A)	(A)	(A)	(A)	<u>\$ 5,834,974</u>	<u>\$ 6,499,570</u>	<u>\$ 5,468,087</u>
Business-Type Activities:										
Water and Sewer System:										
Unrestricted Investment Earnings	(A)	(A)	(A)	(A)	(A)	(A)	(A)	199,511	226,087	463,061
Transfers	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(609,386)	(272,562)	81,120
Total Business-Type Activities	(A)	(A)	(A)	(A)	(A)	(A)	(A)	<u>(409,875)</u>	<u>(46,475)</u>	<u>544,181</u>
Total Primary Government	(A)	(A)	(A)	(A)	(A)	(A)	(A)	<u>\$ 5,425,099</u>	<u>\$ 6,453,095</u>	<u>\$ 6,012,268</u>
Change in Net Assets:										
Governmental Activities	(A)	(A)	(A)	(A)	(A)	(A)	(A)	\$ 1,647,895	\$ 2,529,508	\$ 1,422,914
Business-Type Activities	(A)	(A)	(A)	(A)	(A)	(A)	(A)	2,164,384	3,885,252	10,280,665
Total Primary Government	(A)	(A)	(A)	(A)	(A)	(A)	(A)	<u>\$ 3,812,279</u>	<u>\$ 6,414,760</u>	<u>\$ 11,703,579</u>

(A) GASB 34 was not implemented until the 2004 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)

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 96,540	\$ 2,790	\$ 1,102	\$ 959	\$ 127,860	\$ 7,651
Unreserved	1,057,739	1,597,772	2,282,194	2,691,466	2,820,287	3,299,872	3,527,752	2,421,765	2,501,473	3,400,828
Total General Fund	<u>\$ 1,057,739</u>	<u>\$ 1,597,772</u>	<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>
All Other Governmental Funds										
Reserved	\$ 248,341	\$ 260,665	\$ 272,345	\$ 284,422	\$ 301,484	\$ 307,444	\$ 310,253	\$ 311,557	\$ 316,048	\$ 327,327
Unreserved, Reported In:										
Special Revenue Funds	29,093	52,917	285,884	334,256	364,383	397,405	314,160	974,930	1,562,355	1,609,708
Capital Projects	-	-	-	-	-	2,300,380	1,176,726	524,202	515,903	494,133
Total All Other Governmental Funds	<u>\$ 277,434</u>	<u>\$ 313,582</u>	<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>



TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes by Source:										
Property Tax	\$ 985,176	\$ 1,129,612	\$ 1,353,996	\$ 1,411,538	\$ 1,654,082	\$1,643,953	\$ 1,840,776	\$ 1,942,182	\$ 2,101,280	\$ 2,146,307
Hospitality Tax	-	-	-	-	-	-	-	771,779	1,236,308	6,902
Franchises, Licenses, and Permits	1,524,673	1,584,037	1,813,731	1,998,933	2,252,406	2,485,391	2,636,418	2,883,054	3,340,848	3,776,681
Other governments	688,046	395,634	584,881	587,083	523,963	691,297	967,237	588,626	824,628	869,401
Fines and Forfeitures	161,362	192,141	242,753	193,455	239,456	299,714	289,877	299,319	233,947	282,805
Interest Income	39,455	42,649	80,034	134,511	152,459	81,140	87,767	53,381	122,275	220,046
Charges for Services	30,455	30,938	26,238	26,165	35,591	41,429	27,587	23,958	10,175	26,263
Miscellaneous	39,002	31,159	75,740	318,341	43,485	40,634	52,684	142,545	112,579	117,916
Total Revenues	<u>\$ 3,468,169</u>	<u>\$ 3,406,170</u>	<u>\$ 4,177,373</u>	<u>\$ 4,670,026</u>	<u>\$ 4,901,442</u>	<u>\$5,283,558</u>	<u>\$ 5,902,346</u>	<u>\$ 6,704,844</u>	<u>\$ 7,982,040</u>	<u>\$ 7,446,321</u>
Expenditures										
Current:										
General Government	\$ 752,794	\$ 677,732	\$ 990,345	\$ 1,253,790	\$ 1,387,621	\$1,509,230	\$ 1,005,750	\$ 1,105,468	\$ 1,253,880	\$ 1,528,647
Public Safety	985,996	1,064,062	1,125,591	1,193,358	1,391,450	1,551,536	1,850,757	2,133,078	2,307,164	2,544,655
Parks, Streets and Sanitation	655,178	672,254	772,834	846,282	957,204	1,023,938	1,170,204	1,313,460	1,387,808	1,476,649
Victims' Assistance	-	84	618	38,110	35,236	44,184	82,450	48,864	54,696	55,732
Housing Rehabilitation	93,305	1,240	235,588	78,710	-	-	816	662	157,053	136,985
Tourism Related	-	-	10,839	16,838	30,042	-	52,207	181,300	332,007	31,448
Capital Outlay	200,557	115,433	425,253	394,474	437,340	689,109	5,112,166	3,175,050	1,555,783	637,421
Debt Service:										
Principal	224,279	203,350	346,648	325,810	310,076	169,917	276,072	298,003	3,958,672	424,035
Interest and Other Charges	83,054	95,834	29,311	85,854	230,351	54,939	188,989	154,925	250,518	135,506
Grants in Aid	396,759	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>3,391,922</u>	<u>2,829,989</u>	<u>3,937,027</u>	<u>4,233,226</u>	<u>4,779,320</u>	<u>5,042,853</u>	<u>9,739,411</u>	<u>8,410,810</u>	<u>11,257,581</u>	<u>6,971,078</u>
Excess of Revenues Over (Under) Expenditures	\$ 76,247	\$ 576,181	\$ 240,346	\$ 436,800	\$ 122,122	\$ 240,705	\$ (3,837,065)	\$ (1,705,966)	\$ (3,275,541)	\$ 475,243

TOWN OF LEXINGTON, SOUTH CAROLINA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

(Continued)

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other Financing Sources (Uses)										
Transfers In	\$ 210,453	\$ 204,428	\$ 413,888	\$ 209,274	\$ 210,060	\$ 206,300	\$ 3,444,695	\$ 1,156,141	\$ 891,307	\$ 487,151
Transfers Out	(210,453)	(204,428)	(313,888)	(176,353)	(210,060)	(206,300)	(585,528)	(546,755)	(618,745)	(568,271)
Proceeds from Capital Lease/Other Obligations	168,411	-	588,723	-	150,428	83,772	-	-	178,205	421,885
Issuance of General Obligation Bonds	-	-	-	-	-	2,463,140	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	(62,420)	-	-	-	-
Issuance of Special Source Revenue Bonds	-	-	-	-	-	-	-	-	3,615,000	-
Total Other Financing Sources (Uses)	168,411	-	688,723	32,921	150,428	2,484,492	2,859,167	609,386	4,065,767	340,765
Net Change in Fund Balances	<u>\$ 244,658</u>	<u>\$ 576,181</u>	<u>\$ 929,069</u>	<u>\$ 469,721</u>	<u>\$ 272,550</u>	<u>\$2,725,197</u>	<u>\$ (977,898)</u>	<u>\$ (1,096,580)</u>	<u>\$ 790,226</u>	<u>\$ 816,008</u>
Capital Asset Expenditures	<u>\$ 200,557</u>	<u>\$ 115,433</u>	<u>\$ 425,253</u>	<u>\$ 394,474</u>	<u>\$ 437,340</u>	<u>\$ 689,109</u>	<u>\$ 5,112,166</u>	<u>\$ 3,175,050</u>	<u>\$ 1,555,783</u>	<u>\$ 637,421</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>9.6%</u>	<u>11.0%</u>	<u>10.7%</u>	<u>10.7%</u>	<u>12.4%</u>	<u>5.2%</u>	<u>10.1%</u>	<u>8.7%</u>	<u>43.4%</u>	<u>8.8%</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

(Unaudited)

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	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Water Service (Thousands of Gallons)										
In-Town										
Residential	191,689	193,376	243,509	264,676	258,237	265,254	268,449	258,403	270,395	298,705
Commercial	126,641	156,772	181,952	212,182	233,293	249,327	256,740	257,435	262,146	277,912
Total	<u>318,330</u>	<u>350,148</u>	<u>425,461</u>	<u>476,858</u>	<u>491,530</u>	<u>514,581</u>	<u>525,189</u>	<u>515,838</u>	<u>532,541</u>	<u>576,617</u>
Out of Town										
Residential	21,969	18,877	24,329	28,444	28,887	28,912	30,452	32,093	38,445	45,644
Commercial	44,633	43,570	49,387	48,328	38,166	37,665	41,107	49,769	53,445	46,603
Total	<u>66,602</u>	<u>62,447</u>	<u>73,716</u>	<u>76,772</u>	<u>67,053</u>	<u>66,577</u>	<u>71,559</u>	<u>81,862</u>	<u>91,890</u>	<u>92,247</u>
Total Direct Rate	<u>\$ 2.77</u>	<u>\$ 3.63</u>	<u>\$ 3.33</u>	<u>\$ 3.36</u>	<u>\$ 3.76</u>	<u>\$ 4.08</u>	<u>\$ 4.20</u>	<u>\$ 4.68</u>	<u>\$ 4.73</u>	<u>\$ 4.86</u>
Sewer Service (Thousands of Gallons)										
In-Town										
Residential	176,821	185,130	230,828	251,076	245,373	258,104	269,602	271,303	281,288	313,189
Commercial	115,351	129,491	141,926	165,546	161,166	172,981	191,152	205,854	202,923	212,568
Total	<u>292,172</u>	<u>314,621</u>	<u>372,754</u>	<u>416,622</u>	<u>406,539</u>	<u>431,085</u>	<u>460,754</u>	<u>477,157</u>	<u>484,211</u>	<u>525,757</u>
Out of Town										
Residential	65	615	97,444	123,296	125,464	126,681	148,577	185,280	201,671	250,374
Commercial	20,509	22,102	21,881	20,288	16,866	28,339	37,314	43,187	46,056	49,651
Total	<u>20,574</u>	<u>22,717</u>	<u>119,325</u>	<u>143,584</u>	<u>142,330</u>	<u>155,020</u>	<u>185,891</u>	<u>228,467</u>	<u>247,727</u>	<u>300,025</u>
Total Direct Rate	<u>\$ 3.68</u>	<u>\$ 3.53</u>	<u>\$ 3.52</u>	<u>\$ 3.77</u>	<u>\$ 4.39</u>	<u>\$ 4.85</u>	<u>\$ 4.96</u>	<u>\$ 5.37</u>	<u>\$ 5.63</u>	<u>\$ 5.79</u>

Source: Utility billing records

TOWN OF LEXINGTON, SOUTH CAROLINA

WATER AND SEWER DIRECT RATES
LAST TEN FISCAL YEARS

(Unaudited)

		Fiscal Year Ended June 30,																			
		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006	
		Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume
Water Service																					
In-Town:																					
Residential	\$ 4.14	\$ 2.17	\$ 4.36	\$ 2.28	\$ 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	
Commercial	\$ 4.14	2.03	\$ 4.36	\$ 2.28	\$ 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	
Out of Town:																					
Residential	\$ 7.18	\$ 4.08	7.18	4.28	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	
Commercial	\$ 7.18	3.82	2.13	4.01	2.13	4.01	7.61	4.51	8.53	5.05	8.95	5.30	9.40	5.57	9.87	5.85	10.36	6.14	10.36	6.14	
Sewer Service																					
In-Town:																					
Residential	\$ 3.90	\$ 2.56	4.13	2.71	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	
Commercial	\$ 3.90	2.56	4.13	2.71	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	
Out of Town:																					
Residential	\$ 5.50	\$ 4.50	5.50	4.77	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	
Commercial	\$ 5.50	4.50	5.50	4.77	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	

Source: Town of Lexington water and sewer rate schedules

Note: Monthly base rates apply to 5/8" 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)

Taxpayer	June 30, 2006					
	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%	-	-	-
Manufacturer	7,590	7	1.13%	-	-	-
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	<u>100,324</u>		<u>14.99%</u>	<u>97,242</u>		<u>11.78%</u>
Total Consumption	<u>669,045</u>			<u>825,630</u>		

Taxpayer	June 30, 2001					
	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
Apartment Complex	13,763	1	2.46%	10,509	2	1.91%
Apartment Complex	11,566	2	2.07%	11,566	1	2.11%
Apartment Complex	7,131	3	1.28%	-	-	-
Manufacturer	6,824	4	1.22%	-	-	-
County Government-Jail	6,707	5	1.20%	6,707	3	1.22%
County Government-Finance	5,950	6	1.07%	5,950	4	1.08%
Mobile Home Park	5,028	7	0.90%	-	-	-
Apartment Complex	4,439	8	0.79%	4,439	5	0.81%
Manufacturer	4,303	9	0.77%	-	-	-
Apartment Complex	3,877	10	0.69%	3,877	6	0.71%
Retail	-	-	-	3,368	7	0.61%
Apartment Complex	-	-	-	3,192	8	0.58%
Hotel	-	-	-	2,892	9	0.53%
Apartment Complex	-	-	-	2,605	10	0.47%
Totals	<u>69,588</u>		<u>12.46%</u>	<u>55,105</u>		<u>10.04%</u>
Total Consumption	<u>558,583</u>			<u>548,869</u>		

Source: Town of Lexington Billing Records

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		
1997	1996	\$ 15,987,850	\$ 399,696,250	\$ 3,649,680	\$ 34,758,857	\$ 19,637,530	\$ 434,455,107	\$ 53.60	4.52%
1998	1997	17,495,395	437,384,871	4,472,705	42,597,192	21,968,100	479,982,063	53.60	4.58%
1999	1998	17,924,860	369,030,610	7,325,460	66,522,571	25,250,320	435,553,181	53.60	5.80%
2000	1999	18,224,150	369,016,350	9,191,670	90,404,761	27,415,820	459,421,111	51.00	5.90%
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	43.70	5.76%
2003	2002	30,025,460	613,465,420	10,998,510	109,019,170	41,023,970	722,484,590	43.70	5.68%
2004	2003	32,437,320	668,795,610	11,874,310	113,088,666	44,311,630	781,884,276	43.70	5.67%
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	\$ 36.24	5.38%

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Source: Lexington County Auditor's Office

Notes: (1) Includes Fee In Lieu.

(2) Total 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)

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Town of Lexington (Direct Rate)</u>	<u>Lexington County</u>	<u>Lexington School District 1</u>	<u>Midlands Technical College</u>	<u>Recreation Commission</u>	<u>Riverbanks Zoo</u>	<u>Mental Health</u>	<u>Total</u>
1997	1996	\$ 53.60	\$ 68.80	\$ 194.90	\$ 3.40	\$ 13.20	\$ 2.10	\$ 0.90	\$ 336.90
1998	1997	53.60	68.00	194.90	3.30	12.80	2.10	0.90	335.60
1999	1998	53.60	67.90	214.60	3.30	12.80	2.60	0.90	355.70
2000	1999	51.00	76.20	224.40	4.20	12.80	2.60	0.90	372.10
2001	2000	51.00	80.20	239.40	4.20	13.20	2.50	0.90	391.40
2002	2001 (1)	43.70	74.47	250.30	3.72	12.78	2.01	0.84	387.82
2003	2002	43.70	81.75	262.30	4.08	13.04	1.73	0.84	407.44
2004	2003	43.70	83.54	277.10	4.18	13.29	1.86	0.87	424.54
2005	2004	43.70	87.32	285.10	4.27	15.10	1.89	0.74	438.12
2006	2005 (1)	\$ 36.24	\$ 80.56	\$ 287.10	\$ 4.45	\$ 13.98	\$ 1.92	\$ 0.68	\$ 424.93

(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

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

(Unaudited)

Taxpayer	2006			1998		
	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	\$ 1,177,880	1	2.05%	\$ 613,200	1	2.79%
Lowes Home Centers	892,740	2	1.56%	-	-	-
Old Mill Apartments/Lexington	598,100	3	1.04%	-	-	-
W M Lexington Trust	570,810	4	1.00%	-	-	-
Inland Southeast Lexington LLC	490,260	5	0.85%	-	-	-
Edens & Avant Financing	472,420	6	0.82%	-	-	-
Shenandoah Apartments	458,560	7	0.80%	-	-	-
Thornhill LP	415,800	8	0.72%	-	-	-
RCS Oakleaf Lexington , LLC	387,790	9	0.68%	-	-	-
Kohl's Department Stores, Inc.	377,930	10	0.66%	-	-	-
Alltel	-	-	-	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	<u>\$ 5,842,290</u>		<u>10.19%</u>	<u>\$ 2,118,350</u>		<u>9.64%</u>
Total Assessed Valuations	<u>\$ 57,354,370</u>			<u>\$21,968,100</u>		

Source: Lexington County Property Appraisers Office

Note: Data from 9 years 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>
1997	\$ 1,011,401	\$ 985,176	97.41%	\$ 26,225	NA	2.59%	NA	NA
1998	1,156,004	1,129,612	97.72%	26,392	NA	2.28%	NA	NA
1999	1,341,709	1,268,429	94.54%	73,280	NA	5.46%	NA	NA
2000	1,425,166	1,392,750	97.73%	32,416	NA	2.22%	NA	NA
2001	1,604,590	1,550,107	96.60%	54,483	NA	3.40%	NA	NA
2002	1,700,317	1,659,502	97.60%	40,815	NA	2.40%	NA	NA
2003	1,805,421	1,801,584	99.79%	3,837	NA	0.21%	NA	NA
2004	1,952,443	1,867,298	95.64%	75,966	NA	3.89%	NA	NA
2005	2,069,605	2,041,104	98.62%	59,731	NA	2.89%	NA	NA
2006	\$ 2,096,016	\$ 2,071,316	98.82%	\$ 53,977	NA	2.58%	\$ 2,071,316	98.82%

Source: Lexington County Treasurer's Office

NA = data is not readily available.

TOWN OF LEXINGTON, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	Governmental Activities							Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Notes Payable	Total	Percentage of Actual Tax Value	Per Capita			
1997	\$ -	\$ 2,511,661	\$ 128,958	\$ -	\$ 2,640,619	0.61%	\$ 406			
1998	-	2,449,845	55,609	-	2,505,454	0.52%	343			
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			

Fiscal Year Ended June 30	Business-Type Activities							Total Primary Government	Percentage of Personal Income	Per Capita
	Water and Sewer Revenue Bonds	Water and Sewer Bond Anticipation Notes	Contracts Payable	Notes Payable	Capital Leases	Total	Per Customer			
1997	\$ 4,094,128	\$ 13,985,000	\$ -	\$ -	\$ -	\$18,079,128	NA	\$ 20,719,747	16.04%	\$ 3,188
1998	21,905,719	-	1,502,789	-	-	23,408,508	5,320	25,913,962	14.21%	3,550
1999	21,599,342	3,000,000	5,669,416	240,296	798,984	31,308,038	6,274	34,128,200	16.04%	4,375
2000	21,287,154	7,000,000	5,415,722	139,668	773,916	34,616,460	5,948	37,187,688	13.13%	3,795
2001	20,959,637	7,000,000	5,147,622	-	740,868	33,848,127	5,442	36,192,131	12.04%	3,447
2002	30,702,465	-	2,559,018	-	515,415	33,776,898	5,196	38,573,214	11.75%	3,444
2003	30,212,332	7,500,000	2,559,018	-	515,415	40,786,765	5,438	45,407,356	12.70%	3,816
2004	29,727,244	8,000,000	2,559,018	-	488,775	40,775,037	4,973	45,191,845	11.53%	3,587
2005	36,983,100	-	2,559,018	-	488,775	40,030,893	4,628	44,388,931	10.29%	3,313
2006	\$ 36,218,510	\$ -	\$ 2,559,018	\$ -	\$ 488,775	39,266,303	4,177	43,735,854	9.02%	\$ 3,007

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
1997	\$ -	\$ -	\$ -	-	\$ -
1998	-	-	-	-	-
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

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, 2006

(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	\$ 57,354,370	\$ 57,354,370	\$ 4,469,551	100.00%	\$ 4,469,551
Overlapping:					
Lexington County	842,761,670	57,354,370	39,738,416	6.81%	2,704,408
Lexington County School District One	339,941,560	57,354,370	150,855,000	16.87%	25,452,003
Lexington County Recreation Commission	606,482,520	57,354,370	31,290,000	9.46%	2,959,060
Riverbanks Zoo	2,045,567,363	57,354,370	15,475,000	2.80%	433,894
Total Overlapping			<u>237,358,416</u>		<u>31,549,365</u>
Total			<u>\$ 241,827,967</u>		<u>\$ 36,018,916</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$1,571,002	\$1,757,448	\$ 2,020,026	\$ 2,193,266	\$ 2,391,626	\$ 3,054,968	\$ 3,281,918	\$ 3,544,930	\$ 3,796,267	\$ 4,588,350
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
Legal Debt Margin	<u>\$1,571,002</u>	<u>\$1,757,448</u>	<u>\$ 1,905,874</u>	<u>\$ 2,087,402</u>	<u>\$ 2,294,828</u>	<u>\$ 434,315</u>	<u>\$ 767,337</u>	<u>\$ 1,148,352</u>	<u>\$ 1,524,773</u>	<u>\$ 2,443,216</u>
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%

Legal Debt Margin Calculation for Fiscal Year 2006

Total Assessed Value	\$ 57,354,370
Debt Limit 8% of Total Assessed Value)	4,588,350
Amount of Debt Applicable to Debt Limit:	2,145,134
Legal Debt Margin	<u>\$ 2,443,216</u>

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 \$1,850,590 or Capital Leases totaling \$473,827 as of June 30, 2006 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	Debt Service Requirements			Coverage Ratio
			Available for Debt Service	Principal	Interest	Total	
1997	4,214,144	1,798,322	2,415,822	280,000	411,464	691,464	3.49
1998	5,102,536	1,955,760	3,146,776	290,000	977,788	1,267,788	2.48
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

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

CCF Revenue			% Increase (Decrease)	CCF Revenue			% Increase (Decrease)
1997	\$	1,141,028	0%	2002	\$	1,528,075	22.05
1998		1,644,136	60.22	2003		1,941,348	27.05
1999		1,021,407	50.99	2004		2,669,455	37.51
2000		2,830,716	44.09	2005		3,859,914	44.60
2001		1,251,965	-55.77	2006		4,852,853	25.72

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
1997	6,500	\$ 129,155,000	\$ 19,870	14,416	2.90%
1998	7,300	182,302,900	24,973	15,234	1.86%
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%

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	2006		
	Number of Employees	Rank	Percentage of Total City Employment
Lexington School District One	536	1	6.7%
Lexington County	525	2	6.6%
Walmart	400	3	5.0%
Lowes Home Centers	154	4	1.9%
Kohl's Department Stores, Inc.	130	5	1.6%
Town of Lexington	117	6	1.5%
Food Lion	95	7	1.2%
Herndon Chevrolet	87	8	1.1%
KMart Stores	86	9	1.1%
Ryan's Steakhouse	58	10	0.7%
Totals	<u>2,188</u>		<u>27.4%</u>
Estimated total employment	<u>8,000</u>		

Sources: Employers

Notes: (1) Estimated total employment calculated by applying the 2004 county-wide ratio of labor force to population of 55% to the Town's population.

(2) 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>	
1997	\$ 399,696,240	184	\$ 16,953,628	24	\$ 11,616,642	\$ 328,874
1998	437,384,871	255	23,767,534	25	19,992,349	359,130
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

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	Fiscal Year June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental Activities										
General Government	NA	NA	NA	NA	24.5	25.5	26.5	28.0	32.0	30.0
Public Safety	NA	NA	NA	NA	28.0	29.0	32.0	32.0	34.0	37.0
Parks, Streets, and Sanitation	NA	NA	NA	NA	11.0	11.0	12.0	12.0	12.0	12.0
Victims' Assistance	NA	NA	NA	NA	1.0	1.0	1.0	1.0	1.0	1.0
Housing Rehabilitation	NA	NA	NA	NA	-	-	-	-	-	-
Tourism Related	NA	NA	NA	NA	-	-	-	-	-	-
Business-Type Activities										
Water and Sewer System	NA	NA	NA	NA	27.0	29.0	29.0	34.0	34.5	35.5
Total	NA	NA	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>

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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	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
<u>Building/Zoning</u>										
Building Permits Issued	NA	724	577	759	1,036	556	622	492	541	461
Building Inspections Conducted	NA	NA	NA	NA	NA	NA	NA	NA	NA	2,420
Zoning Permits Issued	NA	118	201	260	336	294	310	299	262	291
<u>Information Technology</u>										
Water/Sewer Customers Serviced Online	NA	NA	NA	NA	NA	NA	NA	NA	NA	6,935
<u>Finance</u>										
Business Licenses Issued Intown/Renewals	NA	NA	NA	NA	NA	NA	NA	NA	NA	1,590
<u>Parks, Streets and Sanitation</u>										
Residential Solid Waste Customers	NA	NA	NA	NA	NA	NA	NA	NA	NA	4,699
<u>Public Safety - Police</u>										
Physical Arrests	NA	NA	NA	NA	NA	NA	NA	NA	NA	838
Parking Tickets	NA	NA	NA	NA	NA	NA	NA	NA	NA	110
Traffic Violations	NA	NA	NA	NA	NA	NA	NA	NA	NA	6,921
Business-Type Activities										
<u>Water and Sewer System</u>										
Average Daily Consumption of Water (MGD)	NA	NA	NA	1.517	1.530	1.592	1.635	1.638	1.711	1.833
Average Daily Consumption of Sewer (MGD)	NA	NA	NA	1.535	1.504	1.606	1.772	1.933	2.005	2.262
Capital Contribution Certificates sold	NA	NA	NA	NA	NA	NA	NA	NA	NA	2,972
Capital Contribution Certificates Outstanding	NA	NA	NA	NA	NA	NA	NA	NA	NA	5,857

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	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Town Hall (<i>Approx. Sq. Ft. Used</i>)	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	60,100	60,100
Public Safety - Police										
Town Hall (<i>Approx. Sq. Ft. Used</i>)	2,500	2,500	2,500	2,500	2,500	2,500	13,800	13,800	13,800	13,800
Number of Patrol Units	NA	NA	NA	NA	NA	NA	31	31	43	39
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
Parks and Playgrounds	NA	4	2	2	2	2	2	2	2	2
Streetsweeper	1	1	1	1	1	1	1	1	1	1
Victims' Assistance										
Vehicle	-	-	-	-	-	-	1	1	1	1
Housing Rehabilitation	-	-	-	-	-	-	-	-	-	-
Tourism Related	-	-	-	-	-	-	-	-	-	-
Water and Sewer System										
Water Plants	1	1	1	-	-	-	-	-	-	-
Sewer Treatment Plants	NA	2	2	2	1	1	1	1	1	1
Sewer Capacity - all sources (<i>MGD</i>)	1.95	1.95	1.95	4.40	6.40	6.40	6.40	6.40	6.40	6.40
Water Capacity - all sources (<i>MGD</i>)	NA	NA	NA	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Water Lines (<i>miles</i>)	NA	NA	NA	NA	NA	168	172	174	177	186
Sewer Lines (<i>miles</i>)	NA	NA	NA	NA	NA	122	125	146	163	182

Sources: Town of Lexington departmental records

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

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