

TOWN OF
Lexington
BUILDING PARTNERSHIPS
SC



Comprehensive Annual Financial Report
Year Ended June 30, 2012

TOWN OF LEXINGTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012



Prepared by: Finance Department

D. Britt Poole, Town Administrator
Kathy S. Roberts, CPA, Finance Director

TOWN OF LEXINGTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	5
List of Principal Officials.....	6
Organizational Chart.....	7

FINANCIAL SECTION

Independent Auditors' Report.....	8
Management's Discussion and Analysis.....	10

Basic Financial Statements

Government-Wide

Statement of Net Assets	18
Statement of Activities	19

Governmental Activities

Balance Sheet.....	20
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds.....	22

Business-Type Activities

Statement of Net Assets – Proprietary Fund	24
Statement of Revenue, Expenses and Changes in Net Assets – Proprietary Fund	25
Statement of Cash Flows – Proprietary Fund	26

Notes to Financial Statements.....	28
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Required Supplementary Information:

Budgetary Comparison Schedule – General Fund.....	68
Other Post Employment Benefits – Schedule of Funding Progress and Employer Contributions.....	69

Other Financial Information:

Combining 'Non-Major' Governmental Financial Statements

Combining Balance Sheet – Non-Major Governmental Funds	70
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	72

General Fund

Balance Sheet.....	74
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual	75

Special Revenue Funds

Combining Balance Sheet.....	77
Combining Statement of Revenue, Expenditures and Changes in Fund Balances	79
Budgetary Comparison – Victims' Assistance.....	81

<u>Debt Service Fund</u>	
Balance Sheet.....	82
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	83
<u>Capital Projects Funds</u>	
Combining Balance Sheet.....	84
Combining Statement of Revenue, Expenditures and Changes in Fund Balances	85
<u>Enterprise Fund</u>	
Statement of Net Assets – Waterworks and Sewer System	86
Statement of Revenue, Expenses and Changes in Net Assets – Waterworks and Sewer System.....	87
Statement of Cash Flows – Waterworks and Sewer System.....	88
<u>Capital Assets Used in Operations of Governmental Funds</u>	
Comparative Schedules by Source.....	90
Schedule by Function and Activity.....	91
Schedule of Changes in by Function and Activity.....	92
<u>Other Supplementary Schedule</u>	
Schedule of Court Fines, Assessments, and Surcharges	93

**STATISTICAL SECTION (UNAUDITED AND NOT COVERED BY THE REPORT OF
INDEPENDENT AUDITORS)**

Net Assets by Component.....	94
Changes in Net Assets	95
Fund Balances of Governmental Funds	97
Changes in Fund Balances of Governmental Funds	98
Water and Sewer Consumption and Total Direct Rates.....	100
Water and Sewer Direct Rates	101
Principal Water and Sewer Customers.....	102
Assessed and Estimated Actual Value of Property	104
Property Tax Rates - Direct and Overlapping Governments	105
Principal Taxpayers	106
Property Tax Levies and Collections	107
Franchises, Licenses, Permits and Fees Revenue	108
Principal Business License Filers	109
Ratios of Outstanding Debt by Type	110
Ratios of General Bonded Debt Outstanding.....	111
Direct and Overlapping Governmental Activities Debt.....	112
Legal Debt Margin Information	113
Pledged Revenue Coverage - Waterworks and Sewer System Revenue Bonds	114
Demographic and Economic Statistics.....	115
Principal Employers.....	116
Property Value, Construction and Bank Deposits	117
Full-Time Equivalent Town Government Employees by Function	118
Operating Indicators by Function/Program.....	119
Capital Asset Statistics by Function.....	120
Internal Auditors' Report on Internal Control	121

MAYOR
T. Randall Halfacre

TOWN OF LEXINGTON

TOWN ADMINISTRATOR
D. Britt Poole

MAYOR PRO-TEM
Hazel Livingston

MAILING ADDRESS
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COUNCIL
Danny Frazier
Steve MacDougall
Kathy Maness
Todd Shevchik
Ted Stambolitis

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Letter of Transmittal

December 14, 2012

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

Both local ordinances and policies and state statutes mandate that the Town of Lexington complete a set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Comprehensive Annual Financial Report (CAFR) for the Town of Lexington for the year ended June 30, 2012, is hereby submitted.

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

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

The Town of Lexington's financial statements have been audited by the firm of Brittingham, Brown, Prince & Hancock, LLC. 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, 2012, are fairly presented in conformity with GAAP.

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

PROFILE OF THE GOVERNMENT

The Town of Lexington was incorporated on January 28, 1861. The Town is the county seat for Lexington County which is named in honor of the American victory in 1785 over the British at Lexington, Massachusetts. In 1927, the municipal water system began operation, followed soon afterward by a sewer system, to serve residents of the one square mile town limits. Since the 1970s, the Town's area has grown to about 10 square miles, and its population, now estimated to be greater than 19,000, will likely exceed 20,000 by 2015. 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 odd 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

According to the 2010 census, Lexington County is the 6th largest county (by population) in the State with a population of 262,391. This is a 21.5% increase from 2000. For the Town of Lexington, the 2010 Census indicated a population of 17,870, an increase of 83% over the 2000 count. The Town is the 23rd largest municipality in South Carolina and ranks as the second

largest municipality in the Midlands. The Census figures show that the Town had the highest growth rate among the top 25 municipalities in South Carolina. Since 1990, the Town has grown 443%, making it the 4th fastest growing municipality in the State over the past two decades. This growth and development continues in and around the Town though at a slower pace the last few years.

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 school districts in the state and has been one of the fastest growing school districts over the past 10 years adding an average of over 500 students annually. Since 2003, the School District has built nine new schools, and currently has a high school under construction. Additionally, numerous additions and renovations have been completed. 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 274 miles of sewer lines and 212 miles of water lines and serves approximately 8,200 water accounts and 12,800 sewer accounts (over 13,000 individual residential and commercial customers).

During the year, approximately 181 net new businesses opened in the Town of Lexington, including apartments, restaurants, drug stores, retail, service, medical, and amusement/recreation services. 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 180 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, 2011. This was the fourteenth-consecutive year that the Town has received this prestigious award. In order to be awarded the Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both the generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Finally, special thanks to Ken Prince, CPA, for assistance in helping to complete this – the Town's fifteenth-year Comprehensive Annual Financial Report.

Respectfully submitted,



Kathy S. Roberts, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Lexington
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Davidson

President

Jeffrey R. Emmer

Executive Director

TOWN OF LEXINGTON

SOUTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

MAYOR

T. Randall Halfacre

MAYOR PRO-TEM

Hazel Livingston

COUNCIL MEMBERS

Danny Frazier

Steve MacDougall

Kathy Maness

Todd Shevchik

Ted Stambolitis

TOWN ADMINISTRATOR

D. Britt Poole

MUNICIPAL CLERK

Becky Hildebrand

TOWN ATTORNEY

Brad Cunningham

DEPARTMENT HEADS

Stuart Ford, Assistant Town Administrator

Dan Walker, Parks, Streets, & Sanitation

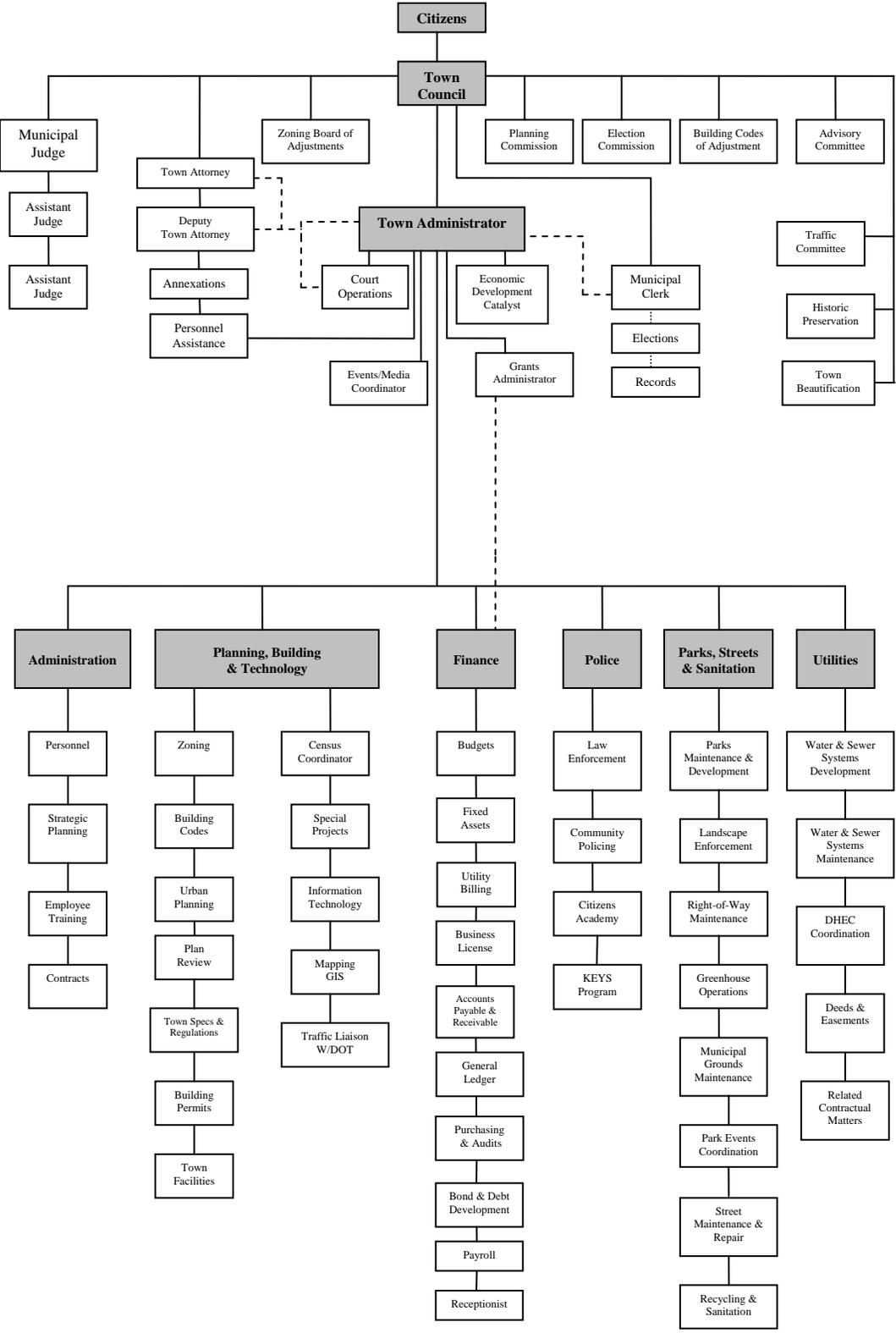
Chief Terrence Green, Police Department

Allen Lutz, Utilities

Kathy S. Roberts, Finance

John D. Hanson, Planning, Building & Technology

Town of Lexington Organization Chart



Revised June 30, 2012



Brittingham, Brown, Prince & Hancock, LLC

Certified Public Accountants & Business Consultants

501 State Street · West Columbia, SC · 29171-5949 · Phone: (803) 739-3090 · Fax: (803) 791-0834

Members: American Institute of Certified Public Accountants · South Carolina Association of Certified Public Accountants ·

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Council
Town of Lexington, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lexington, South Carolina (hereafter referred to as the "Town") as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the 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, the aggregate remaining fund information, of the Town as of June 30, 2012, and the respective changes in financial position and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report date December 26, 2012 on our consideration of Town's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

James T. Brittingham, C.P.A. (1924-1995) · Kerry R. Brown, C.P.A. · Kenneth E. Prince, C.P.A. · James T. Brittingham, Jr., C.P.A. · William H. Hancock, C.P.A. /
Jessica Laney, CPA

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Brittingham, Brown, Prince & Hancock

December 26, 2012

Town of Lexington, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2012

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, 2012. 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, 2012 by \$96,937,532 (*net assets*). Of the total net assets at June 30, 2012, \$14,349,580 was unrestricted and available to meet the ongoing obligations and operations of the Town.
- The Town's total net assets increased by \$4,127,051, as revenues of \$24,538,924 exceeded expenses of \$20,411,873. Governmental Activities contributed \$673,177 and Business-type activities contributed \$3,453,874 of the overall increase in net assets.
- Governmental funds reported combined ending fund balances at June 30, 2012, of \$4,046,859, a decrease of \$204,996, compared to the prior year. Approximately \$2,513,990, or approximately 62 percent of the ending fund balance, is available for spending at the government's discretion (*unassigned fund balance*).
- General Fund unassigned fund balance at June 30, 2012, was \$3,926,382 or approximately 46 percent of total fund expenditures.
- The Town had \$60,722,045 in bonds, notes, contracts and capital leases payable at year end, a decrease of \$2,893,326 from the prior year. The decrease occurred due to principal repayments plus paying off the General Obligation Bond Anticipation Note of \$1,542,037. This note will be reissued in FY 2013 to reimburse the General Fund for this payment until permanent financing can be completed.
- Capital assets totaled \$128,145,061 at June 30, 2012, an increase of \$14,067,587 from the prior year. The increase was due primarily to improvements to the Town's combined waterworks and sewer system, the donation of infrastructure assets from developers, and general asset replacement; offset by depreciation expense.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the Town's basic financial statements. Those financial statements have three components: 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town.

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

The *Statement of Net Assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported on the accrual basis (as soon as the underlying event giving rise to the change occurs), *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues receivable and earned but unused vacation leave).

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

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

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: Governmental funds, and Proprietary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

The basic Governmental Fund financial statements can be found immediately following the Government-Wide financial statements.

Proprietary Funds – *Enterprise funds* are used to report the same functions presented as *business-type activities* in the Government-Wide financial statements. The Town uses an Enterprise Fund to account for its combined waterworks and sewer utility. Proprietary funds provide the same type of information as the Government-Wide financial statements, only in more detail.

The basic Proprietary Fund financial statements can be found immediately following the Governmental Fund financial statements.

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

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

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Town, total assets exceeded total liabilities by \$96,937,532 at year end June 30, 2012.

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, 2012 and 2011:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets:						
Cash and cash equivalents:						
Unrestricted	\$3,430,656	\$5,717,059	\$ 7,587,917	\$11,302,291	\$11,018,573	\$17,019,350
Restricted	752,101	733,826	5,790,020	13,410,429	6,542,121	14,144,255
Investments	-	-	560,146	560,146	560,146	560,146
Other current assets	506,439	477,214	4,241,749	4,254,855	4,748,188	4,732,069
Deferred charges, net	-	-	2,393,279	2,523,634	2,393,279	2,523,634
Capital assets, net	23,888,255	23,261,074	113,875,646	100,648,121	137,763,901	123,909,195
Total assets	\$28,577,451	\$30,189,173	\$134,448,757	\$132,699,476	\$163,026,208	\$162,888,649
Liabilities and Net Assets:						
Current liabilities	\$ 1,242,088	\$ 3,204,584	\$ 2,284,154	\$ 2,588,899	\$ 3,526,242	\$ 5,793,483
Current liabilities payable						
From restricted assets	68,721	73,931	3,393,298	3,774,614	3,462,019	3,848,545
Non-current liabilities	2,656,626	2,973,819	56,443,789	57,462,321	59,100,415	60,436,140
Total liabilities	3,967,435	6,252,334	62,121,241	63,825,834	66,088,676	70,078,168
Net invested in capital assets	21,138,355	18,671,416	58,355,456	52,046,172	79,493,811	70,717,588
Restricted	791,947	646,729	2,302,194	1,964,536	3,094,141	2,611,265
Unrestricted	2,679,714	4,618,694	11,669,866	14,862,934	14,349,580	19,481,628
Total net assets	24,610,016	23,936,839	72,327,516	68,873,642	96,937,532	92,810,481
Total liabilities and net assets	\$28,577,451	\$30,189,173	\$134,448,757	\$132,699,476	\$163,026,208	\$162,888,649

By far the largest portion of the Town’s net assets (\$79,493,811, or 82 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 (\$3,094,141, or 3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$14,349,580, or 15 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 2012 and 2011 are illustrated in the following table:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue:						
Program Revenue:						
Charges for services	\$ 2,031,054	\$ 1,980,571	\$12,272,844	\$11,705,190	\$14,303,898	\$13,685,761
Operating grants and contributions	348,780	141,947	-	-	348,780	141,947
Capital grants and contributions	1,246,751	1,615,008	1,512,554	2,566,082	2,759,305	4,181,090
General Revenue:						
Property taxes	3,168,186	3,110,860	-	-	3,168,186	3,110,860
Business license taxes	3,515,175	3,785,323	-	-	3,515,175	3,785,323
State aid not restricted	357,512	373,356	-	-	357,512	373,356
Unrestricted						
Investment earnings	5,436	14,326	62,148	179,215	67,584	193,541
Miscellaneous	18,484	(104)	-	-	18,484	(104)
Total revenue	<u>10,691,378</u>	<u>11,021,287</u>	<u>13,847,546</u>	<u>14,450,487</u>	<u>24,538,924</u>	<u>25,471,774</u>
Expenses:						
General government	2,160,110	2,101,340	-	-	2,160,110	2,101,340
Public safety	4,592,481	4,296,328	-	-	4,592,481	4,296,328
Parks, streets, and sanitation	2,946,943	2,658,291	-	-	2,946,943	2,658,291
Victim's assistance	58,844	57,155	-	-	58,844	57,155
Tourism related	191,767	114,127	-	-	191,767	114,127
Interest on long-term debt	68,056	110,855	-	-	68,056	110,855
Water and sewer	-	-	10,393,672	11,086,772	10,393,672	11,086,772
Total expenses	<u>10,018,201</u>	<u>9,338,096</u>	<u>10,393,672</u>	<u>11,086,772</u>	<u>20,411,873</u>	<u>20,424,868</u>
Increase in net assets before transfers	<u>673,177</u>	<u>1,683,191</u>	<u>3,453,874</u>	<u>3,363,715</u>	<u>4,127,051</u>	<u>5,046,906</u>
Transfers	-	(6,841)	-	6,841	-	-
Change in net assets	<u>673,177</u>	<u>1,676,350</u>	<u>3,453,874</u>	<u>3,370,556</u>	<u>4,127,051</u>	<u>5,046,906</u>
Beginning net assets	<u>23,936,839</u>	<u>22,260,489</u>	<u>68,873,642</u>	<u>65,503,086</u>	<u>92,810,481</u>	<u>87,763,575</u>
Ending net assets	<u>\$24,610,016</u>	<u>\$23,936,839</u>	<u>\$72,327,516</u>	<u>\$68,873,642</u>	<u>\$96,937,532</u>	<u>\$92,810,481</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, 2012. The percent funded by program revenues indicates the degree to which governmental activities are self-sustaining thereby reducing the overall cost of governmental activities that must be funded by the general taxpayers of the Town through general revenues.

	(Expenses)	NonCapital Program Revenue	Net (Expense) Revenue	% Funded by Program Revenues	% Required to be Funded by General Revenues
General government	\$ (2,160,110)	\$ 402,097	\$ (1,758,013)	19%	81%
Public safety	(4,592,481)	546,333	(4,046,148)	12%	88%
Parks, streets, and sanitation	(2,946,943)	1,200,980	(1,745,963)	41%	59%
Victim's assistance	(58,844)	40,394	(18,450)	69%	31%
Tourism related	(191,767)	190,030	(1,737)	99%	1%
Interest on long-term debt	(68,056)	-	(68,056)	-	100%
Totals	<u>\$ (10,018,201)</u>	<u>\$ 2,379,834</u>	<u>\$ (7,638,367)</u>	24%	76%

General Revenues by Source – Governmental Activities

	2012	2011
Property taxes	\$3,168,186	\$3,110,860
Business license taxes	3,515,175	3,785,323
Unrestricted state aid	357,512	373,356
Unrestricted investment earnings	5,436	14,326
Miscellaneous	18,484	(104)
Total	<u>\$7,064,793</u>	<u>\$7,283,761</u>

Revenue and Expenses – Governmental Activities – Significant factors effecting governmental activities revenue and expenses during the year ended June 30, 2012, included the following:

- Charges for services increased 2.5% due primarily to increased fines and accommodations tax collections offset by a decrease in alcohol permit collections. Revenues from fines increased 5% in 2012 as continued efforts have been made to increase court cases and reduce the number of cases outstanding.
- Grants and contributions decreased \$161,424 this year. This decrease was partly due to fewer developer contributions of streets, storm drains, and wetlands as well as the completion of several sidewalk projects. These reductions were offset in part by an increase in public safety grants, specifically a new highway safety grant.
- Property tax revenue was relatively stable (up 1.8%) in 2012.
- Business license revenue decreased 7% in 2012. This fluctuation is related to fees for insurance companies. A large settlement related to an insurance company received in Fiscal Year 2011 (approximately \$366,000) combined with a delayed collection of some insurance fees for Fiscal Year 2012 (approximately \$180,000) caused a dip in business license revenue for Fiscal Year 2012.
- Unrestricted state revenue decreased 4% as the State of South Carolina once again cut expenditures due to revenue shortfalls.
- Because of the falling interest rates and the limited number and types of investments available to the Town, interest income has been reduced another 62%.
- General government; Public safety; and Parks, streets and sanitation expenses increased due primarily to the addition of three new positions as well as budgeted salary increases along with general inflation.
- Interest on long-term debt has decreased as the principal on long term debt has been retired.

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 \$3,453,874, accounting for 84% of the total gain in net assets. Operating revenues increased 5% in 2012 while expenses also increased 5%. Capital Contributions decreased 41%. The significant factors related to the changes are as follows:

- Charges for services increased \$567,654, or 5%. The Town's customer base has increased approximately 4% in 2012. Also Town Council approved a rate increase of 3% effective July 1, 2011.
- Operating expenses increased \$331,639, or 5%. Salaries and benefits increased 4.5% due to budgeted raises. Materials and supplies increased by 15% due to extra repair work required during the year. The cost of electricity increased 14% as new pump stations have been added thus increasing usage in addition to a general rate increase from our provider.
- Capital contributions decreased \$1,053,528. Of this amount \$1,176,213 were decreases in developer contributions of system capital assets, while capital contribution fees actually increased \$122,685. Although the economy is improving in some areas, construction continues to be slow. Subdivisions begun before the recession are being built out but new projects have not picked up substantially.
- Because of low interest rates, the limited number and types of investments available to the Town, and the drawdown of cash for the construction of the new sewer plant; interest income has been reduced 65%.

Financial Analysis of the 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 \$4,046,859, a decrease of \$204,996. The General Fund decreased \$362,095 while the Other Governmental Funds increased \$157,099. General Fund fund balance of \$147,536 was budgeted as a road improvement grant match. Additionally, \$200,000 was designated to be used for streets and infrastructure. General Fund revenues were under budget by \$470,100 mostly due to business licenses and property taxes coming in lower than expected. The fluctuation in business licenses is related to fees for insurance companies. A large settlement related to an insurance company received in Fiscal Year 2011 (approximately \$366,000) combined with a delayed collection of some insurance fees for Fiscal Year 2012 (approximately \$180,000) caused a dip in business license revenue for

Fiscal Year 2012. The dip in property tax revenue was caused by increased collection percentages for Fiscal Year 11 that were not maintained for Fiscal Year 12. Total operating expenditures were less than budget by \$327,735. This savings was due to conservative management.

Of the \$4,046,859 governmental fund balances, approximately \$2,513,990 constitutes *unassigned fund balance*, which is available for spending. A portion of the fund balance has been committed by the Town for streets and infrastructure (\$200,000), electrical utility improvement match (\$330,000), special projects (\$79,308) and capital improvement (\$100,000). Commitments of fund balance indicate the Town's intended or planned future use of that portion of its fund balance. Nonspendable fund balance of \$464 represents prepaid expenditures. The remainder of fund balance is *restricted* to indicate it is subject to externally enforceable legal restrictions and therefore not available for general operations.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$3,926,382 or 46% of total fund expenditures.

The non-major funds report fund balances totaling \$(509,987). The major cause of the deficit was the purchase land to be used for downtown parking originally funded with a General Obligation Bond Anticipation Note that came due June 30, 2012. The BAN was paid in full but will be refinanced with a Bond Anticipation Note in Fiscal Year 2013 and eventually refinanced by a General Obligation Bond. The remaining fund balance in the non-major funds totals \$1,035,910. Approximately 43% of this balance will be used for infrastructure capital projects, including roadways and sidewalks. 21% will be used for debt service and an additional 35% will be used for tourism related projects.

Proprietary Fund – The Town's proprietary fund statement provides the same type of information found in the government-wide financial statements, but in more detail. Substantially all factors related to the proprietary fund were discussed in relation to business-type activities in the government-wide discussion and analysis. The total increase in net assets was \$3,453,874 resulting in ending net assets of \$72,327,516.

General Fund Budgetary Highlights – General Fund revenues were less than budgeted by \$470,100. General Fund total expenditures were less than the final budget by \$327,735. The revenue excess was mostly due to lower business licenses and property taxes than expected. These items were discussed above. Savings on expenditures were related to overall careful spending by management in recognition of the slow economy.

The Town's original budget shows an excess of revenue under expenditures of (\$8,360) which equals the amount of budgeted use of fund balance less the amount of budgeted reserve for contingencies. The final budget has an additional revenue under expenditures as additional appropriations were made using contingency reserve to fund possible additional professional services.

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, 2012, amounts to \$128.1 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:

- Construction in progress in governmental funds totaled \$327,140, related to several sidewalks under construction as well as a gateway beautification project.
- Acquisition of equipment for governmental operations of \$98,193,
- Acquisition of vehicles totaling \$299,465 for the Police Department, \$39,134 for General Government, and \$149,001 for the Utilities Department,
- Donation of storm drains, streets and wetlands totaling \$1,130,040,
- Completion of \$22,657 of water and sewer system improvements,
- Acquisition of equipment for water and sewer system improvements totaling \$129,818
- Construction in progress in business-type activities totaled \$43,679,471, related to construction and extension of water and sewer lines as well as construction of the new waste water treatment plant with the City of Cayce, and
- Developer contributions of water and sewer capital assets of approximately \$285,096.

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, 2012, the Town had total indebtedness outstanding of \$60,722,045. Debt secured by the full faith and credit of the Town represented \$2,592,900. The total and bonded debt secured by the pledge of net revenues of the Enterprise Fund totaled \$55,883,888. The Town also recognizes a contract and capital lease payable to the City of West Columbia totaling \$2,088,257 for water treatment capacity reserve, retail distribution rights, and water lines. In addition the Town has a Note Payable of \$157,000 to an individual for property purchased to expand a current park. Additional information on the Town's long-term debt can be found in *Note 8*.

Economic Factors and Next Year's Budgets and Rates – The Town of Lexington continues to experience growth; though it is slower from prior years it has picked up slightly compared to 2011. The general increase in economic activity in the Town's corporate limits and service area continues to drive 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 2012 did not include any tax or fee increase in the governmental funds but did include a 3% fee increase to support business-type activities.

Request for Information

This report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Lexington, Post Office Box 397, Lexington, South Carolina 29071.

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and temporary investments	\$ 3,430,656	\$ 7,587,917	\$ 11,018,573
Receivables, net	285,893	3,969,160	4,255,053
Due from other governments	220,082	-	220,082
Inventories-supplies	-	268,284	268,284
Prepays	464	4,305	4,769
Deferred charges	-	2,393,279	2,393,279
Restricted assets:			
Temporarily restricted:			
Cash and temporary investments	752,101	5,790,020	6,542,121
Investments	-	560,146	560,146
Capital assets, net:			
Land and construction in progress	6,217,192	44,067,993	50,285,185
Buildings, vehicles, equipment, and infrastructure	17,671,063	60,188,813	77,859,876
Intangible assets, net:			
Capacity reserve	-	7,766,776	7,766,776
Retail distribution rights	-	1,852,064	1,852,064
Total assets	<u>28,577,451</u>	<u>134,448,757</u>	<u>163,026,208</u>
Liabilities			
Accounts payable and other current liabilities	502,323	535,010	1,037,333
Liabilities payable from restricted assets	68,721	3,393,298	3,462,019
Deferred revenue	4,765	-	4,765
Noncurrent liabilities:			
Due within one year	735,000	1,749,144	2,484,144
Due in more than one year	2,656,626	56,443,789	59,100,415
Total liabilities	<u>3,967,435</u>	<u>62,121,241</u>	<u>66,088,676</u>
Net Assets			
Invested in capital assets, net of related debt	21,138,355	58,355,456	79,493,811
Restricted for:			
Capital projects	9,827	300,679	310,506
Debt service	144,778	2,001,515	2,146,293
Parks and Tourism	335,726	-	335,726
Public Safety	18,235	-	18,235
Streets	275,837	-	275,837
Other	7,544	-	7,544
Unrestricted	<u>2,679,714</u>	<u>11,669,866</u>	<u>14,349,580</u>
Total net assets	<u>\$ 24,610,016</u>	<u>\$ 72,327,516</u>	<u>\$ 96,937,532</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, 2012

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	\$ (2,160,110)	\$ 317,510	\$ 84,587	\$ -	\$ (1,758,013)	\$ -	\$ (1,758,013)
Public safety	(4,592,481)	284,140	262,193	-	(4,046,148)	-	(4,046,148)
Parks, streets and sanitation	(2,946,943)	1,198,980	2,000	1,246,751	(499,212)	-	(499,212)
Victims' assistance	(58,844)	40,394	-	-	(18,450)	-	(18,450)
Tourism related	(191,767)	190,030	-	-	(1,737)	-	(1,737)
Interest on long-term debt	(68,056)	-	-	-	(68,056)	-	(68,056)
Total governmental activities	(10,018,201)	2,031,054	348,780	1,246,751	(6,391,616)	-	(6,391,616)
Business-Type Activities:							
Water and sewer system	(10,393,672)	12,272,844	-	1,512,554	-	3,391,726	3,391,726
Total business-type activities	(10,393,672)	12,272,844	-	1,512,554	-	3,391,726	3,391,726
Total	\$ (20,411,873)	\$ 14,303,898	\$ 348,780	\$ 2,759,305	(6,391,616)	3,391,726	(2,999,890)
General Revenues:							
Property taxes					3,168,186	-	3,168,186
Business license taxes					3,515,175	-	3,515,175
State aid not restricted for specific purpose					357,512	-	357,512
Unrestricted investment earnings					5,436	62,148	67,584
Gain (Loss) on sale of capital assets					18,484	-	18,484
Miscellaneous					-	-	-
Total general revenues and transfers					7,064,793	62,148	7,126,941
Change in net assets					673,177	3,453,874	4,127,051
Total net assets, beginning of year					23,936,839	68,873,642	92,810,481
Total net assets, end of year					\$ 24,610,016	\$ 72,327,516	\$ 96,937,532

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, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and temporary investments	\$ 3,169,089	\$ 261,567	\$ 3,430,656
Receivables, net	219,188	66,704	285,892
Due from other funds	1,652,050	-	1,652,050
Due from other governments	123,686	96,396	220,082
Prepaid items	464	-	464
Restricted assets:			
Cash and temporary investments	-	752,101	752,101
Total assets	\$ 5,164,477	\$ 1,176,768	\$ 6,341,245
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 219,854	\$ 17,884	\$ 237,738
Accrued liabilities	219,083	16,821	235,904
Due to other funds	-	1,652,050	1,652,050
Other liabilities	28,681	-	28,681
Deferred Revenues	140,013	-	140,013
Bond Anticipation Note	-	-	-
Advance from other fund	-	-	-
Total liabilities	607,631	1,686,755	2,294,386
Fund balances:			
Nonspendable	464	-	464
Restricted	-	823,097	823,097
Committed	630,000	79,308	709,308
Assigned	-	-	-
Unassigned	3,926,382	(1,412,392)	2,513,990
Total fund balances	4,556,846.00	(509,987)	4,046,859
Total liabilities and fund balances	\$ 5,164,477	\$ 1,176,768	\$ 6,341,245

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2012

- CONTINUED -

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

Total fund balances - governmental funds		\$ 4,046,859
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 \$33,345,110 and the accumulated depreciation is \$9,456,855.		23,888,255
Property taxes receivable that are not available to pay for expenditures for current period are not recognized in the governmental funds.		135,249
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.		(68,721)
Long-term liabilities, including bonds payable and Other Post Employment Benefits (OPEB) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bonds payable	\$ (1,415,000)	
Certificates of participation	(1,177,900)	
Compensated absences	(580,939)	
Long Term Note Payable	(157,000)	
Other Post Employment Benefits	(60,787)	(3,391,626)
Total net assets - governmental activities		<u>\$ 24,610,016</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, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 3,150,728	\$ -	\$ 3,150,728
Franchises, licenses, permits and fees	4,912,344	-	4,912,344
Other governments	357,512	459,189	816,701
Fines and forfeitures	281,798	42,779	324,577
Interest income	5,575	(2,356)	3,219
Miscellaneous	100,322	218,505	318,827
Total revenue	<u>8,808,279</u>	<u>718,117</u>	<u>9,526,396</u>
Expenditures			
Current:			
General government	2,050,080	1,496	2,051,576
Public safety	3,914,081	264,848	4,178,929
Parks, streets and sanitation	2,061,299	237,771	2,299,070
Victim's assistance	-	60,212	60,212
Tourism related	-	74,224	74,224
Debt Service:			
Principal	17,540	335,000	352,540
Interest	1,052	71,048	72,100
Fees and other costs	-	1,166	1,166
Capital outlay	420,568	239,491	660,059
Total expenditures	<u>8,464,620</u>	<u>1,285,256</u>	<u>9,749,876</u>
Excess (deficiency) of revenue over (under) expenditures	343,659	(567,139)	(223,480)
Other Financing Sources (Uses)			
Sale of capital assets	18,484	-	18,484
Transfers in	30,512	754,750	785,262
Transfers out	(754,750)	(30,512)	(785,262)
Total other financing sources (uses)	<u>(705,754)</u>	<u>724,238</u>	<u>18,484</u>
Net change in fund balances	(362,095)	157,099	(204,996)
Fund balance, beginning of year	4,918,941	(667,086)	4,251,855
Fund balance, end of year	<u>\$ 4,556,846</u>	<u>\$ (509,987)</u>	<u>\$ 4,046,859</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2012

- CONTINUED -

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the Statement of Activities

Total net change in fund balance - governmental funds	(204,996)
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.	17,458
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlays (net of book value of disposed assets of \$0) of \$581,162 was less than depreciation expense of \$1,084,021.	(502,859)
Donations of capital assets are recorded as program revenues in the statement of activities.	1,130,040
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.	352,539
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.	5,210
Compensated absences are accrued and accounted for when the Town becomes liable to its employees in the statement of activities. However, these expenses are only recorded when paid in the governmental funds statements. The accrual increased by a net \$89,564 for this fiscal year.	(89,564)
Other Post Employment Benefits are accrued and accounted for when the Town becomes liable to its employees in the statement of activities. However, these expenses are only recorded when paid in the governmental funds statements. The accrual increased by a net \$34,651 for this fiscal year.	<u>(34,651)</u>
Change in net assets of governmental activities	<u><u>673,177</u></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, 2012

	<u>Business-Type Activities Water/Sewer Fund</u>
Assets	
Current assets:	
Cash and temporary investments	\$ 7,587,917
Receivables, net	3,969,160
Inventories-supplies	268,284
Prepaid Expense	4,305
Total current assets	<u>11,829,666</u>
Noncurrent assets:	
Restricted cash and temporary investments	5,790,020
Restricted investments	560,146
Deferred charges	2,393,279
Capital assets, net	
Land and construction in progress	44,067,993
Buildings, vehicles, equipment and infrastructure	60,188,813
Intangible assets, net	
Capacity reserve	7,766,776
Retail distribution rights	1,852,064
Total noncurrent assets	<u>122,619,091</u>
Total assets	<u>134,448,757</u>
Liabilities	
Current liabilities:	
Accounts payable	421,921
Accrued liabilities	104,577
Accrued compensated absences - current portion	99,144
Current liabilities payable from restricted assets:	
Construction payables	2,428,892
Accrued interest	964,406
Revenue bonds-current	1,650,000
Customer deposits	8,512
Total current liabilities	<u>5,677,452</u>
Noncurrent liabilities:	
Revenue bonds payable	54,233,888
Contracts payable	1,740,575
Accrued compensated absences	72,756
Capital lease obligation	347,682
OPEB Liability	48,888
Total noncurrent liabilities	<u>56,443,789</u>
Total liabilities	<u>62,121,241</u>
Net Assets	
Invested in capital assets, net of related debt	58,355,456
Restricted for capital projects	300,679
Restricted for debt service	2,001,515
Unrestricted	11,669,866
Total net assets	<u>\$ 72,327,516</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, 2012

	Business-Type Activities
	Water/Sewer Fund
Operating Revenue	
Charges for services:	
Water service	\$ 4,610,530
Sewer service	7,162,617
Tap and meter fees	203,820
Other income	295,877
Total operating revenue	12,272,844
Operating Expenses	
Salaries and benefits	3,398,313
Water and sewer treatment services	1,607,628
Other contractual services	470,728
Depreciation and amortization	1,994,132
Other operating expenses	1,811,356
Total operating expenses	9,282,157
Operating income	2,990,687
Non-Operating Revenue (Expenses)	
Interest income	62,148
Interest expense	(980,581)
Amortization of bond issuance costs	(130,934)
Total non-operating revenue (expenses)	(1,049,367)
Net Loss before contributions and transfers	1,941,320
Capital Contributions	1,512,554
Change in net assets	3,453,874
Net assets, beginning of year	68,873,642
Net assets, end of year	\$ 72,327,516

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, 2012

	Business-Type Activities Water/Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 12,281,784
Cash paid to suppliers for goods or services	(4,133,108)
Cash paid to employees for services	(3,453,872)
Net cash provided by (used in) operating activities	<u>4,694,804</u>
Cash Flows from Capital and Related Financing Activities	
Purchases and construction of capital assets	(15,312,941)
Bond issuance costs paid	(575)
Principal paid on capital debt	(1,133,904)
Interest and fees paid on capital debt	(892,015)
Proceeds from capital contribution fees	1,227,458
Net cash provided by (used in) capital and related financing activities	<u>(16,111,977)</u>
Cash Flows from Investing Activities	
Purchases of investments	(560,146)
Proceeds from the sale of investments	560,146
Interest received	82,390
Net cash provided by (used in) investing activities	<u>82,390</u>
Net increase in cash and temporary investments	(11,334,783)
Cash and temporary investments, beginning of year	24,712,720
Cash and temporary investments, end of year	<u>\$ 13,377,937</u>
Reconciliation to the Statement of Net Assets:	
Cash and temporary investments	\$ 7,587,917
Restricted cash and temporary investments	5,790,020
Cash and temporary investments, end of year	<u>\$ 13,377,937</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2012

- CONTINUED -

	<u>Business-Type Activities</u> <u>Water/Sewer Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 2,990,687
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,994,132
Decrease in accounts receivable	8,928
Increase in inventory	(11,762)
Increase in prepaid items	(4,305)
Decrease in accounts payable	(227,329)
Increase in customer deposits	12
Decrease in accrued expenses	(55,559)
Net cash provided by operating activities	<u>\$ 4,694,804</u>
Non-cash Capital Supplementary Information:	
Revenue bond principal accretion and discount amortization	\$ 28,618
Revenue bond premium and deferred amount on refunding amortization	64,885
Contributed capital assets from developers	285,096

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— 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 Board (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
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

Government-Wide and Fund Financial Statements

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

The Statement of Net Assets reports all financial and capital resources of the Town and reports the difference between assets and liabilities as “net assets”, not fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues and reflects the “net (expenses) revenues” of the Town’s individual functions before applying ‘general’ revenues. Direct expenses are those that are clearly identifiable with a specific function. No indirect expenses are allocated among the functions of the Governmental Activities. However, the direct costs of administration and finance are split between the General Fund and the Enterprise Fund as these costs apply to both areas. Program revenues are derived directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry, as a whole, and thus reduce the net cost of the function to be financed from the government’s general revenues. Program revenues include (1) charges to customers who purchase, use or directly benefit from goods and services provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources are reported as general revenues rather than as program revenues. All revenues are ‘general’ revenues unless they are required to be reported as program revenues.

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary fund:

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

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

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

Government-wide financial statements and the proprietary fund use the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB Statement Number 34. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Proprietary Fund statements reflect net assets and revenues, expenses and changes in net assets using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis concept, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

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

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

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

Receivables and Payables

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

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

Inventory

Inventory is valued at cost, using the first-in, first-out method. Inventory in the Waterworks and Sewer System Enterprise Fund during the year ended June 30, 2012, consists of various supplies and other inventoriable items, which are expensed at the time they are consumed.

Deferred Charges

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

Prepaid Items

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

Restricted Assets

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

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

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

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the enterprise fund during the year was \$2,661,609. Of this amount, \$1,636,439 was included as part of the cost of capital assets under construction during the year.

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

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

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

Compensated Absences

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

0-5 years - Ten (10) days per year
6-15 years - Fifteen (15) days per year
16 or more years - Twenty (20) days per year

In addition, once an employee has reached their first anniversary date, if they use less than 40 hours of sick leave in a given calendar year, 40 hours of sick leave is converted to annual leave on January first of the following year. An employee may accrue up to forty-five (45) days of vacation leave. Upon termination of employment, any accrued vacation leave is earned and payable, whereas no compensation is provided for sick leave. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Compensated absences of governmental activities have in prior years typically been funded by the General Fund.

Long-Term Liabilities

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

Comparative Data/Reclassifications

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

E. Revenue

Program Revenue and General Revenue

Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use, or

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Revenue (Continued)

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

Property Tax Revenue

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

Capital Contributions

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

At year ended June 30, 2012 there were no paid CCF's for any unused system capacity reserved for future development or discontinuation of projects. Additionally, the Town maintained contractual agreements that allow certain developers to pay CCF's on an installment basis which totals \$4,015,800 at June 30, 2012 of which the Town has fully reserved an allowance for doubtful accounts.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance

Fund balance reporting for the fund level financial statements of the Town are reported in accordance with GASB Statement number 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The following categories are being used:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It may also include the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted Fund Balance

Restricted fund balance includes amounts that are either restricted externally by creditors, grantors, contributors, laws or regulations of other governments, or restricted by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority, Town Council. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Town recognizes committed fund balances that have been approved for specific purposes by Town Council before the fiscal year end.

Assigned Fund Balance

Assigned fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment is not required to be the Town’s highest level of decision-making authority and as such, the nature of the actions necessary to remove or modify an assignment does not require the Town’s highest level of authority.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

Unassigned Fund Balance

Unassigned fund balance includes amounts that have not been assigned to other funds and has not been restricted, committed, or assigned for specific purposes within the general fund.

Based on the Town's policies regarding fund balance classifications as noted above, the Town considers amounts that are restricted, committed, or assigned to be spent when the corresponding expenditure that has been designated by Town Council or donors has been made. After these fund balances have been depleted, unassigned fund balance will be considered to have been spent.

2. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

2. Stewardship, Compliance and Accountability (Continued)

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, 2012.

3. Deposits and Investments

The Town had the following investments at June 30, 2012:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Rating</u>
State Treasurer’s Investment Pool	\$ 10,576,057	On-Demand	Unrated
Governmental Mutual Funds	4,813,207	On-Demand	AAA
FHLMC – discount note	560,146	8/1/2012	A
Total fair value	\$ 15,949,410		

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.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

3. Deposits and Investments (Continued)

Statutes also allow the State Treasurer to assist local governments in investing funds. The State Treasurer also provides oversight for the State Treasurer's Local Government Investment Pool (LGIP), of which, the fair value of the Town's investments are the same as the value of the pooled shares. Permitted investments for the LGIP are (1) obligations of the United States, its agencies and instrumentalities; (2) obligations of corporations, states, and political subdivisions which bear an investment grade rating at a minimum of two rating agencies; (3) certificates of deposit, if the certificates are secured collaterally by securities of the types described in (1) and (2) of this paragraph and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal 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, 2012, the Town had investments in governmental mutual funds representing 30% 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, 2012, the reported carrying amount of the Town's cash deposits with financial institutions was \$2,169,141 and the financial institutions' balances totaled

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

3. Deposits and Investments (Continued)

\$2,486,608. The balance was fully insured and collateralized. The Town had \$1,700 on hand at June 30, 2012.

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, \$560,146 is exposed to custodial credit risk due to a forward delivery agreement (See *Note 8*).

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

Cash on hand	\$ 1,700
Carrying amount of cash deposits	2,169,730
Carrying amount of temporary investments	15,389,264
Carrying amount of investments	560,146
Total	\$ 18,120,840
Cash and temporary investments	\$ 11,018,573
Cash and temporary investments-restricted	6,542,121
Investments-restricted	560,146
Total	\$ 18,120,840

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

4. Receivables

Receivables at June 30, 2012, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Fees and Services	\$ 56,927	\$ 6,180,276	\$ 6,237,203
Property and other taxes	272,383	-	272,383
Due from other governments	220,082	-	220,082
Other	-	1,969,684	1,969,684
Less, allowance for doubtful accounts	(43,417)	(4,180,800)	(4,224,217)
	<u>\$ 505,975</u>	<u>\$ 3,969,160</u>	<u>\$ 4,475,135</u>

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

5. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2012, were as follows:

	Interfund	
	Receivables	Payables
General Fund	\$ 1,652,050	\$ -
Other Governmental Funds:		
<u>Special Revenue Funds:</u>		
Police Grants and Programs	-	71,529
KEYS Grant	-	7,576
Special Projects	-	2,048
Gateway Beautification	-	25,000
<u>Capital Projects Funds:</u>		
Parking		1,545,897
	<u>\$ 1,652,050</u>	<u>\$ 1,652,050</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

5. Interfund Receivables, Payables and Transfers (Continued)

The balances between funds result 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.

Individual fund interfund transfer balances at June 30, 2012, were as follows:

	Interfund	
	Transfers Out	Transfers In
General Fund	\$ 754,750	\$ -
Other Governmental Funds:		
Debt Service Fund	-	407,214
<u>Special Revenue Funds:</u>		
Sidewalk Fund		147,536
<u>Capital Project Funds:</u>		
Streets & Infrastructure		200,000
	754,750	754,750
Other Governmental Funds:		
<u>Special Revenue Funds:</u>		
Accommodations Tax	30,512	-
General Fund	-	30,512
	30,512	30,512

The General Fund transfers out include \$407,214 to the Debt Service Fund to fund debt service requirements. In addition the General Fund transferred \$147,536 to the Sidewalk Fund to fund a grant match for Park Road Sidewalk. Finally the General Fund transferred \$200,000 to the Streets and Infrastructure Fund to fund storm drainage and street repairs as needed.

The General Fund received transfers of \$30,512 from the Accommodations Tax Fund representing amounts collected in the Accommodations Tax Fund that by state law may be transferred to the General Fund without restriction.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

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, 2012, are as follows:

	Restricted Cash and Temporary Investments
Renewal and Replacement Fund	\$ 100,413
Debt Service Fund 2001A	193,507
Debt Service West Columbia Note	228,789
Debt Service Fund 2004	344,656
Construction Fund 2004	168,804
Operations and Maintenance Fund	637
Sewer Plant Escrow Fund	2,214,829
Debt Service Fund 2010	404,780
Debt Service Reserve Fund 2010	783,766
Construction Fund 2010	2,038
Debt Service Fund 2011	271,202
Debt Service Reserve Fund 2011	4,344
Construction Fund 2009	108,590
Debt Service Fund 2009	266,964
Debt Service Reserve Fund 2009	696,701
	\$ 5,790,020

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

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

	Restricted Investments
Debt Service Reserve Fund 2004	\$ 560,146
	\$ 560,146

Debt Service Fund:

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

Carrying balance at the year ended June 30, 2012, is as follows:

	Cash and Temporary Investments
Debt Service Account	\$ 213,499
	\$ 213,499

Capital Projects Fund:

Certain funds have been donated by a non-profit organization to be used specifically at the Gibson Pond Park. These funds are classified as restricted cash and temporary investments because their use is limited to specific projects by the donor organization.

Carrying balance at the year ended June 30, 2012, is as follows:

	Cash and Temporary Investments
Capital Projects Accounts	\$ 9,827
	\$ 9,827

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.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

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

Carrying balances of restricted cash and temporary investments in the Special Revenue Funds at June 30, 2012 are as follows:

	Cash and Temporary Investments
Golden Hills Tax District	\$ 179,968
Police Grants and Programs	5,885
Downtown Restoration	55,741
Disaster Fund	14,938
Alcohol Permits	55,183
Drug Fund	8,652
Victims' Assistance	3,808
Corley Street Park	3,990
Teachers Appreciation	956
Hospitality Tax	138,565
Veterans' Monument	18,960
Accommodations Tax	42,129
	\$ 528,775

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

7. Capital Assets

The following is a summary of capital asset activity in governmental activities for the year ended June 30, 2012:

	<u>Balances</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,890,052	\$ -	\$ -	\$ 5,890,052
Construction in progress	182,771	144,369	-	327,140
Total capital assets, not being depreciated	<u>6,072,823</u>	<u>144,369</u>	<u>-</u>	<u>6,217,192</u>
Capital assets, being depreciated:				
Buildings	10,259,561	-	-	10,259,561
Vehicles and equipment	2,536,847	457,811	(168,039)	2,826,619
Streets and roadways	9,291,066	791,028	-	10,082,094
Sidewalks	1,791,281	-	-	1,791,281
Storm drainage	1,829,351	339,012	-	2,168,363
Total capital assets, being depreciated	<u>25,708,106</u>	<u>1,587,851</u>	<u>(168,039)</u>	<u>27,127,918</u>
Less accumulated depreciation for:				
Buildings	1,937,928	208,936	-	2,146,864
Vehicles and equipment	1,688,825	339,905	(168,039)	1,860,691
Streets and roadways	3,601,660	417,551	-	4,019,211
Sidewalks	287,184	44,462	-	331,646
Storm drainage	1,004,258	94,185	-	1,098,443
Total accumulated depreciation	<u>8,519,855</u>	<u>1,105,039</u>	<u>(168,039)</u>	<u>9,456,855</u>
Total capital assets, being depreciated, net	<u>17,188,251</u>	<u>482,812</u>	<u>-</u>	<u>17,671,063</u>
Governmental activities capital assets, net	<u>\$ 23,261,074</u>	<u>\$ 627,181</u>	<u>\$ -</u>	<u>\$ 23,888,255</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

7. Capital Assets (Continued)

The following is a summary of capital asset activity in business-type activities for the year ended June 30, 2012:

	Balances June 30, 2011	Additions	Retirements	Balances June 30, 2012
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 370,522	\$ 18,000	\$ -	\$ 388,522
Construction in progress	29,039,728	14,662,400	(22,657)	43,679,471
Total capital assets, not being depreciated	<u>29,410,250</u>	<u>14,680,400</u>	<u>(22,657)</u>	<u>44,067,993</u>
Capital assets, being depreciated:				
Buildings and system	75,918,800	298,096	-	76,216,896
Vehicles, machinery and equipment	3,447,687	265,819	(150,878)	3,562,628
Total capital assets, being depreciated	<u>79,366,487</u>	<u>563,915</u>	<u>(150,878)</u>	<u>79,779,524</u>
Less accumulated depreciation for:				
Buildings and system	16,040,018	1,510,153	-	17,550,171
Vehicles, machinery and equipment	1,920,319	271,099	(150,878)	2,040,540
Total accumulated depreciation	<u>17,960,337</u>	<u>1,781,252</u>	<u>(150,878)</u>	<u>19,590,711</u>
Total capital assets, being depreciated, net	<u>61,406,150</u>	<u>(1,217,337)</u>	<u>-</u>	<u>60,188,813</u>
Business-type activities capital assets, net	<u>\$ 90,816,400</u>	<u>\$ 13,463,063</u>	<u>\$ (22,657)</u>	<u>\$ 104,256,806</u>
Intangible assets:				
Capacity reserve	\$ 9,217,422	\$ -	\$ -	\$ 9,217,422
Retail distribution rights	2,502,788	-	-	2,502,788
Total intangible assets	<u>11,720,210</u>	<u>-</u>	<u>-</u>	<u>11,720,210</u>
Amortization of intangible assets:				
Capacity reserve	1,287,820	162,825	-	1,450,645
Retail distribution rights	600,669	50,056	-	650,725
Total amortization of intangible assets	<u>1,888,489</u>	<u>212,881</u>	<u>-</u>	<u>2,101,370</u>
Total intangible assets, net	<u>\$ 9,831,721</u>	<u>\$ (212,881)</u>	<u>\$ -</u>	<u>\$ 9,618,840</u>
Total tangible and intangible assets, net	<u>\$ 100,648,121</u>	<u>\$ 13,250,182</u>	<u>\$ (22,657)</u>	<u>\$ 113,875,646</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

7. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 43,305
Public safety	295,763
Parks, streets and sanitation	<u>744,953</u>

Total depreciation expense – governmental activities	<u>\$ 1,084,021</u>
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Business-type activities:

Water and sewer	<u>\$ 1,781,252</u>
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Total depreciation expense – business-type activities	<u>\$ 1,781,252</u>
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Intangible Assets:

Purchase of Sewer Capacity

During the year ended June 30, 1997, the Town entered into an agreement with the City of Cayce, South Carolina (“Cayce”) and acquired the usage rights of up to 6.4 million gallons per day (“MGD”) in Cayce’s sewer treatment facility (the “Plant”). In addition, the Town and Cayce agreed during the year ended June 30, 1999, to share the cost of construction of the Highway 321 Region Sewer Line (“regional line”) to facilitate the Town’s use of purchased capacity. During the year ended June 30, 2004, the Town amended its agreement with Cayce as described in *Note 11*. Under the amended agreement, the Town purchased for \$3,900,000 the final 2 MGD of the total of 6.4 MGD of capacity made available by the original agreement. During the year ended June 30, 2010, the Town entered into an agreement with the City of Cayce to participate in the construction of a new sewer treatment facility to be owned by the City of Cayce. The Agreement provides for the Town to have usage rights to a total available sewer capacity of 12.462 MGD in the new 25 MGD facility. Under the terms of the agreement, the Town will be responsible for 49.848% of the construction costs of the new facility. During the year ended June 30, 2005, the Town entered into an agreement with the Lexington County Joint Municipal Water and Sewer Commission (the “Commission”) as described in *Note 11* to acquire wastewater transport capacity in a sewer line that will interconnect the Commission’s service area and the Town’s Regional Sewer System to Cayce’s Plant. Accordingly, the costs incurred to acquire the transport capacity of \$1,076,159 through June 30, 2012, are

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

7. Capital Assets (Continued)

being deferred until the Town connects to the line at which time the Town will begin to amortize the cost to operations of the System.

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, 2012. During the year ended June 30, 2007, the Town entered an agreement with West Columbia for the purchase of an additional 1 MGD of water treatment capacity at the LMWTF. The cost of the additional capacity of \$1,541,767 is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$30,835 recognized during the year ended June 30, 2012. Additionally, the Town purchased 1 MGD of water treatment capacity at the LMWTF (total purchased capacity is 6.5 MGD) in December 2008. The cost of the additional capacity of \$2,330,000 is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$46,600 recognized during the year ended June 30, 2012.

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, 2012, net of accumulated amortization (\$1,852,064, 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, 2012.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. Debt

The following is a summary of debt of the Town for the year ended June 30, 2012:

	<u>Balances</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental activities:</u>					
Short Term Debt:					
Bond Anticipation Note	1,542,037	-	(1,542,037)	-	-
Total short term debt	1,542,037	-	(1,542,037)	-	-
Long Term Debt:					
Certificates of participation:					
Capital appreciation certificates	\$ 1,680,000	\$ -	\$ (210,000)	\$ 1,470,000	\$ 210,000
Less deferred amount:					
For issuance discount	(372,345)	-	80,245	(292,100)	-
Total certificates of participation	1,307,655	-	(129,755)	1,177,900	210,000
General obligation bonds	1,540,000	-	(125,000)	1,415,000	130,000
Note Payable	177,000	-	(20,000)	157,000	20,000
Capital leases	36,132	-	(36,132)	-	-
Compensated absences	533,028	399,066	(351,155)	580,939	375,000
Governmental activities					
Long-term liabilities	<u>\$ 3,593,815</u>	<u>\$ 399,066</u>	<u>\$ (662,042)</u>	<u>\$ 3,330,839</u>	<u>\$ 735,000</u>
<u>Business-type activities:</u>					
Long Term Debt:					
Revenue bonds payable:					
Revenue bonds	\$ 57,810,000	\$ -	\$ (800,000)	\$ 57,010,000	\$ 975,000
Less deferred amounts:					
For issuance discount	(101,007)	-	28,618	(72,389)	-
For issuance premium	532,775	-	(27,716)	505,059	-
On refunding	(1,651,383)	-	92,601	(1,558,782)	-
Total revenue bonds payable	56,590,385	-	(706,497)	55,883,888	975,000
Contract payable	2,031,761	-	(291,186)	1,740,575	305,052
Capital lease	390,401	-	(42,719)	347,682	44,784
Compensated absences	164,481	119,202	(111,783)	171,900	104,000
Business-type activities					
Long-term liabilities	<u>\$ 59,177,028</u>	<u>\$ 119,202</u>	<u>\$ (1,152,185)</u>	<u>\$ 58,144,045</u>	<u>\$ 1,428,836</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. Debt (Continued)

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, 2012, including interest components are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	210,000	-	210,000
2014	210,000	-	210,000
2015	210,000	-	210,000
2016	210,000	-	210,000
2017	210,000	-	210,000
2018-2019	420,000	-	420,000
Subtotal	1,470,000	-	1,470,000
Less: Deferred amount	(292,100)	-	(292,100)
Total	\$ 1,177,900	\$ -	\$ 1,177,900

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. Debt (Continued)

General Obligation Bonds and Bond Anticipation Notes

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% to 6.00% and annual principal installments ranging from \$80,000 to \$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, 2012, including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	130,000	65,735	195,735
2014	135,000	60,048	195,048
2015	140,000	53,973	193,973
2016	150,000	47,673	197,673
2017	155,000	40,772	195,772
2018-2021	705,000	85,737	790,737
Total	<u>\$ 1,415,000</u>	<u>\$ 353,938</u>	<u>\$ 1,768,938</u>

Bond Anticipation Notes:

The Town issued General Obligation Bond Anticipation Note Series 2011 during the year ended June 30, 2011. The note was issued to refund the Series 2010 Bond Anticipation Note which was issued to provide interim financing to defray a portion of the costs of certain off-street parking facilities in the Town of Lexington. Principal of \$1,535,000 and interest at 1.5% per annum were paid on June 29, 2012. It is anticipated that a replacement Bond Anticipation note will be issued in FY 2013 to reimburse the Town for this payment.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. Debt (Continued)

Note Payable

During the year ended June 30 2011, the Town issued a note payable to a private individual for the purchase of property adjacent to Virginia Hylton Park. The payment of principal

and interest on the Note is secured by an irrevocable pledge of the full faith, credit and taxing power of the Town. The note requires annual payments with interest imputed at 0.73% at payments ranging from \$20,000 to \$34,250 beginning May 15, 2011 through May 15, 2017.

The annual debt service requirements to amortize the note as of June 30, 2012, including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	18,854	1,146	20,000
2014	33,250	1,000	34,250
2015	33,500	750	34,250
2016	33,750	500	34,250
2017	33,938	312	34,250
Total	<u>\$ 153,292</u>	<u>\$ 3,708</u>	<u>\$ 157,000</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, 2012.

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 mature 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, 2012 equaled \$195,000.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. Debt (Continued)

Revenue Bonds (Continued)

Optional Redemption:

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

Series 2001A Revenue Refunding and Improvement Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2001A require semi-annual interest payments at rates of 3.50% to 5.75% and annual principal installments ranging from \$225,000 to \$1,280,000. The Series 2001A Bonds were issued for \$27,475,000 with an outstanding balance at June 30, 2012 of \$6,967,093 (net unamortized premium and deferred amount on refunding equaled \$60,875 and (\$1,558,782), respectively). Amortization of the premium and deferred amount equaled (\$3,082) and \$92,601, 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 2004 Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2004 requires 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, 2012. 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, 2012 of \$6,324,688 (premium totals \$4,688).

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. Debt (Continued)

Revenue Bonds (Continued)

Optional Redemption:

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

Forward Delivery Agreement:

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

Series 2009 Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2009 require semi-annual interest payments at rates of 4.00% to 5.00% beginning July 15, 2010 and annual principal installments ranging from \$175,000 to \$1,070,000 beginning January 15, 2020 through 2041. The Series 2009 bonds were

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. **Debt (Continued)**

Revenue Bonds (Continued)

issued for \$11,405,000 with an outstanding balance at June 30, 2012 of \$11,332,611 (net of unamortized discount of (\$72,389)). Amortization of the discount equaled \$2,540.

The Series 2009 Bonds maturing on or prior to January 15, 2020, are not subject to redemption prior to maturity. The Series 2009 Bonds maturing on or after January 15, 2020, are subject to redemption prior to maturity, at the option of the Town, on or after January 15, 2020, 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) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

Series 2010 Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2010 require semi-annual interest payments at rates of 4.50% to 5.00% beginning July 15, 2010 and annual principal installments ranging from \$1,525,000 to \$2,210,000 beginning January 15, 2033 through 2041. The Series 2010 bonds were issued for \$16,665,000 with an outstanding balance at June 30, 2012 of \$16,828,632 (net of unamortized premium of \$163,632). Amortization of the premium equaled (\$5,692).

The Series 2010 Bonds are subject to redemption prior to maturity, at the option of the Town, on or after January 15, 2020, 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) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

Series 2011 Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2011 require semi-annual interest payments at rates of 2.00% to 5.00% beginning October 1, 2011 and annual principal installments ranging from \$185,000 to \$1,230,000 beginning April 1, 2012 through 2027. The Series 2011 bonds were issued for \$14,145,000 with an outstanding balance at June 30, 2012 of \$14,235,863 (net of unamortized premium of \$275,863). Amortization of the premium equaled (\$18,703).

The Series 2011 Bonds were issued as a partial refunding of the Series 2001A Bonds. The total debt service of the Series 2011 bonds (principal and interest) exceeded the total debt service requirements for the refunded Series 2001A bonds by \$972,399. This resulted in a net present value benefit of \$735,195.

The Series 2011 Bonds maturing on or prior to April 1, 2021, are not subject to redemption prior to maturity. The Series 2011 Bonds maturing after April 1, 2021, are subject to redemption prior to

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. Debt (Continued)

Revenue Bonds (Continued)

maturity, at the option of the Town, on or after April 1, 2021, 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) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

The annual debt service requirements to amortize all revenue bonds outstanding as of June 30, 2012 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	975,000	2,568,014	3,543,014
2014	995,000	2,547,714	3,542,714
2015	1,030,000	2,515,414	3,545,414
2016	1,035,000	2,482,564	3,517,564
2017	1,080,000	2,441,644	3,521,644
2018-2022	6,790,000	11,627,806	18,417,806
2023-2027	8,900,000	9,979,938	18,879,938
2028-2032	11,505,000	7,665,263	19,170,263
2033-2037	12,450,000	4,759,313	17,209,313
2038-2042	12,250,000	1,518,638	13,768,638
Subtotal	57,010,000	48,106,308	105,116,308
Less: Deferred amounts	(1,126,112)	-	(1,126,112)
Total	<u>\$ 55,883,888</u>	<u>\$ 48,106,308</u>	<u>\$ 103,990,196</u>

Prior Year Defeasance of Debt

In prior years, the Town defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2012, \$16,110,000 of bonds outstanding are considered defeased.

Contract Payable

As discussed in *Note 7*, the Town agreed to pay West Columbia \$2.98 million for the non-exclusive use of existing distribution lines and the non-exclusive retail distribution rights in an agreed upon service area. An initial payment of \$1 million was incurred at execution of

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. Debt (Continued)

Contract Payable (Continued)

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). During the year ended June 30, 2009 the City of West Columbia refunded the Series 1998B bond along with other debt not related to the Town by issuing a Water and Sewer System Refunding Revenue Bond Series 2009C. The Town's pro rata share of the new issue is 69.33%. The 2009C issue requires semi-annual interest payments at 3.59% and annual principal installments ranging from \$295,000 to \$455,565 through October 1, 2019. 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 through October 1, 2019, for the Town's pro rata share of the West Columbia Series 2009C.

The annual debt service requirements to amortize the contract payable as of June 30, 2012 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	305,052	57,011	362,063
2014	315,843	45,866	361,709
2015	204,524	36,525	241,049
2016	211,457	29,058	240,515
2017	225,322	21,218	246,540
2018-2019	478,377	17,298	495,675
Total	<u>\$ 1,740,575</u>	<u>\$ 206,976</u>	<u>\$ 1,947,551</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

8. Debt (Continued)

Capital Leases

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 through January 1, 2019.

The annual debt service requirements to amortize the capital lease payable as of June 30, 2012 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	44,784	15,725	60,509
2014	46,949	13,560	60,509
2015	49,220	11,289	60,509
2016	51,600	8,909	60,509
2017	54,094	6,415	60,509
2018-2019	101,035	4,856	105,891
Total	<u>\$ 347,682</u>	<u>\$ 60,754</u>	<u>\$ 408,436</u>

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 \$573,632 net of accumulated depreciation.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

9. Capital Contribution Fees and Capital Asset Contributions

A summary of capital asset contributions from developers and receipts of capital contribution fees during the year ended June 30, 2012, follows:

<u>Business-type activities:</u>	
Capital contribution fees received	\$ 1,227,458
Capital asset contributions from developers	<u>285,096</u>
Total capital contribution fees and capital asset contributions recognized	<u>\$ 1,512,554</u>

The Town has outstanding contracts that allow certain developers to pay capital contribution fees on an installment basis. Total capital contribution fees outstanding approximate \$4,015,800 at June 30, 2012, of which the Town has fully reserved an allowance for doubtful accounts. Upon payment of periodic installments, the Town recognizes capital contribution fee revenue, and developers may claim the applicable number of capital contribution certificates.

10. Contingencies

Federal Grants

In the normal course of operations, the Town receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed by Town officials to be material.

Litigation:

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

11. Commitments

Developers and Contractors:

The Town has outstanding contracts to provide certain developers future sewer taps. The Town reserves sewer treatment capacity to provide the future service at the inception of the installment contracts. At June 30, 2012, the number of unredeemed capital contribution certificates representing future taps into the system is approximately 2,809.

Additionally, the Town has outstanding commitments to contractors and others for approximately \$5,357,577.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

11. Commitments (Continued)

Highway 378/14 Mile Creek Connector Force Main :& Regional Pump Station

During the year ended June 30, 2012, the Town entered into an agreement with Buckeye Construction Company to complete the Highway 378/14 Mile Creek Connector Force Main and Regional Pump Station. The total project cost is \$4,412,732. Work began on this project in April 2012.

Water and Sewer Relocations Highway 378 and Highway 1

During the year ended June 30, 2012, the Town entered into an agreement with TNT, Inc. to complete Water and Sewer Relocations on Highway 378 and Highway 1. The total project cost is \$1,187,311. Work began on this project in June 2012.

12/14 Mile Creek Pump Station Upgrade Phase I

During the year ended June 30, 2011, the Town entered into an agreement with Wharton-Smith, Inc. to complete phase I of the upgrade to the 12/14 Mile Creek Pump Station. The total project cost is \$5,622,000. Work began on this project in March 2011.

Wastewater Treatment Service Agreement:

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

During the year ended June 30, 2009, the Town entered into an agreement with the City of Cayce to build a new wastewater treatment facility. The total project cost for this facility is \$65,972,588. The Town’s portion of the funding for this facility is \$29,590,917. The Town has placed these funds in escrow to be drawn down as Cayce completes construction.

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 Town also must pay, during the term of the agreement, a pro rata share of any modifications or improvements to the interconnection line to satisfy regulatory requirements, which do not

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

11. Commitments (Continued)

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 6.5 MGD in the LMWTF. Wholesale water rates are determined by a formula that both parties agreed to, as described in the agreement. The agreement is for the economic life of the LMWTF or for the duration of the lease of the property upon which the facility is operated as executed between the City of West Columbia and the County of Lexington, South Carolina.

12. Employee Retirement

All employees, excluding public safety department employees, are eligible for membership in the South Carolina Governmental Employees' Retirement System (SCRS). Public safety department employees are covered by the South Carolina Police Officers' Retirement System (PORS). Both are a cost sharing, multiple employer defined benefit public employee retirement system administered by the State Budget and Control Board of South Carolina. Actuarial determinations are made by the administrators for the system. The System issues a publicly available Comprehensive Annual Financial Report that includes required supplementary information for both plans. The report may be obtained by writing to: The South Carolina Retirement System, Fontaine Business Center, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

The Town's total payroll for the year ended June 30, 2012, for employees enrolled in the SCRS and PORS, was approximately \$7,074,062, of which \$4,507,272 was for substantially all employees covered by the SCRS and \$2,566,790 was for PORS covered employees.

Benefits of the retirement systems are established by state statutes. Under current statutes, member employees who retire at age 65 or after 28 years (public safety employees after 25 years) of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 1.82 percent of the employee's highest twelve consecutive quarters of compensation for non-public safety employees and 2.14 percent for public safety employees. Member employees who are at least 60 years of age may elect early retirement in which case the full service benefit is reduced by 5 percent for each year the employee's age at retirement is less than 65. In either case, any unrecovered contributions are payable upon death and benefit payments increase 4 percent each year following an increase in the

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

12. Employee Retirement (Continued)

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 6.50 percent of their compensation. Under this system, the Town's contributions were 9.39 percent of each member employee's compensation, which included .15 percent of group life coverage. The Town's contributions to the SCRS for the years ending June 30, 2012, 2011, and 2010 were \$429,768, 380,876, and \$378,963, respectively, which equal 100% of required contributions. For public safety employees, amounts equaled 6.5 percent for member employees' contributions and 11.76 percent for the Town's contribution, which included .2 percent of group life and .2 percent of accidental death coverage. The Town's contributions to the PORS for the years ending June 30, 2012, 2011, and 2010 were \$301,931, \$262,850, and \$239,725, respectively, which equal 100% of required contributions. Contributions are charged to the fund to which the employee's salary was charged.

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

13. Post Employment Benefits Other than Pension

The Town, as a single employer, has adopted a policy to pay health insurance as a defined benefit (the Plan) until age 65 for retirees who retire with 20 years of service and retire between the ages of 62 and 65, which would be paid from the fund from which the employee's salary was charged. The Town offers a continuation of health care coverage at group rates to retirees and their spouses with the costs to be paid by the retiree based on 100% premium rates.

This policy was adopted by vote of council on June 30, 2004 and may be amended by vote of council. These benefits are neither guaranteed nor mandatory. As of July 1, 2011, the measurement date for the plan year 2012, there were 136 active members and no retirees receiving benefits under this plan.

The Town has elected not to fund the Plan at this time and will utilize a pay-as-you go policy. The Town's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

13. Post Employment Benefits Other than Pension (Continued)

funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is based on an actuarial valuation that is prepared in accordance within certain parameters. The current rate is 0.7% of annual covered payroll.

For FY12 the Town’s annual OPEB cost was \$48,100 for the Plan, which is equal to the ARC. The following table shows the Town’s annual OPEB cost for the year ended June 30, 2012:

Normal Cost	\$ 37,385
Amortization of Unfunded Accrued Liability (UAL)	<u>10,715</u>
Total Annual Required Contribution (ARC)	\$ 48,100
Interest on Net OPEB Obligation	3,900
Adjustment to the ARC	<u>(3,200)</u>
Net OPEB Cost	<u>\$ 48,800</u>

The Town implemented GASB Statement No 45 in FY10. The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB (obligation) asset for the years ended June 30, 2012, 2011, and 2010 were as follows:

<u>Fiscal Year Ended</u>	<u>Net OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB (Obligation)Asset</u>
June 30, 2010	\$41,800	0.0%	(\$ 41,800)
June 30, 2011	\$45,200	0.0%	(\$ 87,000)
June 30, 2012	\$48,800	0.0%	(\$135,800)

At June 30, 2012, the actuarial accrued liability for benefits (AAL) was \$269,800 with \$ 0 in Plan assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$269,800. The funded ratio (actuarial value of plan assets/AAL) was 0. The covered payroll (annual payroll of the active employees covered by the Plan) was \$5,741,300, and the ratio of the UAAL to covered payroll was 4.70%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

13. Post Employment Benefits Other than Pension (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Town uses the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included a 4.5% rate of return (net of both investment and non-actuarial administrative expenses) and the Getzen Health Cost Trend Model of 8.1% graded to 4.5% over 80 years. The asset valuation method used is market value. The Plan's UAAL is being amortized on the level percent method. The remaining amortization period at June 30, 2012 was 27 years.

By Federal law (Public Law 99-272, Title X), the Town is required to offer a continuation of health care coverage at group rates to employees and their dependents whose coverage would otherwise end. Dependent on the circumstances of the employee's coverage loss, the employee or dependent can extend the health care plan benefits for 18 months to three years. The plan costs are paid by the employee or dependent based on 100% (Cobra) premium rates.

14. Risk Management

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

The Town has its tort liability and casualty insurance through the St. Paul Guardian Insurance Company. 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 Travelers Companies, Inc. for its general insurance coverage, totaling approximately \$189,244 in the 2012 fiscal year.

The Town provides for the administration of a plan providing health and dental coverage for all employees through the Employee Insurance Program (EIP). The Town's payments to the EIP plan approximated \$1,179,872 during the year.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

— CONTINUED —

14. Risk Management (Continued)

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 \$270,899 during the year.

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

15. Subsequent Events

On August 1, 2012, the Town issued \$7,650,000 Combined Waterworks and Sewer System Revenue Refunding Bonds, Series 2012. The bonds were issued to currently refund a portion of the Town's Combined Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2001A.

On December 17, 2012, the Town issued \$1,500,000 General Obligation Refunding Bonds, of 2012. The bonds were issued to currently refund the Town's General Obligation Bonds, Series 2002.

Subsequent to year end, the Town will issue up to \$10,000,000 Combined Waterworks and Sewer System Revenue Bond Anticipation Notes (BAN). \$2,200,000 will be Series 2012 BAN and \$7,800,000 will be Series 2013. The BAN will be issued to fund capital improvements to the Town's Combined Waterworks and Sewer System.

Subsequent to year end, the Town will issue up to \$3,300,000 General Obligation Bond Anticipation Notes (BAN). The BAN will be issued to fund street and road improvements and repairs, and other infrastructure and municipal improvements, including off-street parking.

TOWN OF LEXINGTON, SOUTH CAROLINA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenue				
Property taxes	\$ 3,265,000	\$ 3,265,000	\$ 3,150,728	\$ (114,272)
Franchises, licenses and permits	5,220,000	5,220,000	4,912,344	(307,656)
Other governments	360,000	360,000	357,512	(2,488)
Fines and forfeitures	310,000	310,000	281,798	(28,202)
Interest income	13,379	13,379	5,575	(7,804)
Miscellaneous	110,000	110,000	100,322	(9,678)
Total revenue	<u>9,278,379</u>	<u>9,278,379</u>	<u>8,808,279</u>	<u>(470,100)</u>
Expenditures				
Current:				
General government:				
Planning, building and technology	904,688	903,689	809,851	93,838
Administration	725,154	749,586	777,704	(28,118)
Finance	283,853	283,609	275,317	8,292
Council	180,669	180,398	187,208	(6,810)
Total general government	<u>2,094,364</u>	<u>2,117,282</u>	<u>2,050,080</u>	<u>67,202</u>
Public safety	4,184,262	4,177,344	3,914,081	263,263
Parks, streets and sanitation	2,029,370	2,036,370	2,061,299	(24,929)
Capital Outlay	417,974	424,174	420,568	3,606
Debt Service	37,185	37,185	18,592	18,593
Total expenditures	<u>8,763,155</u>	<u>8,792,355</u>	<u>8,464,620</u>	<u>327,735</u>
Excess of revenue over (under) expenditures	515,224	486,024	343,659	(142,365)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	18,484	18,484
Transfers in	30,000	30,000	30,512	512
Transfers out	(553,584)	(553,584)	(754,750)	(201,166)
Total other financing sources (uses)	<u>(523,584)</u>	<u>(523,584)</u>	<u>(705,754)</u>	<u>(182,170)</u>
Excess of revenue over (under) expenditures and other financing sources (uses)	(8,360)	(37,560)	(362,095)	(324,535)
Fund balance, beginning of year	<u>4,918,941</u>	<u>4,918,941</u>	<u>4,918,941</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,910,581</u>	<u>\$ 4,881,381</u>	<u>\$ 4,556,846</u>	<u>\$ (324,535)</u>

****Notes to Required Supplementary Information:**

Budgets are adopted on a basis consistent with generally accepted accounting principles.

TOWN OF LEXINGTON, SOUTH CAROLINA
 OTHER POST EMPLOYMENT BENEFITS - HEALTHCARE
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

FUNDING PROGRESS:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 269,800	\$ 269,800	0.00%	\$ 5,741,300	4.70%

EMPLOYER CONTRIBUTIONS:

Fiscal Year Ending June 30,	Annual Required Contribution (ARC)	Interest on Net OPEB Obligation	Adjustment to the ARC	Net OPEB Cost	Actual Contribution	Net OPEB Obligation
2010	\$ 41,800	\$ -	\$ -	\$ 41,800	\$ -	\$ 41,800
2011	44,900	1,900	(1,600)	45,200	-	87,000
2012	48,100	3,900	(3,200)	48,800	-	135,800

TOWN OF LEXINGTON, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	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	Green Team	Corley Street Park	Caractor Park	Gateway Beautification	Park Improvement	Teachers Appreciation
Assets															
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,519	\$ -	\$ 8,629	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 10,278	\$ -
Receivables, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	4,650	-	-	-	83	-	-	-	-	-	-
Due from grantor	74,487	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and temporary investments	5,885	179,968	55,741	14,938	55,833	-	8,652	-	3,808	-	3,990	-	-	-	956
Total assets	80,372	179,968	55,741	14,938	59,833	100,519	8,652	8,629	3,891	2	3,990	-	-	10,278	956
Liabilities and Fund Balances															
Accounts payable	\$ -	\$ 4,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313	\$ -	\$ -	\$ -	\$ 12,571	\$ -	\$ -
Accrued liability	4,246	-	-	-	-	-	-	-	2,607	-	-	-	-	-	-
Due to other funds	71,529	-	-	-	-	-	-	-	-	-	-	-	25,000	-	-
Bond anticipation note	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	75,775	4,650	-	-	-	-	-	-	2,920	-	-	-	37,571	-	-
Fund balances:															
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	4,597	175,318	-	-	59,833	100,519	8,652	-	971	-	3,990	-	(37,571)	10,278	956
Committed	-	-	55,741	14,938	-	-	-	8,629	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-
Total fund equity	4,597	175,318	55,741	14,938	59,833	100,519	8,652	8,629	971	2	3,990	-	(37,571)	10,278	956
Total liabilities and fund balance	\$ 80,372	\$ 179,968	\$ 55,741	\$ 14,938	\$ 59,833	\$ 100,519	\$ 8,652	\$ 8,629	\$ 3,891	\$ 2	\$ 3,990	\$ -	\$ -	\$ 10,278	\$ 956

KEYS Grant	George Street Sidewalk	Concerts in the Park	Hospitality Tax	Carol Lighting	Special Projects	Veterans Monument	Accommodations Tax	Totals	Capital Projects				Debt Service	Total Non-major Governmental Funds
									Streets and Infrastructure	Gibson Pond	Parking	Totals	Debt Service	
\$ -	\$ -	\$ 6,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,016	\$ 135,551	\$ -	\$ -	\$ 135,551	\$ -	\$ 261,567
-	-	-	-	-	-	-	61,971	61,971	-	-	-	-	-	61,971
21,909	-	-	-	-	-	-	-	4,733	-	-	-	-	-	4,733
-	-	-	-	-	-	-	-	96,396	-	-	-	-	-	96,396
-	-	-	138,565	-	-	18,960	42,129	528,775	-	9,827	-	9,827	213,499	752,101
21,909	-	6,588	138,565	-	-	18,960	104,100	817,891	135,551	9,827	-	145,378	213,499	1,176,768
\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,884
9,968	-	-	-	-	-	-	-	16,821	-	-	-	-	-	16,821
7,576	-	-	-	-	2,048	-	-	106,153	-	-	1,545,897	1,545,897	-	1,652,050
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17,894	-	-	-	-	2,048	-	-	140,858	-	-	1,545,897	1,545,897	-	1,686,755
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,015	-	6,588	138,565	-	-	18,960	104,100	599,771	-	9,827	-	9,827	213,499	823,097
-	-	-	-	-	-	-	-	79,308	-	-	-	-	-	79,308
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(2,048)	-	-	(2,046)	135,551	-	(1,545,897)	(1,410,346)	-	(1,412,392)
4,015	-	6,588	138,565	-	(2,048)	18,960	104,100	677,033	135,551	9,827	(1,545,897)	(1,400,519)	213,499	(509,987)
\$ 21,909	\$ -	\$ 6,588	\$ 138,565	\$ -	\$ -	\$ 18,960	\$ 104,100	\$ 817,891	\$ 135,551	\$ 9,827	\$ -	\$ 145,378	\$ 213,499	\$ 1,176,768

TOWN OF LEXINGTON, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2012

	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	Green Team	Corley Street Park	Caractor Park	Gateway Beautification	Park Improve-ment	Teachers Appreciation
Revenue															
Grant revenue	\$ 193,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road assessment	-	20,160	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcohol permits	-	-	-	-	55,625	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	2,385	-	40,394	-	-	-	-	-	-
Sidewalk Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accommodations tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	(127)	(204)	44	-	(573)	(43)	-	-	-	-	-	-	-	-
Miscellaneous income	68,824	-	-	-	-	-	-	-	5	169	-	1,000	-	-	-
Total revenue	262,193	20,033	(204)	44	55,625	(573)	2,342	-	40,399	169	-	1,000	-	-	-
Expenditures															
Current:															
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	176,791	-	-	-	-	-	2,442	-	-	-	-	-	-	-	-
Victim's assistance	-	-	-	-	-	-	-	60,212	-	-	-	-	-	-	-
Street maintenance	-	4,650	-	-	-	184,942	-	-	-	-	-	-	-	-	-
Parks and appearance	-	-	-	-	20,000	-	-	-	-	-	-	1,000	-	7,923	-
Tourism related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	87,538	-	-	-	-	-	1,619	-	-	-	-	-	37,571	-	-
Total expenditures	264,329	4,650	-	-	20,000	184,942	4,061	-	60,212	-	-	1,000	37,571	7,923	-
Other Financing Sources (Uses)															
Proceeds from special source	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	147,536	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	147,536	-	-	-	-	-	-	-	-	-
Net change in fund balance	(2,136)	15,383	(204)	44	35,625	(37,979)	(1,719)	-	(19,813)	169	-	-	(37,571)	(7,923)	-
Fund balances, beginning of yea	6,733	159,935	55,945	14,894	24,208	138,498	10,371	8,629	20,784	(167)	3,990	-	-	18,201	956
Fund balances, end of yea	\$ 4,597	\$ 175,318	\$ 55,741	\$ 14,938	\$ 59,833	\$ 100,519	\$ 8,652	\$ 8,629	\$ 971	\$ 2	\$ 3,990	\$ -	\$ (37,571)	\$ 10,278	\$ 956

KEYS Grant	George Street Sidewalk	Concerts in the Park	Hospitality Tax	Carol Lighting	Special Projects	Veterans Monument	Accommodations Tax	Totals	Capital Projects				Debt Service		Total Non-major Governmental Funds
									Streets and Infrastructure	Gibson Pond	Parking	Totals	Debt Service		
\$ 83,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,606
-	-	-	-	-	-	-	-	20,160	-	-	-	-	-	-	20,160
-	-	-	-	-	-	-	-	55,625	-	-	-	-	-	-	55,625
-	-	-	-	-	-	-	-	42,779	-	-	-	-	-	-	42,779
-	106,798	-	-	-	-	-	-	106,798	-	-	-	-	-	-	106,798
-	-	-	-	-	-	-	-	135,244	-	-	-	-	-	-	135,244
-	-	-	(206)	-	-	(101)	(633)	(1,843)	(534)	-	-	(534)	21	(2,356)	
1,350	-	504	-	-	1,496	-	-	73,348	-	9,913	-	9,913	-	83,261	
84,587	106,798	504	(206)	-	1,496	(101)	134,611	708,717	(534)	9,913	-	9,379	21	718,117	
-	-	-	-	-	1,496	-	-	1,496	-	-	-	-	-	-	1,496
85,615	-	-	-	-	-	-	-	264,848	-	-	-	-	-	-	264,848
-	-	-	-	-	-	-	-	60,212	-	-	-	-	-	-	60,212
-	-	-	-	-	-	-	-	189,592	-	-	15,925	15,925	-	-	205,517
-	-	1,840	-	143	-	1,216	-	32,122	-	132	-	132	-	-	32,254
-	-	-	-	-	-	-	74,224	74,224	-	-	-	-	-	-	74,224
-	-	-	-	-	-	-	-	-	-	-	-	-	407,214	-	407,214
-	106,798	-	-	-	-	-	-	233,526	-	5,965	-	5,965	-	-	239,491
85,615	106,798	1,840	-	143	1,496	1,216	74,224	856,020	-	6,097	15,925	22,022	407,214	1,285,256	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(30,512)	117,024	200,000	-	-	200,000	407,214	724,238	
-	-	-	-	-	-	-	(30,512)	117,024	200,000	-	-	200,000	407,214	724,238	
(1,028)	-	(1,336)	(206)	(143)	-	(1,317)	29,875	(30,279)	199,466	3,816	(15,925)	187,357	21	157,099	
5,043	-	7,924	138,771	143	(2,048)	20,277	74,225	707,312	(63,915)	6,011	(1,529,972)	(1,587,876)	213,478	(667,086)	
\$ 4,015	\$ -	\$ 6,588	\$ 138,565	\$ -	\$ (2,048)	\$ 18,960	\$ 104,100	\$ 677,033	\$ 135,551	\$ 9,827	\$ (1,545,897)	\$ (1,400,519)	\$ 213,499	\$ (509,987)	

TOWN OF LEXINGTON, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

JUNE 30, 2012

(With comparative amounts at June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Cash and temporary investments	\$ 3,169,089	\$ 5,519,133
Receivables, net:		
Fees and services	56,693	54,999
Property taxes, net	162,345	151,807
Other governments	123,686	167,583
Other	150	4,624
Due from other funds	1,652,050	112,749
Prepaid items	464	802
Total assets	<u>\$ 5,164,477</u>	<u>\$ 6,011,697</u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 219,854	\$ 604,519
Accrued liabilities	219,083	343,535
Other liabilities	28,681	23,290
Deferred revenue	140,013	121,412
Advance from other fund	-	-
Total liabilities	<u>607,631</u>	<u>1,092,756</u>
 Fund balance:		
Nonspendable	464	802
Restricted	-	-
Committed	630,000	580,000
Assigned	-	-
Unassigned	3,926,382	4,338,139
Total fund balance	<u>4,556,846</u>	<u>4,918,941</u>
Total liabilities and fund balance	<u>\$ 5,164,477</u>	<u>\$ 6,011,697</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, 2012
(With comparative actual amounts for the year ended June 30, 2011)

	<u>2012</u>		Variance Positive (Negative)	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenue				
Property taxes	\$ 3,265,000	\$ 3,150,728	\$ (114,272)	\$ 3,160,454
Franchises, licenses and permits	5,220,000	4,912,344	(307,656)	5,186,480
Other governments	360,000	357,512	(2,488)	373,356
Fines and forfeitures	310,000	281,798	(28,202)	268,059
Interest income	13,379	5,575	(7,804)	13,841
Miscellaneous	110,000	100,322	(9,678)	83,548
Total revenue	<u>9,278,379</u>	<u>8,808,279</u>	<u>(470,100)</u>	<u>9,085,738</u>
Expenditures				
General Government				
Planning, Building & Technology Department:				
Personnel	611,701	540,147	71,554	520,644
Contractual services	28,045	39,444	(11,399)	18,690
Repairs and maintenance	30,620	25,220	5,400	27,528
Supplies	12,815	10,046	2,769	9,956
Other operating	468,571	436,862	31,709	421,409
Allocation of other expenditures	(248,063)	(241,868)	(6,195)	(220,628)
Total building department	<u>903,689</u>	<u>809,851</u>	<u>93,838</u>	<u>777,599</u>
Administration Department:				
Personnel	577,346	632,041	(54,695)	518,913
Contractual services	109,785	129,528	(19,743)	55,659
Repairs and maintenance	1,900	1,108	792	956
Supplies	6,935	5,602	1,333	3,062
Other operating	96,320	58,444	37,876	43,442
Allocation of other expenditures	(42,700)	(49,019)	6,319	(26,038)
Total administration department	<u>749,586</u>	<u>777,704</u>	<u>(28,118)</u>	<u>595,994</u>
Finance:				
Personnel	248,230	246,443	1,787	233,693
Contractual services	11,405	2,231	9,174	3,109
Repairs and maintenance	250	193	57	-
Supplies	4,065	4,399	(334)	4,849
Other operating	55,039	50,926	4,113	52,392
Allocation of other expenditures	(35,380)	(28,875)	(6,505)	(30,176)
Total finance	<u>283,609</u>	<u>275,317</u>	<u>8,292</u>	<u>263,867</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 -

	<u>2012</u>		Variance	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	Positive	<u>Actual</u>
			(Negative)	
Expenditures (Continued)				
General Government (Continued)				
Council:				
Personnel	64,228	64,183	45	77,614
Contractual services	63,345	63,766	(421)	149,877
Supplies	2,445	2,396	49	852
Other operating	152,051	159,538	(7,487)	132,379
Contributions	14,500	20,350	(5,850)	18,950
Allocation of other expenditures	(116,171)	(123,025)	6,854	(147,057)
Total council	<u>180,398</u>	<u>187,208</u>	<u>(6,810)</u>	<u>232,615</u>
Total general government	<u>2,117,282</u>	<u>2,050,080</u>	<u>67,202</u>	<u>1,870,075</u>
Public Safety				
Personnel	3,721,739	3,486,894	234,845	3,343,422
Contractual services	55,975	52,375	3,600	90,554
Repairs and maintenance	62,950	54,246	8,704	43,567
Supplies	26,775	20,583	6,192	28,150
Other operating	309,905	299,983	9,922	275,605
Total public safety	<u>4,177,344</u>	<u>3,914,081</u>	<u>263,263</u>	<u>3,781,298</u>
Parks, Streets and Sanitation				
Personnel	844,350	852,458	(8,108)	803,972
Contractual services	741,701	746,403	(4,702)	716,514
Repairs and maintenance	19,877	25,982	(6,105)	28,204
Supplies	46,345	61,775	(15,430)	60,752
Other operating	384,097	374,681	9,416	362,683
Total parks, streets and sanitation	<u>2,036,370</u>	<u>2,061,299</u>	<u>(24,929)</u>	<u>1,972,125</u>
Capital Outlay	424,174	420,568	3,606	321,836
Debt Service	37,185	18,592	18,593	83,413
Total expenditures	<u>8,792,355</u>	<u>8,464,620</u>	<u>327,735</u>	<u>8,028,747</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	18,484	18,484	33,759
Transfers in	30,000	30,512	512	28,828
Transfers out	(553,584)	(754,750)	(201,166)	(701,732)
Total other financing sources (uses)	<u>(523,584)</u>	<u>(705,754)</u>	<u>(182,170)</u>	<u>(639,145)</u>
Excess of revenue over (under) expenditures and other financing sources (uses)	(37,560)	(362,095)	(324,535)	417,846
Fund balance, beginning of year	4,918,941	4,918,941	-	4,501,095
Fund balance, end of year	<u>\$ 4,881,381</u>	<u>\$ 4,556,846</u>	<u>\$ (324,535)</u>	<u>\$ 4,918,941</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2012

(With comparative total amounts at June 30, 2011)

	Police Grants and Programs	Golden Hills Tax District	Downtown Restoration	Disaster Fund	Alcohol Permits	Sidewalk Fund	Drug Fund	Cans to Trees	Victims Assistance	Green Team	Corley Street Park	Caractor Park
Assets												
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,519	\$ -	\$ 8,629	\$ -	\$ 2	\$ -	\$ -
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	4,650	-	-	-	83	-	-	-
Due from grantor	74,487	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and temporary investments	5,885	179,968	55,741	14,938	55,183	-	8,652	-	3,808	-	3,990	-
Total assets	\$ 80,372	\$ 179,968	\$ 55,741	\$ 14,938	\$ 59,833	\$ 100,519	\$ 8,652	\$ 8,629	\$ 3,891	\$ 2	\$ 3,990	\$ -
Liabilities and Fund Balances												
Accounts payable	\$ -	\$ 4,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313	\$ -	\$ -	\$ -
Construction payable	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	4,246	-	-	-	-	-	-	-	2,607	-	-	-
Due to other funds	71,529	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	75,775	4,650	-	-	-	-	-	-	2,920	-	-	-
Fund balances:												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	4,597	175,318	-	-	59,833	100,519	8,652	-	971	-	3,990	-
Committed	-	-	55,741	14,938	-	-	-	8,629	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	2	-	-
Total fund equity	4,597	175,318	55,741	14,938	59,833	100,519	8,652	8,629	971	2	3,990	-
Total liabilities and fund balances	\$ 80,372	\$ 179,968	\$ 55,741	\$ 14,938	\$ 59,833	\$ 100,519	\$ 8,652	\$ 8,629	\$ 3,891	\$ 2	\$ 3,990	\$ -

<u>Gateway Beautification</u>	<u>Park Improv- ment</u>	<u>Teacher Appreciation</u>	<u>KEYS Grant</u>	<u>George Street Sidewalk</u>	<u>Special Events</u>	<u>Hospitality Tax</u>	<u>Carol lighting</u>	<u>Special Projects</u>	<u>Veterans Monument</u>	<u>Accommodation Tax</u>	<u>Totals 2012</u>
\$ -	\$ 10,278	\$ -	\$ -	\$ -	\$ 6,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,016
-	-	-	-	-	-	-	-	-	-	61,971	61,971
-	-	-	-	-	-	-	-	-	-	-	4,733
-	-	-	21,909	-	-	-	-	-	-	-	96,396
-	-	-	-	-	-	-	-	-	-	-	-
-	-	956	-	-	-	138,565	-	-	18,960	42,129	528,775
<u>\$ -</u>	<u>\$ 10,278</u>	<u>\$ 956</u>	<u>\$ 21,909</u>	<u>\$ -</u>	<u>\$ 6,588</u>	<u>\$ 138,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,960</u>	<u>\$ 104,100</u>	<u>\$ 817,891</u>
12,571	-	-	350	-	-	-	-	-	-	-	17,884
-	-	-	1,968	-	-	-	-	-	-	-	8,821
25,000	-	-	7,576	-	-	-	-	2,048	-	-	106,153
-	-	-	8,000	-	-	-	-	-	-	-	8,000
<u>37,571</u>	<u>-</u>	<u>-</u>	<u>17,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,048</u>	<u>-</u>	<u>-</u>	<u>140,858</u>
-	-	-	-	-	-	-	-	-	-	-	-
(37,571)	10,278	956	4,015	-	6,588	138,565	-	-	18,960	104,100	599,771
-	-	-	-	-	-	-	-	-	-	-	79,308
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(2,048)	-	-	(2,046)
<u>(37,571)</u>	<u>10,278</u>	<u>956</u>	<u>4,015</u>	<u>-</u>	<u>6,588</u>	<u>138,565</u>	<u>-</u>	<u>(2,048)</u>	<u>18,960</u>	<u>104,100</u>	<u>677,033</u>
<u>\$ -</u>	<u>\$ 10,278</u>	<u>\$ 956</u>	<u>\$ 21,909</u>	<u>\$ -</u>	<u>\$ 6,588</u>	<u>\$ 138,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,960</u>	<u>\$ 104,100</u>	<u>\$ 817,891</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

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

	Police Grants and Programs	Golden Hills Tax District	Downtown Restoration	Disaster Fund	Alcohol Permits	Sidewalk Fund	Drug Fund	Cans to Trees Fund	Victims Assistance	Green Team	Corley Street Park
Revenue											
Grant revenue	\$ 193,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road assessment	-	20,160	-	-	-	-	-	-	-	-	-
Alcohol permits	-	-	-	-	55,625	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	2,385	-	40,394	-	-
Sidewalk proceeds	-	-	-	-	-	-	-	-	-	-	-
Accommodations tax	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	(127)	(204)	44	-	(573)	(43)	-	-	-	-
Other income	68,824	-	-	-	-	-	-	-	5	169	-
Total revenue	<u>262,193</u>	<u>20,033</u>	<u>(204)</u>	<u>44</u>	<u>55,625</u>	<u>(573)</u>	<u>2,342</u>	<u>-</u>	<u>40,399</u>	<u>169</u>	<u>-</u>
Expenditures											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	176,791	-	-	-	-	-	2,442	-	-	-	-
Victims assistance	-	-	-	-	-	-	-	60,212	-	-	-
Street maintenance	-	4,650	-	-	-	184,942	-	-	-	-	-
Parks and appearance	-	-	-	-	20,000	-	-	-	-	-	-
Tourism related expenses	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	87,538	-	-	-	-	-	1,619	-	-	-	-
Total expenditures	<u>264,329</u>	<u>4,650</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>184,942</u>	<u>4,061</u>	<u>-</u>	<u>60,212</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)											
Proceeds from special source											
Financing	-	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	147,536	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,136)	15,383	(204)	44	35,625	(37,979)	(1,719)	-	(19,813)	169	-
Fund balances, beginning of year	6,733	159,935	55,945	14,894	24,208	138,498	10,371	8,629	20,784	(167)	3,990
Fund balances, end of year	<u>\$ 4,597</u>	<u>\$175,318</u>	<u>\$ 55,741</u>	<u>\$ 14,938</u>	<u>\$ 59,833</u>	<u>\$ 100,519</u>	<u>\$ 8,652</u>	<u>\$ 8,629</u>	<u>\$ 971</u>	<u>\$ 2</u>	<u>\$ 3,990</u>

Caractor Park	Gateway Beautification	Park Improv- ment	Teacher Appreciation	KEYS Grant	George Street Sidewalk	Special Events	Hospitality Tax	Carol Lighting	Special Projects	Veterans Monument	Accommodations Tax	Totals 2012
\$ -	\$ -	\$ -	\$ -	\$ 83,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,606
-	-	-	-	-	-	-	-	-	-	-	-	20,160
-	-	-	-	-	-	-	-	-	-	-	-	55,625
-	-	-	-	-	-	-	-	-	-	-	-	42,779
-	-	-	-	-	106,798	-	-	-	-	-	-	106,798
-	-	-	-	-	-	-	-	-	-	-	135,244	135,244
-	-	-	-	-	-	-	(206)	-	-	(101)	(633)	(1,843)
1,000	-	-	-	1,350	-	504	-	-	1,496	-	-	73,348
1,000	-	-	-	84,587	106,798	504	(206)	-	1,496	(101)	134,611	708,717
-	-	-	-	-	-	-	-	-	1,496	-	-	1,496
-	-	-	-	85,615	-	-	-	-	-	-	-	264,848
-	-	-	-	-	-	-	-	-	-	-	-	60,212
-	-	-	-	-	-	-	-	-	-	-	-	189,592
1,000	-	7,923	-	-	-	1,840	-	143	-	1,216	-	32,122
-	-	-	-	-	-	-	-	-	-	-	74,224	74,224
-	37,571	-	-	-	106,798	-	-	-	-	-	-	233,526
1,000	37,571	7,923	-	85,615	106,798	1,840	-	143	1,496	1,216	74,224	856,020
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	(30,512)	117,024
-	-	-	-	-	-	-	-	-	-	-	(30,512)	117,024
-	(37,571)	(7,923)	-	(1,028)	-	(1,336)	(206)	(143)	-	(1,317)	29,875	(30,279)
-	-	18,201	956	5,043	-	7,924	138,771	143	(2,048)	20,277	74,225	707,312
\$ -	\$ (37,571)	\$ 10,278	\$ 956	\$ 4,015	\$ -	\$ 6,588	\$ 138,565	\$ -	\$ (2,048)	\$ 18,960	\$ 104,100	\$ 677,033

TOWN OF LEXINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUND -- VICTIMS ASSISTANCE
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenue				
Fines	\$ 32,000	\$ 32,000	\$ 40,399	\$ 8,399
Total revenue	<u>32,000</u>	<u>32,000</u>	<u>40,399</u>	<u>8,399</u>
Expenditures				
Salaries and Fringe Benefits	66,365	58,921	56,934	1,987
Operating Expenditures	<u>5,677</u>	<u>4,677</u>	<u>3,278</u>	<u>1,399</u>
Total expenditures	<u>72,042</u>	<u>63,598</u>	<u>60,212</u>	<u>3,386</u>
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Excess of revenue over (under) and other financing sources (uses)	(40,042)	(31,598)	(19,813)	11,785
Fund balance, beginning of year	<u>(1,002)</u>	<u>20,784</u>	<u>20,784</u>	<u>-</u>
Fund balance, end of year	<u>\$ (41,044)</u>	<u>\$ (10,814)</u>	<u>\$ 971</u>	<u>\$ 11,785</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

DEBT SERVICE FUND
BALANCE SHEET

JUNE 30, 2012

(With comparative amounts at June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Restricted cash and temporary investments	\$ 213,499	\$ 213,478
Total assets	<u>\$ 213,499</u>	<u>\$ 213,478</u>
Liabilities and Fund Balance		
Fund balance:		
Restricted	\$ 213,499	\$ 213,478
Total fund balance	<u>213,499</u>	<u>213,478</u>
Total liabilities and fund balance	<u>\$ 213,499</u>	<u>\$ 213,478</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, 2012

(With comparative actual amounts for the year ended June 30, 2011)

	2012		Variance Favorable (Unfavorable)	2011
	Budget	Actual		Actual
Revenue				
Interest income	\$ -	\$ 21	\$ 21	\$ 146
Total revenue	-	21	21	146
Expenditures				
Debt service	406,148	407,214	(1,066)	460,314
Total expenditures	406,148	407,214	(1,066)	460,314
Deficiency of revenue under expenditures	(406,148)	(407,193)	(1,045)	(460,168)
Other Financing Sources				
Transfers in	406,148	407,214	1,066	460,314
Total other financing source	406,148	407,214	1,066	460,314
Net change in fund balance	-	21	21	146
Fund balance, beginning of year	213,478	213,478	-	213,332
Fund balance, end of year	<u>\$ 213,478</u>	<u>\$ 213,499</u>	<u>\$ 21</u>	<u>\$ 213,478</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2012

(With comparative total amounts at June 30, 2011)

	Streets and Infrastructure	Gibson Pond	Parking	Totals	
				2012	2011
Assets					
Cash	\$ 135,551	\$ -	\$ -	\$ 135,551	\$ -
Due from other funds	-	-	-	-	-
Restricted cash and temporary investments	-	9,827	-	9,827	19,176
Total assets	\$ 135,551	\$ 9,827	\$ -	\$ 145,378	\$ 19,176
Liabilities and Fund Balances					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,100
Due to other funds	-	-	1,545,897	1,545,897	63,916
Bond anticipation note	-	-	-	-	1,542,037
Fund balance:					
Restricted	-	9,827	-	9,827	6,011
Unassigned	135,551	-	(1,545,897)	(1,410,346)	(1,593,888)
Total fund balances	135,551	9,827	(1,545,897)	(1,400,519)	(1,587,877)
Total liabilities and fund balances	\$ 135,551	\$ 9,827	\$ -	\$ 145,378	\$ 19,176

TOWN OF LEXINGTON, SOUTH CAROLINA

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

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

	<u>Streets and Infrastructure</u>	<u>Gibson Pond</u>	<u>Parking</u>	<u>Totals</u>	
				<u>2012</u>	<u>2011</u>
Revenue					
Interest income	\$ (534)	\$ -	\$ -	\$ (534)	\$ -
Donations	-	9,913	-	9,913	7,300
Total revenue	<u>(534)</u>	<u>9,913</u>	<u>-</u>	<u>9,379</u>	<u>7,300</u>
Expenditures					
Parks, streets, and sanitation	-	132	15,925	16,057	145,018
Capital outlay	-	5,965	-	5,965	4,885
Total expenditures	<u>-</u>	<u>6,097</u>	<u>15,925</u>	<u>22,022</u>	<u>149,903</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(534)</u>	<u>3,816</u>	<u>(15,925)</u>	<u>(12,643)</u>	<u>(142,603)</u>
Other Financing Sources (Uses)					
Transfer in (out)	200,000	-	-	200,000	100,000
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>100,000</u>
Net change in fund balance	199,466	3,816	(15,925)	187,357	(42,603)
Fund balances, beginning of year	<u>(63,915)</u>	<u>6,011</u>	<u>(1,529,972)</u>	<u>(1,587,876)</u>	<u>(1,545,274)</u>
Fund balances, end of year	<u>\$ 135,551</u>	<u>\$ 9,827</u>	<u>\$ (1,545,897)</u>	<u>\$ (1,400,519)</u>	<u>\$ (1,587,877)</u>

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

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

	<u>2012</u>	<u>2011</u>
Assets		
Cash and temporary investments	\$ 7,587,917	\$ 11,302,291
Receivables, net:		
Fees and services	1,999,476	2,011,354
Other	1,969,684	1,986,978
Internal balance	-	-
Inventories-supplies	268,284	256,523
Prepaid Expense	4,305	-
Deferred charges:		
Bond issue cost, net of amortization	2,393,279	2,523,634
Restricted assets:		
Cash and temporary investments	5,790,020	13,410,429
Investments	560,146	560,146
Property, plant, and equipment, net:		
Land	388,522	370,522
Construction in progress	43,679,471	29,039,728
Buildings and system	58,666,725	59,878,782
Vehicles, machinery and equipment	1,522,088	1,527,368
Intangible assets:		
Capacity reserve	7,766,776	7,929,602
Retail distribution rights	1,852,064	1,902,119
Total assets	<u>134,448,757</u>	<u>132,699,476</u>
Liabilities		
Liabilities:		
Accounts payable	421,921	649,250
Accrued liabilities	104,577	182,005
Liabilities payable from restricted assets:		
Construction payables	2,428,892	2,805,270
Accrued interest	964,406	969,344
Revenue bonds-current	1,650,000	1,650,000
Customer deposits	8,512	8,500
Revenue bonds payable	54,233,888	54,940,384
Contracts payable	1,740,575	2,031,761
Accrued compensated absences	171,900	164,481
Capital lease obligation	347,682	390,400
OPEB liability	48,888	34,439
Total liabilities	<u>62,121,241</u>	<u>63,825,834</u>
Net Assets		
Invested in capital assets, net of related debt	58,355,456	51,848,440
Restricted for capital projects	300,679	276,502
Restricted for debt service	2,001,515	1,688,034
Unrestricted	11,669,866	15,060,666
Total net assets	<u>\$ 72,327,516</u>	<u>\$ 68,873,642</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, 2012

(With comparative amounts for the year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Operating Revenue		
Water service	\$ 4,610,530	\$ 4,401,674
Sewer service	7,162,617	6,839,140
Tap and meter fees	203,820	196,707
Other income	295,877	267,669
Total operating revenue	<u>12,272,844</u>	<u>11,705,190</u>
Operating Expenses		
Salaries and benefits	3,398,313	3,251,562
Water treatment	884,357	918,201
Sewer treatment	723,271	648,669
Other contractual services	470,728	506,964
Materials and supplies	533,785	462,269
Electricity	283,819	248,227
Miscellaneous operating expenses	993,752	920,494
Depreciation and amortization	1,994,132	1,869,524
Total operating expenses	<u>9,282,157</u>	<u>8,825,910</u>
Operating income	<u>2,990,687</u>	<u>2,879,280</u>
Non-Operating Revenue (Expenses)		
Interest income	62,148	179,215
Interest expense	(980,581)	(2,163,248)
Amortization of bond issuance costs	(130,934)	(97,614)
Total non-operating revenue (expenses)	<u>(1,049,367)</u>	<u>(2,081,647)</u>
Net income (loss) before contributions, transfers and impairment	<u>1,941,320</u>	<u>797,633</u>
Capital Contributions:		
Capital contribution fees	1,227,458	1,104,773
Developer capital asset contributions	285,096	1,461,309
Total capital contributions	<u>1,512,554</u>	<u>2,566,082</u>
Transfers In	-	6,841
Change in net assets	3,453,874	3,370,556
Net assets, beginning of year	<u>68,873,642</u>	<u>65,503,086</u>
Net assets, end of year	<u>\$ 72,327,516</u>	<u>\$ 68,873,642</u>

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

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

	2012	2011
Cash Flows from Operating Activities		
Cash received from customers	\$ 12,281,784	\$ 11,592,805
Cash paid to suppliers for goods or services	(4,133,108)	(3,522,634)
Cash paid to employees for services	(3,453,872)	(3,188,474)
Net cash provided by operating activities	4,694,804	4,881,697
Cash Flows from Non-Capital Financing Activities		
Transfer from other fund	-	143,662
Net cash provided by non-capital financing activities	-	143,662
Cash Flows from Capital and Related Financing Activities		
Purchases and construction of capital assets	(15,312,941)	(16,065,173)
Purchase of capacity reserve	-	-
Bond issuance costs paid	(575)	(710,813)
Principal paid on capital debt	(1,133,904)	(831,535)
Interest and fees paid	(892,015)	(1,663,734)
Proceeds from bond issuance	-	-
Proceeds from capital contribution fees	1,227,458	1,104,773
Net cash provided by (used in) capital and related financing activities	(16,111,977)	(18,166,482)
Cash Flows from Investing Activities		
Purchases of investments	(560,146)	(560,146)
Proceeds from the sale of investments	560,146	560,076
Interest received	82,390	158,969
Net cash provided by investing activities	82,390	158,899
Net increase in cash and temporary investments	(11,334,783)	(12,982,224)
Cash and temporary investments, beginning of year	24,712,720	37,694,944
Cash and temporary investments, end of year	\$ 13,377,937	\$ 24,712,720
Reconciliation to the Statement of Net Assets:		
Cash and temporary investments	\$ 7,587,917	\$ 11,302,291
Restricted cash and temporary investments	5,790,020	13,410,429
Cash and temporary investments, end of year	\$ 13,377,937	\$ 24,712,720

- CONTINUED -

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

- CONTINUED -

	2012	2011
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 2,990,687	\$ 2,879,280
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,994,132	1,869,524
(Increase) decrease in accounts receivable	8,928	(114,385)
(Increase) decrease in inventory	(11,762)	(82,538)
Increase in prepaid items	(4,305)	-
Increase (decrease) in accounts payable	(227,329)	264,728
Increase (decrease) in customer deposits	12	2,000
Increase in accrued expenses	(55,559)	63,088
Net cash provided by operating activities	\$ 4,694,804	\$ 4,881,697
Non-Cash Investing, Capital, and Financing Supplementary Information:		
Revenue bond principal accretion and discount amortization	\$ 28,618	\$ 64,438
Revenue bond premium and deferred amount on refunding amortization	64,885	133,130
Contributed capital assets from developers	285,096	1,461,309
Net increase in long-term debt due to issuance of Revenue Refunding Bonds,	-	100,000
Increase in fair value of investments	-	71

TOWN OF LEXINGTON, SOUTH CAROLINA

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

JUNE 30, 2012

(With comparative amounts at June 30, 2011)

	<u>2012</u>	<u>2011</u>
Governmental Funds Capital Assets:		
Land	\$ 5,890,052	\$ 5,890,052
Buildings	10,259,561	10,259,561
Vehicles and equipment	2,826,619	2,536,847
Streets and roadways	10,082,094	9,291,066
Sidewalks	1,791,281	1,791,281
Storm drainage	2,168,363	1,829,351
Construction in progress	327,140	182,771
Total governmental funds capital assets	<u>\$ 33,345,110</u>	<u>\$ 31,780,929</u>
Investments in Governmental Funds Capital Assets by Source:		
General fund	\$ 12,784,752	\$ 12,570,535
Special revenue funds	1,928,621	1,853,066
Capital projects funds	5,883,809	5,739,440
Donations	12,747,928	11,617,888
Total governmental funds capital assets	<u>\$ 33,345,110</u>	<u>\$ 31,780,929</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

JUNE 30, 2012

Function and Activity	Land	Buildings and Improvements	Vehicles and Equipment	Streets and Roadways	Sidewalks	Storm Drainage	Construction in Progress	Total
General government:								
Council	\$ -	\$ -	\$ 10,777	\$ -	\$ -	\$ -	\$ -	\$ 10,777
Administration	-	-	57,860	-	-	-	-	57,860
Finance	-	-	26,203	-	-	-	-	26,203
Information technology	-	-	240,502	-	-	-	-	240,502
Building department	-	-	72,323	-	-	-	-	72,323
Other-unclassified	3,452,827	5,947,738	56,252	-	-	-	-	9,456,817
Total general government	<u>3,452,827</u>	<u>5,947,738</u>	<u>463,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,864,482</u>
Public safety:								
Police	-	2,662,006	1,353,617	-	-	-	-	4,015,623
Police grants and programs	-	-	291,161	-	-	-	-	291,161
Total public safety	<u>-</u>	<u>2,662,006</u>	<u>1,644,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,306,784</u>
Parks, streets, and sanitation	<u>2,437,225</u>	<u>286,830</u>	<u>717,924</u>	<u>10,082,094</u>	<u>1,791,281</u>	<u>2,168,363</u>	<u>327,140</u>	<u>17,810,857</u>
Tourism related	<u>-</u>	<u>1,362,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,362,987</u>
Total governmental funds capital assets	<u>\$ 5,890,052</u>	<u>\$ 10,259,561</u>	<u>\$ 2,826,619</u>	<u>\$ 10,082,094</u>	<u>\$ 1,791,281</u>	<u>\$ 2,168,363</u>	<u>\$ 327,140</u>	<u>\$ 33,345,110</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, 2012

Function and Activity	Governmental Funds Capital Assets June 30, 2011	Additions	Deductions	Governmental Funds Capital Assets June 30, 2012
General government:				
Council	\$ 10,777	\$ -	\$ -	\$ 10,777
Administration	57,860	-	-	57,860
Finance	26,203	-	-	26,203
Information technology	209,141	31,361	-	240,502
Building department	52,347	19,976	-	72,323
Other-unclassified	9,456,817	-	-	9,456,817
Total general government	<u>9,813,145</u>	<u>51,337</u>	<u>-</u>	<u>9,864,482</u>
Public safety:				
Police	3,901,613	271,010	(157,000)	4,015,623
Police grants and programs	215,606	75,555	-	291,161
Total public safety	<u>4,117,219</u>	<u>346,565</u>	<u>(157,000)</u>	<u>4,306,784</u>
Parks, streets, and sanitation	<u>16,487,578</u>	<u>1,334,318</u>	<u>(11,039)</u>	<u>17,810,857</u>
Tourism related	<u>1,362,987</u>	<u>-</u>	<u>-</u>	<u>1,362,987</u>
Total governmental funds capital assets	<u>\$ 31,780,929</u>	<u>\$ 1,732,220</u>	<u>\$ (168,039)</u>	<u>\$ 33,345,110</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES

YEAR ENDED JUNE 30, 2012

Court Fines	
Court Fines Collected	\$ 281,798
Court Fines Retained	<u>281,798</u>
Court Fines Remitted to State Treasurer	<u>-</u>
Court Assessments	
Court Assessments Collected	295,552
Court Assessments Retained by Town	<u>32,843</u>
Court Assessments Remitted to State Treasurer	<u>262,709</u>
Court Surcharges	
Court Surcharges Collected	142,220
Court Surcharges Retained by Town	<u>7,551</u>
Court Surcharges Remitted to State Treasurer	<u>134,668</u>
Victims Services	
Court Assessments Allocated to Victim Services	32,843
Court Surcharges Allocated to Victim Services	<u>7,551</u>
Funds Allocated to Victim Services	40,395
Victim Services Expenditures	<u>(60,212)</u>
Funds in Excess (Shortage) of Expenditures	(19,817)
Victim's Fund Carryforward Balance from FYE 2011	<u>-</u>
Victim's Fund Ending Balance for FYE 2012	<u><u>\$ -</u></u>

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 94 – 99)

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 100 – 109)

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

Debt Capacity (Pages 110 – 114)

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 115 – 117)

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 118– 120)

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

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	(A)	\$ 13,128,724	\$ 14,921,730	\$ 14,776,315	\$ 16,375,272	\$ 17,294,448	\$ 17,391,574	\$ 17,343,697	\$ 18,671,416	\$ 21,138,355
Restricted	(A)	1,065,564	1,860,561	1,765,083	1,313,881	856,430	764,871	752,874	646,729	791,947
Unrestricted	(A)	2,469,611	2,411,116	4,074,923	3,958,676	4,609,765	4,633,354	4,163,918	4,618,694	2,679,714
Total Governmental Activities Net Assets		\$ 16,663,899	\$ 19,193,407	\$ 20,616,321	\$ 21,647,829	\$ 22,760,643	\$ 22,789,799	\$ 22,260,489	\$ 23,936,839	\$ 24,610,016
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	(A)	\$ 15,006,879	\$ 22,064,484	\$ 27,373,745	\$ 32,363,082	\$ 31,365,187	\$ 42,701,133	\$ 47,900,686	\$ 52,046,172	\$ 58,355,456
Restricted	(A)	1,031,264	400,728	467,675	511,882	10,087,650	1,022,075	2,789,256	1,964,536	2,302,194
Unrestricted	(A)	12,767,262	10,225,445	15,129,902	19,398,245	24,332,551	22,405,374	14,813,144	14,862,934	11,669,866
Total Business-Type Activities Net assets		\$ 28,805,405	\$ 32,690,657	\$ 42,971,322	\$ 52,273,209	\$ 65,785,388	\$ 66,128,582	\$ 65,503,086	\$ 68,873,642	\$ 72,327,516
Primary Government										
Invested in Capital Assets, Net of Related Debt	(A)	\$ 28,135,603	\$ 36,986,214	\$ 42,150,060	\$ 48,738,354	\$ 48,659,635	\$ 60,092,707	\$ 65,244,383	\$ 70,717,588	\$ 79,493,811
Restricted	(A)	2,096,828	2,261,289	2,232,758	1,825,763	10,944,080	1,786,946	3,542,130	2,611,265	3,094,141
Unrestricted	(A)	15,236,873	12,636,561	19,204,825	23,356,921	28,942,316	27,038,728	18,977,062	19,481,628	14,349,580
Total Primary Government Net Assets		\$ 45,469,304	\$ 51,884,064	\$ 63,587,643	\$ 73,921,038	\$ 88,546,031	\$ 88,918,381	\$ 87,763,575	\$ 92,810,481	\$ 96,937,532

(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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General Government	(A)	\$ 1,231,253	\$ 1,395,091	\$ 1,723,654	\$ 1,693,276	\$ 1,932,426	\$ 1,903,122	\$ 1,961,061	\$ 2,101,340	\$ 2,160,110
Public Safety	(A)	2,351,798	2,595,158	2,768,585	2,981,243	3,440,468	3,824,185	4,037,119	4,296,328	4,592,481
Parks, Streets, and Sanitation	(A)	1,706,399	1,897,425	1,979,016	2,092,395	2,346,278	2,573,999	2,668,500	2,658,291	2,946,943
Victims' Assistance	(A)	48,897	54,696	55,732	61,962	30,792	32,714	37,978	57,155	58,844
Housing Rehabilitation	(A)	-	157,053	136,985	-	-	-	-	-	-
Tourism Related	(A)	184,862	332,007	31,448	33,278	52,957	80,041	83,000	114,127	191,767
Interest on Long-Term Debt	(A)	250,309	358,158	252,162	230,334	232,385	214,722	185,219	110,855	68,056
Total Governmental Activities Expenses	(A)	5,773,518	6,789,588	6,947,582	7,092,488	8,035,306	8,628,783	8,972,877	9,338,096	10,018,201
Business-Type Activities:										
Water and Sewer System	(A)	7,616,681	8,539,264	9,195,210	9,455,125	10,050,163	11,663,285	11,736,236	11,086,772	10,393,672
Total Business-Type Activities Expenses	(A)	7,616,681	8,539,264	9,195,210	9,455,125	10,050,163	11,663,285	11,736,236	11,086,772	10,393,672
Total Primary Government Expenses	(A)	\$ 13,390,199	\$ 15,328,852	\$ 16,142,792	\$ 16,547,613	\$ 18,085,469	\$ 20,292,068	\$ 20,709,113	\$ 20,424,868	\$ 20,411,873
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	(A)	\$ 181,021	\$ 254,412	\$ 304,403	\$ 367,681	\$ 349,718	\$ 292,294	\$ 295,430	\$ 312,813	\$ 317,510
Public Safety	(A)	258,233	199,256	258,831	252,458	297,015	265,117	248,642	270,003	284,140
Parks, Streets, and Sanitation	(A)	652,834	713,897	773,362	827,857	906,815	1,055,776	1,110,959	1,193,982	1,198,980
Victims' Assistance	(A)	46,671	29,878	34,330	29,390	32,289	31,152	31,928	39,201	40,394
Housing Rehabilitation		-	138	-	-	-	-	-	-	-
Tourism Related		61,831	54,116	59,528	98,776	109,419	152,795	148,602	164,572	190,030
Operating Grants and Contributions	(A)	209,753	207,811	278,086	221,899	232,901	183,213	171,504	141,947	348,780
Capital Grants and Contributions	(A)	176,096	1,360,018	1,193,869	452,296	990,687	223,584	51,067	1,615,008	1,246,751
Total Governmental Activities Program Revenues	(A)	1,586,439	2,819,526	2,902,409	2,250,357	2,918,844	2,203,931	2,058,132	3,737,526	3,626,585
Business-Type Activities:										
Charges for Services:										
Water and Sewer System	(A)	(A)	6,942,895	7,494,063	8,506,545	9,479,885	10,453,703	10,383,182	11,705,190	12,272,844
Operating Grants and Contributions	(A)	(A)	-	-	-	-	-	-	-	-
Capital Grants and Contributions	(A)	(A)	3,248,045	4,976,928	10,425,149	8,371,795	12,161,239	1,127,593	2,566,082	1,512,554
Total Business-Type Activities Program Revenues	(A)	(A)	10,190,940	12,470,991	18,931,694	17,851,680	22,614,942	11,510,775	14,271,272	13,785,398
Total Primary Government Program Revenues	(A)	(A)	\$ 13,010,466	\$ 15,373,400	\$ 21,182,051	\$ 20,770,524	\$ 24,818,873	\$ 13,568,907	\$ 18,008,798	\$ 17,411,983

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue										
Governmental Activities	(A) \$ (4,187,079)	\$ (3,970,062)	\$ (4,045,173)	\$ (4,842,131)	\$ (4,842,131)	\$ (5,116,462)	\$ (6,424,852)	\$ (6,914,745)	\$ (5,600,570)	\$ (6,391,616)
Business-Type Activities	(A) 2,574,259	3,931,727	9,736,484	9,476,569	10,951,657	7,801,517	10,951,657	(225,461)	3,184,500	3,391,726
Total Primary Government Net (Expense)/Revenue	(A) \$ (1,612,820)	\$ (38,335)	\$ 5,691,311	\$ 4,634,438	\$ 7,140,206	\$ 2,685,055	\$ 4,526,805	\$ (7,140,206)	\$ (2,416,070)	\$ (2,999,890)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes by Source:										
Property Tax	(A) \$ 1,956,731	\$ 2,101,197	\$ 2,133,809	\$ 2,196,430	\$ 2,196,430	\$ 2,322,437	\$ 2,671,139	\$ 2,854,745	\$ 3,110,860	\$ 3,168,186
Business License Tax	(A) 2,092,340	2,430,443	2,744,734	2,899,862	2,899,862	3,247,655	3,251,864	3,176,416	3,785,323	3,515,175
Hospitality Tax	(A) 777,968	1,236,308	47,632	-	-	3,247,655	-	-	-	-
State Aid not Restricted for Specific Purpose	(A) 341,246	321,134	388,904	497,311	497,311	504,983	483,458	410,479	373,356	357,512
Unrestricted Investment Earnings	(A) 53,381	122,275	220,046	306,718	306,718	183,048	52,873	21,179	14,326	5,436
Miscellaneous	(A) 3,922	15,651	14,062	21,885	21,885	4,428	9,146	-	-	-
Gain on sale of capital assets	(A) (A)	(A)	(A)	19,115	19,115	20,291	24,268	(54,202)	(104)	18,484
Transfers	(A) 609,386	272,562	(81,120)	(67,682)	(67,682)	(53,566)	(38,740)	(23,182)	(6,841)	-
Total Governmental Activities	(A) 5,834,974	6,499,570	5,468,087	5,873,639	5,873,639	6,229,276	6,454,008	6,385,435	7,276,920	7,064,793
Business-Type Activities:										
Water and Sewer System:										
Unrestricted Investment Earnings	(A) 199,511	226,087	463,061	837,650	837,650	893,834	456,964	201,442	179,215	62,148
Transfers	(A) (609,386)	(272,562)	81,120	67,682	67,682	53,566	38,740	23,182	6,841	-
Impairment Loss	(A) -	-	-	-	-	-	-	(6,147,974)	-	-
Total Business-Type Activities	(A) (409,875)	(46,475)	544,181	905,332	905,332	947,400	495,704	(5,923,350)	186,056	62,148
Total Primary Government	(A) \$ 5,425,099	\$ 6,453,095	\$ 6,012,268	\$ 6,778,971	\$ 6,778,971	\$ 7,176,676	\$ 6,949,712	\$ 462,085	\$ 7,462,976	\$ 7,126,941
Change in Net Assets:										
Governmental Activities	(A) \$ 1,647,895	\$ 2,529,508	\$ 1,422,914	\$ 1,031,508	\$ 1,112,814	\$ 1,112,814	\$ 29,156	\$ (529,310)	\$ 1,676,350	\$ 673,177
Business-Type Activities	(A) 2,164,384	3,885,252	10,280,665	10,381,901	8,748,917	8,748,917	11,447,361	(6,148,811)	3,370,556	3,453,874
Total Primary Government	(A) \$ 3,812,279	\$ 6,414,760	\$ 11,703,579	\$ 11,413,409	\$ 9,861,731	\$ 9,861,731	\$ 11,476,517	\$ (6,678,121)	\$ 5,046,906	\$ 4,127,051

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

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

(Modified Accrual Basis of Accounting)
 (Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 1,102	\$ 959	\$ 127,860	\$ 7,651	\$ 3,200	\$ -	\$ -	(A)	(A)	(A)
Unreserved	3,527,752	2,421,765	2,501,473	3,400,828	4,250,125	4,746,154	4,873,531	(A)	(A)	(A)
Total General Fund	\$ 3,528,854	\$ 2,422,724	\$ 2,629,333	\$ 3,408,479	\$ 4,253,325	\$ 4,746,154	\$ 4,873,531	(A)	(A)	(A)
All Other Governmental Funds										
Reserved	\$ 310,253	\$ 311,557	\$ 316,048	\$ 327,327	\$ 223,253	\$ 219,498	\$ 214,381	(A)	(A)	(A)
Unreserved, Reported In:										
Special Revenue Funds	314,160	974,930	1,562,355	1,609,708	680,572	545,986	598,980	(A)	(A)	(A)
Capital Projects	1,176,726	524,202	515,903	494,133	571,806	274,035	70,625	(A)	(A)	(A)
Total All Other Governmental Funds	\$ 1,801,139	\$ 1,810,689	\$ 2,394,306	\$ 2,431,168	\$ 1,475,631	\$ 1,039,519	\$ 883,986	(A)	(A)	(A)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	N/A	\$ -	\$ 802	\$ 464						
Restricted	N/A	-	-	-						
Committed	N/A	-	580,000	630,000						
Unassigned	N/A	730,000	4,338,139	3,926,382						
Total General Fund								\$ 730,000	\$ 4,918,941	\$ 4,556,846
All Other Governmental Funds										
Special Revenue Funds										
Nonspendable	N/A	\$ -	\$ -	\$ -						
Restricted	N/A	589,348	630,060	599,771						
Committed	N/A	79,129	79,468	79,308						
Unassigned	N/A	(23,417)	(2,215)	(2,046)						
Capital Projects and Debt Service										
Nonspendable	N/A	-	-	-						
Restricted	N/A	213,332	219,489	223,326						
Committed	N/A	-	-	-						
Unassigned	N/A	(1,545,274)	(1,593,888)	(1,410,346)						
Total All Other Governmental Funds	N/A	\$ (686,882)	\$ (667,086)	\$ (509,987)						

(A) GASB 54 was not implemented until the 2011 fiscal year.

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes by Source:										
Property Tax	\$ 1,840,776	\$ 1,942,182	\$ 2,101,280	\$ 2,146,307	\$ 2,203,891	\$ 2,330,486	\$ 2,612,358	\$ 2,822,779	\$ 3,160,454	\$ 3,150,728
Hospitality Tax	-	771,779	1,236,308	6,902	-	-	-	-	-	-
Franchises, Licenses, and Permits	2,636,418	2,883,054	3,340,848	3,776,681	4,038,424	4,430,778	4,426,695	4,492,871	5,186,480	4,912,344
Intergovernmental	967,237	588,626	824,628	869,401	838,708	755,401	895,221	613,716	911,619	816,701
Fines and Forfeitures	289,877	299,319	233,947	282,805	271,873	321,773	295,252	280,570	309,147	324,577
Interest Income	87,767	53,381	122,275	220,046	306,718	183,046	52,874	21,179	16,897	3,219
Charges for Services	27,587	23,958	10,175	26,263	37,700	52,680	-	-	-	-
Miscellaneous	52,684	142,545	112,579	117,916	145,291	344,486	331,231	257,870	252,388	318,827
Total Revenues	\$ 5,902,346	\$ 6,704,844	\$ 7,982,040	\$ 7,446,321	\$ 7,842,605	\$ 8,418,650	\$ 8,613,631	\$ 8,488,985	\$ 9,836,985	\$ 9,526,396
Expenditures										
Current:										
General Government	\$ 1,005,750	\$ 1,105,468	\$ 1,253,880	\$ 1,528,647	\$ 1,502,701	\$ 1,692,744	\$ 1,691,295	\$ 1,784,460	\$ 1,877,082	\$ 2,051,576
Public Safety	1,850,757	2,133,078	2,307,164	2,544,655	2,758,380	3,163,135	3,540,434	3,675,273	3,898,756	4,178,929
Parks, Streets and Sanitation	1,170,204	1,313,460	1,387,808	1,476,649	1,552,945	1,734,346	2,023,987	2,000,102	2,140,089	2,299,070
Tourism Related	52,207	181,300	332,007	31,448	33,278	52,957	51,363	75,838	82,300	74,224
Housing Rehabilitation	816	662	157,053	136,985	-	-	-	-	-	-
Victims' Assistance	82,450	48,864	54,696	55,732	61,962	30,792	33,106	38,000	57,457	60,212
Capital Outlay	5,112,166	3,175,050	1,555,783	637,421	1,556,975	1,074,235	754,163	2,313,043	1,056,849	660,059
Debt Service:										
Principal	276,072	298,003	3,958,672	424,035	485,322	460,210	437,894	447,091	463,219	352,540
Interest and Other Charges	188,989	154,925	250,518	135,506	121,074	129,365	100,548	89,752	80,508	73,266
Total Expenditures	\$ 9,739,411	\$ 8,410,810	\$ 11,257,581	\$ 6,971,078	\$ 8,072,837	\$ 8,337,784	\$ 8,632,790	\$ 10,423,559	\$ 9,656,260	\$ 9,749,876
Excess of Revenues Over (Under) Expenditures	\$ (3,837,065)	\$ (1,705,966)	\$ (3,275,541)	\$ 475,243	\$ (230,232)	\$ 80,866	\$ (19,159)	\$ (1,934,574)	\$ 180,725	\$ (223,480)

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

(Modified Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Transfers In	3,444,695	1,156,141	891,307	487,151	1,339,328	531,469	487,173	651,363	723,719	785,262
Transfers Out	(585,528)	(546,755)	(618,745)	(568,271)	(1,407,010)	(585,035)	(525,913)	(674,545)	(730,560)	(785,262)
Proceeds from Capital Lease/Other Obligations	-	-	178,205	421,885	168,108	-	-	-	-	-
Issuance of Special Sources Revenue Bonds	-	-	3,615,000	-	-	-	-	-	230,000	-
Sale of Capital Assets	-	-	-	-	19,115	29,417	29,743	14,451	33,759	18,484
Total Other Financing Sources (Uses)	2,859,167	609,386	4,065,767	340,765	119,541	(24,149)	(8,997)	(8,731)	256,918	18,484
Net Change in Fund Balances	\$ (977,898)	\$ (1,096,580)	\$ 790,226	\$ 816,008	\$ (110,691)	\$ 56,717	\$ (28,156)	\$ (1,943,305)	\$ 437,643	\$ (204,996)
Capital Asset Expenditures	\$ 5,112,166	\$ 3,175,050	\$ 1,555,783	\$ 637,421	\$ 1,434,778	\$ 870,002	\$ 754,163	\$ 2,313,043	\$ 1,056,849	\$ 660,059
Debt Service as a	10.1%	8.7%	43.4%	8.8%	9.1%	7.9%	6.8%	6.6%	6.3%	4.7%
Percentage of Noncapital Expenditures										

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

(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water Service (Thousands of Gallons)										
In-Town										
Residential	268,449	258,403	270,395	298,705	326,468	356,966	333,774	348,754	367,348	368,588
Commercial	256,740	257,435	262,146	277,912	286,821	329,326	337,983	337,185	358,183	349,748
Total	525,189	515,838	532,541	576,617	613,289	686,292	671,757	685,939	725,531	718,336
Out of Town										
Residential	30,452	32,093	38,445	45,644	64,214	90,539	89,152	90,615	95,835	94,298
Commercial	41,107	49,769	53,445	46,603	46,029	44,487	34,498	36,086	35,328	34,966
Total	71,559	81,862	91,890	92,247	110,243	135,026	123,650	126,701	131,163	129,264
Total Direct Rate	\$ 4.20	\$ 4.68	\$ 4.73	\$ 4.86	\$ 4.96	\$ 4.83	\$ 4.83	\$ 5.12	\$ 5.14	\$ 5.44
Sewer Service (Thousands of Gallons)										
In-Town										
Residential	269,602	271,303	281,288	313,189	339,419	368,868	344,681	364,126	380,713	381,916
Commercial	191,152	205,854	202,923	212,568	216,963	235,984	250,960	250,519	271,947	258,450
Total	460,754	477,157	484,211	525,757	556,382	604,852	595,641	614,645	652,660	640,366
Out of Town										
Residential	148,577	185,280	201,671	250,374	316,477	402,550	375,653	425,739	423,537	436,860
Commercial	37,314	43,187	46,056	49,651	50,746	49,413	50,960	48,873	52,337	56,763
Total	185,891	228,467	247,727	300,025	367,223	451,963	426,613	474,612	475,874	493,623
Total Direct Rate	\$ 4.96	\$ 5.37	\$ 5.63	\$ 5.79	\$ 5.72	\$ 5.55	\$ 5.86	\$ 5.97	\$ 6.06	\$ 6.32

Source: Utility billing records

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

(Unaudited)

Water Service	2003		2004		2005		2006		2007		2008		2009		2010		2011		2012		
	Monthly Base	Volume																			
In-Town:																					
Residential	\$ 5.70	\$ 3.17	\$ 5.89	\$ 3.33	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.87	\$ 3.83	
Commercial	\$ 5.70	\$ 2.96	\$ 5.89	\$ 3.11	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.87	\$ 3.57	
Out of Town:																					
Residential	\$ 9.40	\$ 5.94	\$ 9.87	\$ 6.24	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 11.32	\$ 7.16	
Commercial	\$ 9.40	\$ 5.57	\$ 9.87	\$ 5.85	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 11.32	\$ 6.71	
Sewer Service																					
In-Town:																					
Residential	\$ 5.42	\$ 3.75	\$ 5.69	\$ 3.94	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 6.52	\$ 4.52	
Commercial	\$ 5.42	\$ 3.75	\$ 5.69	\$ 3.94	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 6.52	\$ 4.52	
Out of Town:																					
Residential	\$ 7.20	\$ 6.62	\$ 7.56	\$ 6.95	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 8.68	\$ 7.98	
Commercial	\$ 7.20	\$ 6.62	\$ 7.56	\$ 6.95	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 8.68	\$ 7.98	

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, 2012				June 30, 2011			
	WATER		SEWER		WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County Government	29,015	1	1.08%	27,720	1	2.45%		
Apartment Complex	13,483	2	0.50%	13,483	3	1.19%		
Apartment Complex	13,213	3	0.49%	8,964	7	0.79%		
Apartment Complex	12,159	4	0.45%	8,754	8	0.77%		
Apartment Complex	11,334	5	0.42%	9,562	4	0.85%		
School District	10,671	6	0.40%	18,069	2	1.60%		
Apartment Complex	9,250	7	0.34%	9,250	5	0.82%		
Medical Center	8,426	8	0.31%	-	-	-		
Apartment Complex	8,326	9	0.31%	8,326	9	0.74%		
Apartment Complex	8,226	9	0.31%	-	-	-		
Mobile Home Park	6,882	10	0.26%	9,097	6	0.80%		
Extended Care Facility	-	-	-	6,477	10	0.57%		
Totals	122,760		4.56%	119,703		10.58%		
Total Consumption	2,695,812			1,131,481				

Taxpayer	June 30, 2012				June 30, 2011			
	WATER		SEWER		WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County Government	32,652	1	1.25%	32,164	1	2.85%		
Apartment Complex	14,089	2	0.54%	9,068	7	0.80%		
Apartment Complex	13,771	3	0.53%	9,502	6	0.84%		
Apartment Complex	13,168	4	0.50%	13,168	3	1.17%		
Apartment Complex	10,922	5	0.42%	10,922	4	0.97%		
Apartment Complex	10,849	6	0.41%	10,613	5	0.94%		
Apartment Complex	8,970	7	0.34%	8,970	8	0.80%		
Apartment Complex	7,290	8	0.28%	-	-	-		
Medical Center	7,083	9	0.27%	-	-	-		
Manufacturer	6,182	10	0.24%	-	-	-		
School District	-	-	-	17,081	2	1.52%		
Residence	-	-	-	-	-	-		
Retirement Residence	-	-	-	6,306	10	0.56%		
Extended Care Facility	-	-	-	7,864	9	0.70%		
Mobile Home Park	-	-	-	125,658		11.15%		
Totals	124,977		4.78%	1,127,372				
Total Consumption	2,620,698			1,127,372				

Taxpayer	June 30, 2010			
	WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)
County Government	27,645	1	1.78%	28,130
Apartment Complex	14,711	2	0.94%	14,711
Apartment Complex	14,139	3	0.91%	9,168
Apartment Complex	13,773	4	0.88%	11,155
Apartment Complex	11,544	5	0.74%	8,799
Apartment Complex	10,515	6	0.68%	10,515
Apartment Complex	6,906	7	0.44%	6,906
Apartment Complex	6,507	8	0.42%	5,730
Medical Center	6,405	9	0.41%	-
Manufacturer	5,986	10	0.38%	-
School District	-	-	-	16,518
Retirement Residence	-	-	-	-
Extended Care Facility	-	-	-	6,308
Mobile Home Park	-	-	-	-
Totals	118,131		7.98%	117,940
Total Consumption	1,556,813			1,087,663

TOWN OF LEXINGTON, SOUTH CAROLINA
 PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)
 (Continued)

		June 30, 2009				June 30, 2008			
		WATER		SEWER		WATER		SEWER	
Taxpayer	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County Government	26,511	1	1.76%	26,195	1	2.58%	28,243	1	1.79%
Apartment Complex	14,870	2	0.99%	12,597	4	1.22%	13,186	2	0.84%
Apartment Complex	14,388	3	0.95%	14,388	3	1.41%	10,413	3	0.99%
Apartment Complex	11,674	4	0.77%	8,252	7	0.81%	6,565	6	0.63%
Apartment Complex	10,777	5	0.72%	9,629	5	0.95%	9,126	4	0.87%
Apartment Complex	8,401	6	0.56%	8,401	6	0.83%	4,513	10	0.43%
Apartment Complex	7,926	7	0.53%	6,014	10	0.59%	6,366	7	0.61%
Medical Center	7,214	8	0.48%	-	-	-	-	-	-
Manufacturer	6,416	9	0.43%	-	-	-	20,181	2	1.92%
School District	4,854	10	0.32%	17,115	2	1.68%	5,905	9	0.56%
Retirement Residence	-	-	-	-	-	-	-	-	-
Extended Care Facility	-	-	-	6,040	9	0.59%	-	-	-
Mobile Home Park	-	-	-	6,716	8	0.66%	-	-	-
Totals	113,031	-	7.50%	115,147	-	11.32%	103,890	-	6.59%
Total Consumption	1,506,843	-	-	1,016,971	-	-	1,577,464	-	-

		June 30, 2007				June 30, 2006			
		WATER		SEWER		WATER		SEWER	
Taxpayer	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County Government	27,479	1	1.83%	25,620	1	2.79%	19,825	1	2.96%
Apartment Complex	14,014	2	0.93%	11,279	3	1.23%	13,654	2	2.04%
Apartment Complex	9,605	3	0.64%	9,605	4	1.05%	12,434	3	1.86%
Apartment Complex	9,241	4	0.61%	9,241	5	1.01%	10,251	5	1.24%
Apartment Complex	7,836	5	0.52%	6,260	8	0.68%	10,548	6	1.28%
Manufacturer	6,129	6	0.41%	-	-	-	7,227	4	0.88%
Manufacturer	5,868	7	0.39%	-	-	-	-	-	-
Apartment Complex	5,856	8	0.39%	5,856	9	0.64%	6,551	8	0.99%
Medical Center	6,729	9	0.45%	-	-	-	3,767	10	0.46%
School District	4,499	10	0.30%	13,922	2	1.52%	5,882	10	0.80%
Extended Care Facility	-	-	-	6,895	7	0.75%	-	-	-
Mobile Home Park	-	-	-	7,632	6	0.83%	-	-	-
Manufacturer	-	-	-	4,696	10	0.51%	6,887	7	0.83%
Totals	97,256	-	6.46%	101,006	-	11.01%	100,324	-	14.99%
Total Consumption	1,504,809	-	-	917,551	-	-	669,045	-	-

Source: Town of Lexington Billing Records
 Note: Records prior to 2006 not readily available.

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		Assessed Value	Total Actual Value	Total Estimated Actual Value	Total Direct Tax Rate	Ratio of Total Assessed Value to Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value					
2003	2002	\$ 30,025,460	\$ 613,465,420	\$ 10,998,510	\$ 109,019,170	\$ 41,023,970	\$ 722,484,590	43.70	5.76%	
2004	2003	32,437,320	668,795,610	11,874,310	113,088,666	44,311,630	781,884,276	43.70	5.68%	
2005	2004	35,236,570	718,734,147	12,216,770	132,269,358	47,453,340	851,003,505	43.70	5.58%	
2006	2005	45,116,590	927,724,390	12,237,780	138,175,200	57,354,370	1,065,899,590	36.24	5.38%	
2007	2006	47,958,170	973,175,071	12,475,870	149,786,751	60,434,040	1,122,961,822	36.24	5.38%	
2008	2007	52,154,580	1,071,640,833	12,021,200	156,658,524	64,175,780	1,228,299,357	36.24	5.22%	
2009	2008	58,879,110	1,200,208,137	13,355,630	169,176,405	72,234,740	1,369,384,542	36.24	5.27%	
2010	2009	64,659,360	1,311,047,439	13,658,320	171,525,024	78,317,680	1,482,572,463	36.24	5.28%	
2011	2010	71,065,230	1,469,218,111	15,725,580	186,724,571	86,790,810	1,655,942,682	35.14	5.24%	
2012	2011	\$ 73,511,410	\$ 1,500,776,722	\$ 16,181,230	\$ 196,567,736	\$ 89,692,640	\$ 1,697,344,458	35.14	5.28%	

Source: Lexington County Auditor's Office

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

TOWN OF LEXINGTON, SOUTH CAROLINA

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

(Unaudited)

Fiscal Year	Town of Lexington	Lexington		Midlands		Riverbanks Zoo	Mental Health	Total		
		Lexington County	School District 1	School District 2	Technical College			School District 1	School District 2	
2003	\$ 43.70	\$ 81.75	\$ 262.30	\$ -	\$ 4.08	\$ 13.04	\$ 1.73	\$ 0.84	\$ 407.44	\$ -
2004	43.70	83.54	277.10	-	4.18	13.29	1.86	0.87	424.54	-
2005	43.70	87.32	285.10	-	4.27	15.10	1.89	0.74	438.12	-
2006	36.24 (1)	77.92	272.10	-	4.31	13.52	1.85	0.66	406.59	-
2007	36.24	80.56	287.10	173.15	4.45	13.98	1.92	0.68	424.93	310.98
2008	36.24	85.14	301.40	178.60	4.45	18.02	1.96	0.68	447.89	325.09
2009	36.24	89.06	311.28	178.60	4.45	16.60	1.89	0.68	460.20	327.52
2010	35.14 (1)	81.99	328.29	185.73	4.45	15.60	1.78	0.63	468.98	326.42
2011	35.14	79.05	333.61	183.12	4.30	15.44	1.78	0.50	469.82	319.33
2012	\$ 35.14	\$ 80.73	\$ 338.71	\$ 183.22	\$ 4.37	\$ 16.02	\$ 1.79	\$ 0.51	\$ 477.27	\$ 321.78

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

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

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

PRINCIPAL PROPERTY TAXPAYERS

(Unaudited)

Taxpayer	2012			2011			2010			2009		
	Taxable Assessed Value (12/31/2012)	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value (12/31/2011)	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value (12/31/2010)	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value (12/31/2009)	Percentage of Total Taxable Assessed Value	Rank
South Carolina Electric & Gas	\$ 2,090,770	2.50%	1	\$ 2,066,320	2.48%	1	\$ 1,690,880	2.16%	1	\$ 1,462,650	2.03%	1
Lulworth at Saluda Pointe, LLC	669,620	1.08%	2	669,620	1.12%	2	843,150	1.08%	3	843,150	1.17%	3
Century Mill Partners, LLC	993,130	1.07%	3	962,580	1.11%	3	960,030	1.23%	2	-	-	-
Lauren Ridge Apartments, LP	837,000	0.99%	4	826,880	0.93%	4	758,200	0.97%	5	743,060	1.03%	4
Morgan Overlook Apartments, LLC	864,740	0.96%	5	869,080	0.93%	5	809,800	1.03%	4	570,810	0.79%	6
Leves Home Centers	790,210	0.88%	6	864,740	0.93%	6	566,970	0.72%	7	310,050	0.41%	8
W M Lexington Trust	610,850	0.68%	7	610,850	0.68%	7	510,050	0.65%	9	-	-	-
Cedarcrest Village Apartments	586,600	0.65%	8	596,600	0.64%	8	558,950	0.71%	8	559,470	0.77%	7
Home Depot USA	568,890	0.63%	9	552,260	0.61%	10	490,260	0.63%	10	490,260	0.68%	9
Herman Family Real Estate Company	553,390	0.62%	10	529,260	0.61%	10	584,240	0.75%	6	1,299,000	1.80%	2
Shenandoah Apartments	-	-	-	-	-	-	-	-	-	622,650	0.86%	5
Inland Southeast Lexington LLC	-	-	-	-	-	-	-	-	-	481,630	0.67%	10
Target Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Century Centennial Century Mill	-	-	-	-	-	-	-	-	-	-	-	-
RSC Oakleaf Lexington, LLC	-	-	-	-	-	-	-	-	-	-	-	-
Edena & Avant Financing	-	-	-	-	-	-	-	-	-	-	-	-
Thornhill LP	-	-	-	-	-	-	-	-	-	-	-	-
Old Mill Apartments/Lexington	-	-	-	-	-	-	-	-	-	-	-	-
Baker & Baker Etal	-	-	-	-	-	-	-	-	-	-	-	-
Chimney Ridge Partners	-	-	-	-	-	-	-	-	-	-	-	-
Kohl's Department Stores, Inc.	-	-	-	-	-	-	-	-	-	-	-	-
Allied	-	-	-	-	-	-	-	-	-	-	-	-
Safety Kitem	-	-	-	-	-	-	-	-	-	-	-	-
Kmart	-	-	-	-	-	-	-	-	-	-	-	-
Lexco Associates	-	-	-	-	-	-	-	-	-	-	-	-
BW Knobel Inc.	-	-	-	-	-	-	-	-	-	-	-	-
Tri Center Partnership	-	-	-	-	-	-	-	-	-	-	-	-
BB&T	-	-	-	-	-	-	-	-	-	-	-	-
Golden Hills Partnership	-	-	-	-	-	-	-	-	-	-	-	-
Roberts Enterprises	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 8,984,370	10.02%	-	\$ 8,717,410	10.04%	-	\$ 7,768,570	9.92%	-	\$ 7,582,770	10.50%	-
Total Assessed Valuations	\$ 89,692,640	-	-	\$ 86,790,810	-	-	\$ 78,317,680	-	-	\$ 71,234,740	-	-

Taxpayer	2008			2007			2006			1998		
	Taxable Assessed Value (12/31/2007)	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value (12/31/2006)	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value (12/31/2005)	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value (12/31/1997)	Percentage of Total Taxable Assessed Value	Rank
South Carolina Electric & Gas	\$ 1,306,120	2.03%	1	\$ 1,224,210	2.03%	1	\$ 1,177,880	2.05%	1	\$ 613,200	1.29%	1
Lulworth at Saluda Pointe, LLC	-	-	-	-	-	-	-	-	-	-	-	-
Century Mill Partners, LLC	-	-	-	-	-	-	-	-	-	-	-	-
Lauren Ridge Apartments, LP	727,930	1.13%	2	682,380	1.13%	2	892,740	1.56%	2	-	-	-
Morgan Overlook Apartments, LLC	-	-	-	-	-	-	-	-	-	-	-	-
W M Lexington Trust	570,810	0.89%	4	570,810	0.94%	3	570,810	1.00%	4	-	-	-
Cedarcrest Village Apartments	-	-	-	-	-	-	-	-	-	-	-	-
Herman Family Real Estate Co., L	-	-	-	-	-	-	-	-	-	-	-	-
Target Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Shenandoah Apartments	458,560	0.71%	9	458,560	0.76%	6	458,560	0.80%	7	-	-	-
Inland Southeast Lexington LLC	490,260	0.76%	5	490,260	0.81%	4	490,260	0.85%	5	-	-	-
Century Centennial Century Mill	590,210	0.93%	3	590,210	0.93%	4	-	-	-	-	-	-
Home Depot USA	450,280	0.72%	8	450,280	0.72%	8	-	-	-	-	-	-
RSC Oakleaf Lexington, LLC	461,940	0.72%	7	368,910	0.61%	8	387,780	0.68%	9	-	-	-
Edena & Avant Financing	472,420	0.74%	6	472,420	0.78%	5	472,420	0.82%	6	-	-	-
Thornhill LP	415,800	0.65%	10	415,800	0.69%	7	415,800	0.72%	8	-	-	-
Old Mill Apartments/Lexington	-	-	-	-	-	-	598,100	1.04%	3	-	-	-
Baker & Baker Etal	-	-	-	331,260	0.55%	10	-	-	-	-	-	-
Chimney Ridge Partners	-	-	-	330,000	0.55%	9	-	-	-	-	-	-
Kohl's Department Stores, Inc.	-	-	-	-	-	-	377,990	0.66%	10	-	-	-
Allied	-	-	-	-	-	-	-	-	-	298,670	0.63%	2
Safety Kitem	-	-	-	-	-	-	-	-	-	240,140	0.51%	3
Kmart	-	-	-	-	-	-	-	-	-	193,350	0.41%	4
Lexco Associates	-	-	-	-	-	-	-	-	-	177,000	0.37%	5
BW Knobel Inc.	-	-	-	-	-	-	-	-	-	142,560	0.30%	6
Tri Center Partnership	-	-	-	-	-	-	-	-	-	134,440	0.28%	7
BB&T	-	-	-	-	-	-	-	-	-	121,460	0.26%	8
Golden Hills Partnership	-	-	-	-	-	-	-	-	-	109,710	0.23%	9
Roberts Enterprises	-	-	-	-	-	-	-	-	-	88,020	0.19%	10
Totals	\$ 5,956,340	9.28%	-	\$ 5,344,510	8.84%	-	\$ 5,842,290	10.19%	-	\$ 2,118,350	4.66%	-
Total Assessed Valuations	\$ 64,173,780	-	-	\$ 60,434,040	-	-	\$ 57,354,370	-	-	\$ 47,453,240	-	-

Source: Lexington County Property Appraisers Office
 Note: Data from 9 years ago not available; therefore, certified available data used.

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

(Unaudited)

Fiscal Year	Total Tax Levy	Total Tax Collections (Fiscal Year)	Percentage of Tax Collections to Tax Levy	Outstanding Delinquent Taxes (End of Fiscal Year)	Subsequent Collections	Percentage Delinquent Taxes to Total Tax Levy	Total Collections To Date	Percentage of Total Tax Collections to Tax Levy
2003	\$ 1,805,421	\$ 1,801,584	99.79%	\$ 3,837	NA	0.21%	\$ 1,801,584	99.79%
2004	1,952,443	1,867,298	95.64%	75,966	NA	3.89%	1,867,298	95.64%
2005	2,069,605	2,041,104	98.62%	59,731	NA	2.89%	2,041,104	98.62%
2006	2,096,016	2,071,316	98.82%	53,977	NA	2.58%	2,071,316	98.82%
2007	2,158,599	2,123,766	98.39%	61,867	NA	2.87%	2,123,766	98.39%
2008	2,330,009	2,238,054	96.05%	95,801	NA	4.11%	2,238,054	96.05%
2009	2,643,000	2,498,757	94.54%	120,958	NA	4.58%	2,498,757	94.54%
2010	2,858,838	2,673,333	93.51%	146,601	NA	5.13%	2,673,333	93.51%
2011	3,102,586	2,946,779	94.98%	134,426	NA	4.33%	2,946,779	94.98%
2012	\$ 3,196,991	\$ 3,024,850	94.62%	\$ 148,659	NA	4.65%	\$ 3,024,850	94.62%

Source: Lexington County Treasurer's Office

NA = data is not readily available.

TOWN OF LEXINGTON, SOUTH CAROLINA
FRANCHISES, LICENSES, PERMITS AND FEES REVENUE
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Business License	Franchise Fees	Building Permits	Total
2003	\$ 1,893,173	\$ 537,135	\$ 206,110	\$ 2,636,418
2004	\$ 2,092,340	\$ 618,417	\$ 156,150	\$ 2,866,907
2005	\$ 2,430,443	\$ 680,687	\$ 229,718	\$ 3,340,848
2006	\$ 2,744,734	\$ 754,757	\$ 277,190	\$ 3,776,681
2007	\$ 2,899,862	\$ 808,597	\$ 329,965	\$ 4,038,424
2008	\$ 3,247,655	\$ 881,437	\$ 296,888	\$ 4,425,980
2009	\$ 3,251,864	\$ 964,521	\$ 210,309	\$ 4,426,694
2010	\$ 3,176,416	\$ 1,090,904	\$ 225,550	\$ 4,492,870
2011	\$ 3,785,322	\$ 1,171,892	\$ 229,265	\$ 5,186,479
2012	\$ 3,515,174	\$ 1,179,981	\$ 217,188	\$ 4,912,343

Source: Town of Lexington Trial Balance

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL BUSINESS LICENSE FILERS

(Unaudited)

June 30, 2012			
Taxpayer	License Fees	Rank	Percentage of Total License Fees
Retail Store	\$ 83,439	1	5.58%
Grocery Store	33,986	2	2.27%
Home Improvement Store	32,605	3	2.18%
Retail Store	31,328	4	2.09%
Manufacturer	29,389	5	1.96%
Health Organization	24,714	6	1.65%
Retail Store	24,067	7	1.61%
Automotive Dealer	23,991	8	1.60%
Vegetation Management	23,747	9	1.59%
Home Improvement Store	20,010	10	1.34%
Totals	<u>\$ 327,276</u>		<u>21.88%</u>
Total License Fees	<u>\$ 1,495,922</u>		

June 30, 2011			
Taxpayer	License Fees	Rank	Percentage of Total License Fees
Retail Store	\$ 83,484	1	6.14%
Grocery Store	38,841	2	2.86%
Home Improvement Store	33,371	3	2.45%
Retail Store	30,637	4	2.25%
Health Organization	25,720	5	1.89%
Lawn and Garden Service	25,272	6	1.86%
Home Improvement Store	23,136	7	1.70%
Retail Store	22,798	8	1.68%
Automotive Dealer	20,777	9	1.53%
Retail Store	19,344	10	1.42%
Totals	<u>\$ 323,380</u>		<u>23.78%</u>
Total License Fees	<u>\$ 1,359,894</u>		

June 30, 2010			
Taxpayer	License Fees	Rank	Percentage of Total License Fees
Retail Store	\$ 84,687	1	6.53%
Grocery Store	36,954	2	2.85%
Home Improvement Store	33,191	3	2.56%
Retail Store	28,974	4	2.23%
Retail Store	21,974	5	1.69%
Health Organization	21,523	6	1.66%
Retail Store	18,302	7	1.41%
Lawn and Garden Service	16,711	8	1.29%
Health Insurance Provider	16,550	9	1.28%
Drug Store	16,511	10	1.27%
Totals	<u>\$ 295,377</u>		<u>22.77%</u>
Total License Fees	<u>\$ 1,297,762</u>		

June 30, 2009			
Taxpayer	License Fees	Rank	Percentage of Total License Fees
Retail Store	\$ 83,402	1	6.46%
Home Improvement Store	40,983	2	3.17%
Grocery Store	35,056	3	2.71%
Retail Store	27,336	4	2.12%
Health Insurance Provider	26,380	5	2.04%
Health Organization	21,430	6	1.66%
Retail Store	20,917	7	1.62%
Automotive Dealer	20,270	8	1.57%
Home Improvement Store	18,588	9	1.44%
Retail Store	18,467	10	1.43%
Totals	<u>\$ 312,829</u>		<u>24.22%</u>
Total License Fees	<u>\$ 1,291,436</u>		

Source: Town of Lexington Business License Records

Data prior to FYE 6/30/2009 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										Per Capita
	General Obligation Bonds	GO Bond Anticipation Note	Certificates of Participation	Capital Leases	Notes Payable	Total	Percentage of Actual Tax Value	Total Primary Government	Percentage of Personal Income	Per Capita	
2003	\$ 2,370,000	\$ -	\$ 2,106,010	\$ -	\$ 144,581	\$ 4,620,591	0.64%	\$	388	\$	
2004	2,280,000	-	2,020,230	-	116,578	4,416,808	0.56%		351		
2005	2,185,000	-	1,936,927	149,617	86,494	4,358,038	0.51%		325		
2006	2,090,000	-	1,850,590	473,827	55,134	4,469,551	0.42%		307		
2007	1,990,000	-	1,754,332	501,547	-	4,245,879	0.38%		274		
2008	1,885,000	-	1,652,388	356,336	-	3,893,724	0.32%		236		
2009	1,775,000	-	1,544,288	238,442	-	3,557,730	0.26%		202		
2010	1,660,000	1,500,000	1,429,596	116,351	-	4,705,947	0.32%		263		
2011	1,540,000	1,542,037	1,307,655	36,132	177,000	4,602,824	0.28%		248		
2012	\$ 1,415,000	\$ -	\$ 1,177,900	\$ -	\$ 157,000	\$ 2,749,900	0.16%	\$	142	\$	

Fiscal Year Ended June 30	Business-Type Activities										Per Customer
	Water and Sewer Revenue Bonds	Water and Sewer Bond Anticipation Notes	Contracts Payable	Notes Payable	Capital Leases	Total	Percentage of Personal Income	Total Primary Government	Percentage of Personal Income	Per Capita	
2003	\$ 30,212,332	\$ 7,500,000	\$ 2,559,018	\$ -	\$ 515,415	\$ 40,786,765	5.438%	\$ 45,407,356	12.88%	\$ 3,816	
2004	29,727,244	8,000,000	2,559,018	-	488,775	40,775,037	4.973%	45,191,845	11.75%	3,587	
2005	36,983,100	-	2,559,018	-	488,775	40,030,893	4.628%	44,388,931	10.49%	3,313	
2006	36,218,510	-	2,559,018	-	488,775	39,266,303	4.177%	43,735,854	8.94%	3,007	
2007	35,421,785	-	2,559,018	-	488,775	38,469,578	3.612%	42,715,457	8.05%	2,756	
2008	34,585,528	9,802,058	2,559,018	-	488,775	47,435,379	4.125%	51,329,103	9.03%	3,111	
2009	29,164,136	25,204,727	2,582,934	-	470,018	57,421,815	4.785%	60,979,545	10.14%	3,471	
2010	56,674,130	-	2,312,548	-	431,148	59,417,826	4.716%	64,123,773	10.41%	3,588	
2011	56,590,385	-	2,031,761	-	390,400	59,012,546	4.539%	63,615,370	9.72%	3,423	
2012	\$ 55,883,888	\$ -	\$ 1,740,575	\$ -	\$ 347,682	\$ 57,972,145	4.294%	\$ 60,722,045	8.62%	\$ 3,142	

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.

TOWN OF LEXINGTON, SOUTH CAROLINA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	General Obligation Bonds	GO Bond Anticipation Note	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	\$ 2,370,000	\$ -	\$ -	\$ 2,370,000	0.3%	\$ 199
2004	2,280,000	-	-	2,280,000	0.3%	181
2005	2,185,000	-	-	2,185,000	0.3%	163
2006	2,090,000	-	-	2,090,000	0.2%	144
2007	1,990,000	-	-	1,990,000	0.2%	128
2008	1,885,000	-	-	1,885,000	0.2%	114
2009	1,775,000	-	-	1,775,000	0.1%	101
2010	1,660,000	1,500,000	-	3,160,000	0.2%	177
2011	1,540,000	1,542,037	-	3,082,037	0.2%	166
2012	\$ 1,415,000	\$ -	\$ -	\$ 1,415,000	0.1%	\$ 73

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, 2012

(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	\$ 89,692,640	\$ 89,692,640	\$ 2,749,900	100.00%	\$ 2,749,900
Overlapping:					
Lexington County	1,092,397,396	89,692,640	37,959,352	8.21%	3,116,463
Lexington County School District One	478,870,967	89,465,210	361,580,000	18.68%	67,543,144
Lexington County School District Two	252,810,350	227,430	32,904,000	0.09%	29,614
Lexington County Recreation Commission	803,758,061	89,692,640	21,105,000	11.16%	2,355,318
Riverbanks Zoo	2,589,251,691	89,692,640	8,795,000	3.46%	304,307
Total Overlapping			<u>462,343,352</u>		<u>73,348,846</u>
Total			<u>\$ 465,093,252</u>		<u>\$ 76,098,746</u>

The Town's share of debt is determined by taking the Assessed Property Value within the Town divided by the Assessed Property Value of the overlapping entity multiplied by the outstanding debt of the overlapping entity.

TOWN OF LEXINGTON, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 3,281,918	\$ 3,544,930	\$ 3,796,267	\$ 4,588,350	\$ 4,834,723	\$ 5,134,062	\$ 5,778,779	\$ 6,265,414	\$ 6,943,265	\$ 7,175,411
Total Net Debt Applicable to Debt Limit	2,514,581	2,396,578	2,271,494	2,145,134	1,990,000	1,885,000	1,775,000	3,160,000	3,082,037	1,415,000
Legal Debt Margin	\$ 767,337	\$ 1,148,352	\$ 1,524,773	\$ 2,443,216	\$ 2,844,723	\$ 3,249,062	\$ 4,003,779	\$ 3,105,414	\$ 3,861,228	\$ 5,760,411
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	76.6%	67.6%	59.8%	46.8%	41.2%	36.7%	30.7%	50.4%	44.4%	19.7%

Legal Debt Margin Calculation for Fiscal Year 2012

Total Assessed Value	\$ 89,692,640
Debt Limit (8% of Total Assessed Value)	7,175,411
Amount of Debt Applicable to Debt Limit:	1,415,000
Legal Debt Margin	\$ 5,760,411

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 \$1,177,900 as of June 30, 2012 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)

<u>Fiscal Year</u>	<u>Gross Revenues(1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage Ratio</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2003	\$ 8,181,271	\$ 4,049,662	\$ 4,131,609	\$ 855,000	\$ 1,360,808	\$ 2,215,808	1.86
2004	9,811,861	4,491,816	5,320,045	855,000	1,322,358	2,177,358	2.44
2005	11,490,064	5,192,492	6,297,572	970,000	1,471,839	2,441,839	2.58
2006	13,822,459	5,769,478	8,052,981	1,105,000	1,698,624	2,803,624	2.87
2007	15,812,360	5,878,361	9,933,999	1,125,000	1,712,982	2,837,982	3.50
2008	14,815,556	6,190,381	8,625,175	1,150,000	1,708,863	2,858,863	3.02
2009	11,637,716	6,696,632	4,941,084	795,000	1,963,719	2,758,719	1.79
2010	13,125,961	6,952,874	6,173,087	810,000	2,000,841	2,810,841	2.20
2011	12,989,178	6,956,386	6,032,792	825,500	2,752,331	3,577,831	1.69
2012	\$ 13,562,450	\$ 7,288,025	\$ 6,274,425	\$ 800,000	\$ 2,666,547	\$ 3,466,547	1.81

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

	<u>CCF Revenue</u>	<u>% Increase (Decrease)</u>		<u>CCF Revenue</u>	<u>% Increase (Decrease)</u>
2003	1,941,348	27.05	2008	3,468,019	-36.89
2004	2,669,455	37.51	2009	797,570	-77.00
2005	3,859,914	44.60	2010	1,717,267	115.31
2006	4,852,853	25.72	2011	1,104,773	-35.67
2007	5,494,827	13.23	2012	1,227,458	11.10

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

(Unaudited)

Fiscal Year Ended June 30	Population	Personal Income	School Enrollment	Lexington County	
				Per Capita Personal Income	Unemployment Rate
	(1)	(2)	(3)	(4)	(5)
2003	11,900	\$ 352,454,200	17,829	\$ 29,618	3.30%
2004	12,600	384,652,800	18,229	30,528	3.50%
2005	13,400	423,105,000	18,688	31,575	4.80%
2006	14,547	489,433,815	19,091	33,645	5.10%
2007	15,500	530,720,000	19,705	34,240	4.10%
2008	16,500	568,524,000	20,458	34,456	4.70%
2009	17,570	601,596,800	21,228	34,240	8.60%
2010	17,870	615,728,720	21,756	34,456	8.00%
2011	18,585	654,396,435	22,097	35,211	8.80%
2012	19,328	\$ 704,370,304	22,367	\$ 36,443	7.70%

Data Sources and Notes:

- (1) Population based on 2000 Census, 2006 Special Census and 2010 Census, with other years estimated based on estimated growth rates.
- (2) Estimated population times per capita personal income.
- (3) Provided by Lexington County School District 1 and includes entire District which is not entirely within the Town limits.
- (4) Information provided by U. S. Department of Commerce, Bureau of Economic Analysis Regional Economic Accounts through 2011. For Fiscal year 2012, amount is estimated based on a 3.5% rate of annual growth.
- (5) Provided by SC Labor and Marketing.

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS
CURRENT YEAR

(Unaudited)

Employer	2012			2011			2010			2009			2008			2007			2006		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Lexington County	916	1	8.6%	813	1	8.0%	819	1	8.3%	860	1	9.6%	870	1	9.6%	860	1	10.1%	525	2	6.6%
Lexington School District One	513	2	4.8%	487	2	4.6%	450	2	4.6%	509	2	5.5%	500	2	5.5%	509	2	6.0%	536	1	6.7%
Walmart	333	3	3.2%	353	3	3.5%	323	3	3.3%	330	3	3.6%	330	3	3.6%	375	3	4.4%	400	3	5.0%
Lowe's Home Centers	150	4	1.4%	140	5	1.4%	144	4	1.5%	150	5	1.7%	150	5	1.7%	140	5	1.6%	154	4	1.9%
Target	140	5	1.3%	149	4	1.5%	129	6	1.3%	170	4	1.9%	170	4	1.9%	-	-	-	-	-	-
Town of Lexington	136	6	1.3%	133	6	1.3%	131	5	1.3%	125	7	1.4%	125	7	1.4%	120	6	1.4%	117	6	1.5%
Kohl's Department Stores, Inc.	107	7	1.0%	118	7	1.2%	107	7	1.1%	140	6	1.5%	140	6	1.5%	160	4	1.9%	130	5	1.6%
Food Lion	84	8	0.8%	88	8	0.9%	75	9	0.8%	90	9	1.0%	90	9	1.0%	82	9	1.0%	95	7	1.2%
KMart Stores	75	9	0.7%	75	10	0.7%	70	10	0.7%	85	10	0.9%	85	10	0.9%	85	8	1.0%	86	9	1.1%
Honda Cars of Columbia	70	10	0.7%	85	9	0.8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Home Depot	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hendrix Chevrolet	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IHOP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ryan's Steakhouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,526	-	23.8%	2,441	-	23.9%	2,346	-	24.0%	2,554	-	28.1%	2,554	-	28.1%	2,506	-	29.5%	2,188	-	27.4%
Estimated total employment	10,650.4			10,221.8			9,828.5			8,525.0			8,525.0			8,525.0			8,000.0		

Source: Employers

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

Data from 9 years ago not available.

TOWN OF LEXINGTON, SOUTH CAROLINA

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

(Unaudited)

<u>Year</u>	Estimated	<u>Residential Construction</u>		<u>Commercial Construction</u>		Bank Deposits (x 1,000)
	Actual Real <u>Property Value</u>	<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>	
2003	\$ 613,465,420	313	\$ 27,591,523	11	\$12,417,501	\$ 581,493
2004	668,795,610	270	19,336,607	6	5,340,122	673,226
2005	718,734,147	318	27,612,515	13	15,821,341	798,302
2006	927,724,390	487	42,363,362	20	30,277,161	897,741
2007	973,175,071	366	26,717,874	41	66,518,910	999,770
2008	1,071,640,833	160	25,238,137	29	19,496,925	1,010,748
2009	1,200,208,137	114	22,032,471	16	14,287,237	1,160,141
2010	1,311,047,439	229	35,024,038	3	2,525,206	1,286,281
2011	1,469,218,111	174	32,405,692	7	8,680,606	1,242,023
2012	\$ 1,500,776,722	180	\$ 27,805,220	9	\$ 5,517,595	\$ 1,235,615

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
General Government	26.5	28.0	32.0	30.0	33.5	28.5	30.0	39.0	37.0	39.0
Public Safety	32.0	32.0	34.0	37.0	38.0	41.5	43.5	44.5	44.0	45.0
Parks, Streets, and Sanitation	12.0	12.0	12.0	12.0	12.0	14.0	14.0	14.0	13.0	13.0
Victims' Assistance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Housing Rehabilitation	-	-	-	-	-	-	-	-	-	-
Tourism Related	-	-	-	-	-	-	-	-	-	-
Business-Type Activities										
Water and Sewer System	29.0	34.0	34.5	35.5	35.0	39.0	39.0	39.0	39.0	38.0
Total	<u>100.5</u>	<u>107.0</u>	<u>113.5</u>	<u>115.5</u>	<u>119.5</u>	<u>124.0</u>	<u>127.5</u>	<u>137.5</u>	<u>134.0</u>	<u>136.0</u>

Source: Town of Lexington, South Carolina Annual Budgets

TOWN OF LEXINGTON, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
<u>Building/Zoning</u>										
Building Permits Issued	622	492	541	461	524	522	534	649	577	794
Building Inspections Conducted	NA	NA	NA	2,420	2,898	2,787	2,371	3,527	2,786	3,083
Zoning Permits Issued	310	299	262	291	334	487	480	453	450	492
<u>Information Technology</u>										
Water/Sewer Customers (Online Transactions)	NA	NA	NA	6,935	9,113	11,872	14,772	18,859	24,137	28,422
<u>Finance</u>										
Business Licenses Issued Intown/Renewals	NA	NA	NA	1,590	1,771	1,968	2,163	2,253	2,305	2,944
<u>Parks, Streets and Sanitation</u>										
Residential Solid Waste Customers	NA	NA	NA	4,699	4,850	4,995	5,159	5,390	5,597	5,799
<u>Public Safety - Police</u>										
Physical Arrests	NA	NA	NA	838	1,002	955	1,432	1,182	1,314	1,572
Parking Tickets	NA	NA	NA	110	93	69	68	20	18	22
Traffic Violations	NA	NA	NA	6,921	7,379	7,685	7,266	8,055	8,016	10,035
Business-Type Activities										
<u>Water and Sewer System</u>										
Average Daily Consumption of Water (MGD)	1.635	1.638	1.711	1.833	1.982	2.250	2.179	2.226	2.347	2.322
Average Daily Consumption of Sewer (MGD)	1.772	1.933	2.005	2.262	2.530	2.895	2.801	2.984	3.092	3.107
Capital Contribution Certificates sold	NA	NA	NA	2,972	3,604	833	7	142	10	123
Capital Contribution Certificates Outstanding	NA	NA	NA	4,488	3,213	2,146	2,108	1,898	1,787	1,677

Source: Town of Lexington, South Carolina

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Town Hall (<i>Approx. Sq. Ft. Used</i>)	16,000	16,000	60,100	60,100	60,100	60,100	60,100	60,100	63,251	63,251
Public Safety - Police										
Town Hall (<i>Approx. Sq. Ft. Used</i>)	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800
Number of Patrol Units	32	32	34	37	38	41	43	44	44	45
Parks, Streets and Sanitation										
Administrative Office Building	1	1	1	1	1	1	1	1	1	1
Workshop and Storage Building	1	1	1	1	1	1	1	1	1	1
Town Hall (<i>Approx. Sq Ft Used</i>)	-	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Parks and Playgrounds	2	2	2	2	2	3	4	4	4	5
Streetsweeper	1	1	1	1	1	1	1	1	1	1
Victims' Assistance										
Vehicle	1	1	1	1	1	1	1	1	1	1
Housing Rehabilitation										
Tourism Related										
Roof House (<i>Approx. Sq. Ft. Used</i>)	-	-	-	-	-	-	-	-	-	-
Water and Sewer System										
Water Plants	-	-	-	-	-	-	-	-	-	-
Sewer Treatment Plants	1	1	1	1	1	1	1	1	1	1
Sewer Capacity - all sources (<i>MGD</i>)	6.40	6.40	6.40	6.40	6.40	6.40	12.46	12.46	12.46	12.46
Water Capacity - all sources (<i>MGD</i>)	4.50	4.50	4.50	4.50	4.50	5.50	6.50	6.50	6.50	6.50
Water Lines (<i>miles</i>)	172	174	177	186	198	205	209	210	211	212
Sewer Lines (<i>miles</i>)	125	146	163	182	217	257	264	266	272	273

Source: Town of Lexington departmental records

MGD = Million Gallons per Day

**SUPPLEMENTARY GOVERNMENTAL AUDITING STANDARDS
REPORT**



Brittingham, Brown, Prince & Hancock, LLC

Certified Public Accountants & Business Consultants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Chairman and Council
Town of Lexington, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lexington, South Carolina (hereafter referred to as the "Town"), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

The management of the Town, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

James T. Brittingham, C.P.A. (1924-1995) · Kerry R. Brown, C.P.A. · Kenneth E. Prince, C.P.A. · James T. Brittingham, Jr., C.P.A. · William H. Hancock, C.P.A. /

Jessica Laney, CPA

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the council members, any federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brittingham, Brown, Prince & Hancock

December 26, 2012