

Town of Lexington South Carolina



Comprehensive Annual Financial Report Year Ended June 30, 2013

*111 Maiden Lane
Lexington, SC 29072*



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2013

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, 2013

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MAYOR
Steve MacDougall

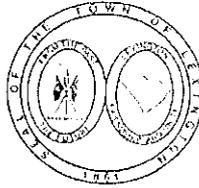
TOWN OF LEXINGTON

TOWN ADMINISTRATOR
D. Britt Poole

MAYOR PRO-TEM
Hazel Livingston

MAILING ADDRESS
Post Office Box 397
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COUNCIL
Kathy Maness
Todd Shevchik
Ted Stambolitis



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Letter of Transmittal

January 21, 2014

To the Honorable Steve MacDougall, 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, 2013, 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, 2013, 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 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 ten new schools, and currently has an elementary 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 277 miles of sewer lines and 215 miles of water lines and serves approximately 8,500 water accounts and 13,500 sewer accounts (over 13,000 individual residential and commercial customers).

During the year, approximately 167 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 140 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, 2012. This was the fifteenth-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 sixteenth-year Comprehensive Annual Financial Report.

Respectfully submitted,



Kathy S. Roberts, CPA
Finance Director



Government Finance Officers Association

**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, 2012

Executive Director/CEO

TOWN OF LEXINGTON

SOUTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

MAYOR

Steve MacDougall

MAYOR PRO-TEM

Hazel Livingston

COUNCIL MEMBERS

Kathy Maness

Todd Shevchik

Ted Stambolitis

TOWN ADMINISTRATOR

D. Britt Poole

MUNICIPAL CLERK

Becky P. Hildebrand

TOWN ATTORNEY

Brad T. Cunningham

MANAGEMENT TEAM

Stuart W. Ford, Assistant Town Administrator

Kathy S. Roberts, Finance

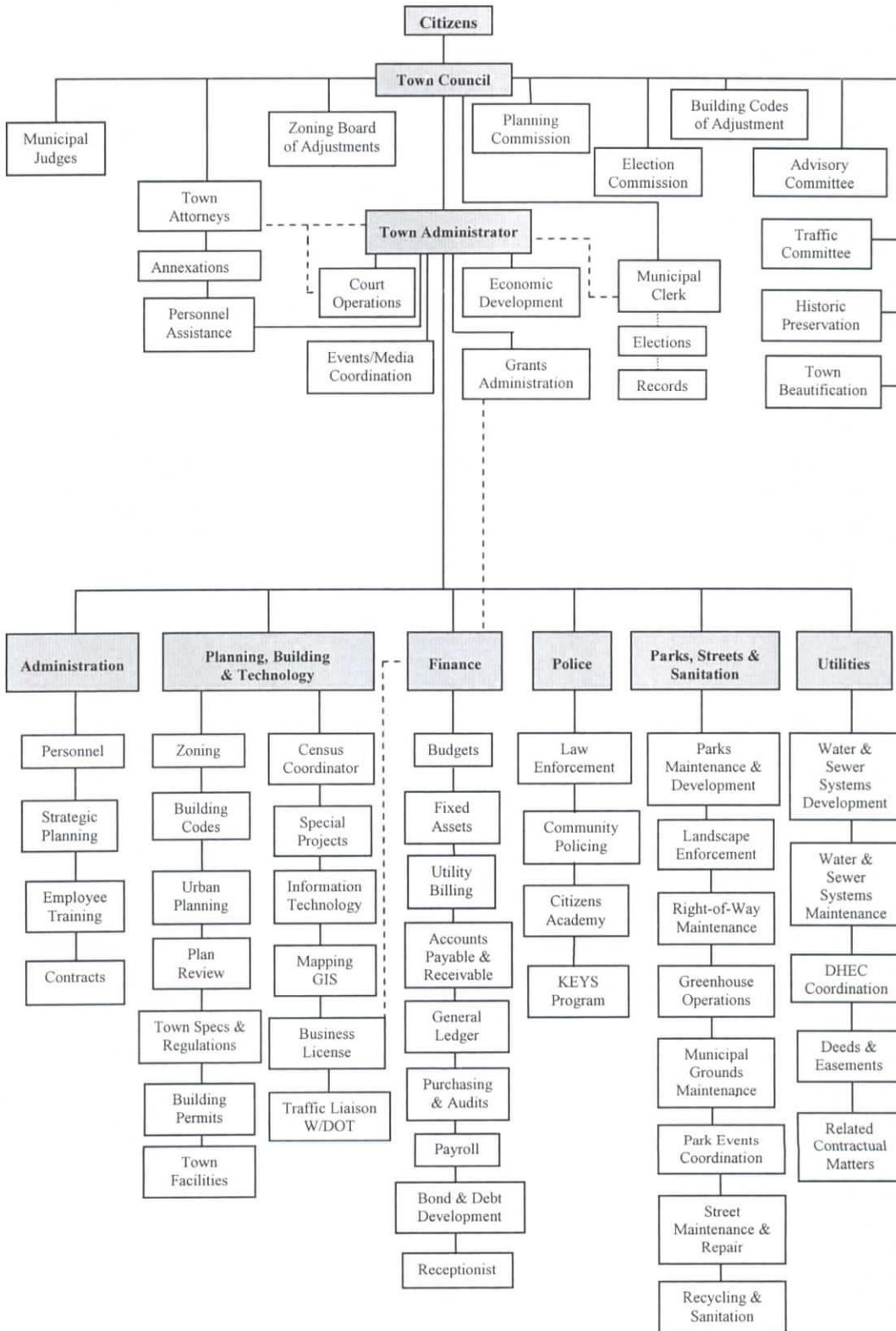
Dan H. Walker, Parks, Streets, and Sanitation

John D. Hanson, Planning, Building and Technology

Chief Terrence Green, Police

J. Allen Lutz, Utilities

Town of Lexington Organization Chart



Revised June 30, 2013



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

Associate Member: Association of Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Council
Town of Lexington, South Carolina

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, and the aggregate remaining fund information, of the Town as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Information

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

The introductory and statistical sections 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report date January 21, 2014 on our consideration of the 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* in considering the Town's internal control over financial reporting and compliance.

Brittingham, Brown, Prince & Hancock

January 21, 2014

Town of Lexington, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2013

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, 2013. 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, 2013 by \$101,153,289 (*net position*). Of the total net position at June 30, 2013, \$15,787,045 was unrestricted and available to meet the ongoing obligations and operations of the Town.
- The Town's total net position increased by \$4,215,757, as revenues of \$26,627,516 exceeded expenses of \$22,411,759. Governmental Activities contributed \$77,534 and Business-type activities contributed \$4,138,223 of the overall increase in net position.
- Governmental funds reported combined ending fund balances at June 30, 2013, of \$6,652,778, an increase of \$2,605,919, compared to the prior year. Approximately \$3,812,430, or approximately 57 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, 2013, was \$3,829,904 or approximately 42 percent of total fund expenditures.
- The Town had \$73,161,617 in bonds, notes, contracts and capital leases payable at year end, an increase of \$12,439,572 from the prior year. The increase occurred due to the issuance of \$3,300,000 of General Obligation Bond Anticipation Notes as well as the issuance of \$10,000,000 Combined Waterworks and Sewer System Revenue Bond Anticipation Notes. These were partially offset by principal repayments.
- Capital and intangible assets totaled \$143,770,401 at June 30, 2013, an increase of \$6,006,500 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 Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 position 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 \$101,153,289 at year end June 30, 2013.

Below is a ‘condensed’ Statement of Net Position, which depicts the major components of the Town’s assets, liabilities, and net position at June 30, 2013 and 2012:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:						
Cash and cash equivalents:						
Unrestricted	\$ 1,354,268	\$ 3,430,656	\$ 2,516,011	\$ 7,587,917	\$ 3,870,279	\$ 11,018,573
Restricted	4,247,267	752,101	16,649,789	5,790,020	20,897,056	6,542,121
Investments	-	-	560,146	560,146	560,146	560,146
Other current assets	1,610,859	506,439	4,372,395	4,241,749	5,983,254	4,748,188
Deferred charges, net	-	-	2,733,594	2,393,279	2,733,594	2,393,279
Capital assets, net	24,544,986	23,888,255	119,225,414	113,875,646	143,770,400	137,763,901
Total assets	\$ 31,757,380	\$ 28,577,451	\$ 146,057,349	\$ 134,448,757	\$ 177,814,729	\$ 163,026,208
Liabilities and Net Position:						
Current liabilities	\$ 4,565,430	\$ 1,242,088	\$ 2,482,103	\$ 2,284,154	\$ 7,047,533	\$ 3,526,242
Current liabilities payable						
From restricted assets	42,132	68,721	1,364,101	3,393,298	1,406,233	3,462,019
Non-current liabilities	2,462,268	2,656,626	65,745,406	56,443,789	68,207,674	59,100,415
Total liabilities	7,069,830	3,967,435	69,591,610	62,121,241	76,661,440	66,088,676
Net invested in capital assets	15,512,819	21,138,355	62,655,081	58,355,456	78,167,900	79,493,811
Restricted	4,369,475	791,947	2,828,869	2,302,194	7,198,344	3,094,141
Unrestricted	4,805,256	2,679,714	10,981,789	11,669,866	15,787,045	14,349,580
Total net position	24,687,550	24,610,016	76,465,739	72,327,516	101,153,289	96,937,532
Total liabilities and net Position	\$ 31,757,380	\$28,577,451	\$ 146,057,349	\$134,448,757	\$ 177,814,729	\$163,026,208

By far the largest portion of the Town’s net position (\$78,167,900, or 77 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 position (\$7,198,344, or 7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of

unrestricted net position (\$15,787,045, or 16 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 position, 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 position for Fiscal Years 2013 and 2012 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue:						
Program Revenue:						
Charges for services	\$ 2,120,546	\$ 2,031,054	\$ 12,761,048	\$ 12,272,844	\$ 14,881,594	\$ 14,303,898
Operating grants and contributions	302,618	348,780	-	-	302,618	348,780
Capital grants and contributions	539,066	1,246,751	3,350,276	1,512,554	3,889,342	2,759,305
General Revenue:						
Property taxes	3,215,838	3,168,186	-	-	3,215,838	3,168,186
Business license taxes	3,984,362	3,515,175	-	-	3,984,362	3,515,175
State aid not restricted	416,313	357,512	-	-	416,313	357,512
Unrestricted						
Investment earnings	1,873	5,436	33,104	62,148	34,977	67,584
Miscellaneous	(97,528)	18,484	-	-	(97,528)	18,484
Total revenue	<u>10,483,088</u>	<u>10,691,378</u>	<u>16,144,428</u>	<u>13,847,546</u>	<u>26,627,516</u>	<u>24,538,924</u>
Expenses:						
General government	2,219,010	2,160,110	-	-	2,219,010	2,160,110
Public safety	4,885,709	4,592,481	-	-	4,885,709	4,592,481
Parks, streets, and sanitation	2,965,844	2,946,943	-	-	2,965,844	2,946,943
Victim's assistance	64,050	58,844	-	-	64,050	58,844
Tourism related	65,266	191,767	-	-	65,266	191,767
Interest on long-term debt	205,715	68,056	-	-	205,715	68,056
Water and sewer	-	-	12,006,205	10,393,672	12,006,205	10,393,672
Total expenses	<u>10,405,554</u>	<u>10,018,201</u>	<u>12,006,205</u>	<u>10,393,672</u>	<u>22,411,759</u>	<u>20,411,873</u>
Change in net position	77,534	673,177	4,138,223	3,453,874	4,215,757	4,127,051
Beginning net position	24,610,016	23,936,839	72,327,516	68,873,642	96,937,532	92,810,481
Ending net position	<u>\$ 24,687,550</u>	<u>\$ 24,610,016</u>	<u>\$ 76,465,739</u>	<u>\$ 72,327,516</u>	<u>\$ 101,153,289</u>	<u>\$ 96,937,532</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, 2013. 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	\$ (2,219,010)	\$ 484,265	\$ (1,734,745)	22%	78%
Public safety	(4,885,709)	516,597	(4,369,112)	11%	89%
Parks, streets, and sanitation	(2,965,844)	1,218,284	(1,747,560)	41%	59%
Victim's assistance	(64,050)	41,430	(22,620)	65%	35%
Tourism related	(65,226)	162,588	97,362	100	-
Interest on long-term debt	(205,715)	-	(205,715)	-	100%
Totals	<u>\$ (10,405,554)</u>	<u>\$ 2,423,164</u>	<u>\$ (7,982,390)</u>	23%	77%

General Revenues by Source – Governmental Activities

	<u>2013</u>	<u>2012</u>
Property taxes	\$ 3,215,838	\$ 3,168,186
Business license taxes	3,984,362	3,515,175
Unrestricted state aid	416,313	357,512
Unrestricted investment earnings	1,873	5,436
Miscellaneous	(97,528)	18,484
Total	<u>\$ 7,520,858</u>	<u>\$ 7,064,793</u>

Revenue and Expenses – Governmental Activities – Significant factors effecting governmental activities revenue and expenses during the year ended June 30, 2013, included the following:

- Charges for services increased 4.4% due primarily to increased fines and rental income offset by a decrease in accommodations tax collections and alcohol permit collections. Revenues from fines increased 7% in 2013 as continued efforts have been made to increase court cases and reduce the number of cases outstanding. Accommodations tax collections were down due to an adjustment in the first quarter of fiscal year 2013 that was the result of an overpayment in the fourth quarter of fiscal year 2012.
- Grants and contributions decreased \$753,847 this year. This decrease was due to fewer developer contributions of streets, storm drains, and wetlands as well as the completion of a sidewalk project and an overall decrease in public safety grants.
- Property tax revenue was relatively stable (up 1.5%) in 2013.
- Business license revenue increased 13% in 2013. The Town's selective annexation policy as well as the beginnings of economic recovery have contributed to this gain.
- Unrestricted state revenue increased 16%. A one-time increase related to a small state surplus boosted these revenues. Subsequent quarterly receipts have not been indicative of continued gains in this area.
- Because of the falling interest rates and the limited number and types of investments available to the Town, interest income has been reduced another 65%.
- General government; Public safety; and Parks, streets and sanitation expenses increased 3.8% due primarily to the addition of two new positions as well as budgeted salary increases along with general inflation.
- Interest on long-term debt has increased with the issuance of \$3,300,000 bond anticipation notes plus the associated bond issuance costs. These increases were partially offset 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 position by \$4,138,223, accounting for 98% of the total gain in net position. Operating revenues increased 4% in 2013 while expenses increased 11% and capital contributions increased 121%. The significant factors related to the changes are as follows:

- Charges for services increased \$488,204, or 4%. The Town's customer base has increased approximately 4% in 2013. Also Town Council approved a rate increase of 3% effective July 1, 2012.
- Operating expenses increased \$992,647, or 11%. Salaries and benefits increased 12% due to two new positions as well as budgeted raises. The cost of electricity increased 26% as new pump stations have been added thus increasing usage in addition to a general rate increase from our provider. The new sewer treatment plant at the City of Cayce has begun operations. This has caused the rates to increase such that our sewer treatment expense has gone up \$587,265 or 81%.
- Capital contributions increased \$1,837,722. Of this amount \$1,420,970 were increases in developer contributions of system capital assets, while capital contribution fees increased \$416,752. The economy continues its slow improvement. Subdivisions begun before the recession are being built out and a few new projects are in the planning stages.
- 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 47%.

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 \$6,652,778, an increase of \$2,605,918. The General Fund decreased \$263,346 while the Other Governmental Funds increased \$2,869,264. General Fund fund balance of \$100,000 was designated for capital improvements while \$200,000 was designated to be used for streets and infrastructure. General Fund revenues were under budget by \$320,421 mostly due to business licenses and property taxes coming in lower than expected. Total operating expenditures were less than budget by \$292,779. This savings was due to conservative management.

Of the \$6,652,778 governmental fund balances, approximately \$3,812,430 constitutes *unassigned fund balance*, which is available for spending. A portion of the fund balance has been committed by the Town electrical utility improvement match (\$330,000) and special projects (\$79,495). Commitments of fund balance indicate the Town's intended or planned future use of that portion of its fund balance. Nonspendable fund balance of \$133,596 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 \$3,829,904 or 42% of total fund expenditures.

The non-major funds report fund balances totaling \$2,359,278. The majority of this balance, \$1,686,114, 71.5% will be used for infrastructure capital projects, including roadways and sidewalks. 9% will be used for debt service and an additional 18.9% will be used for tourism related projects. The remaining 0.6% will be used for public safety and public relations 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 position was \$4,138,223 resulting in ending net position of \$76,465,739.

General Fund Budgetary Highlights – General Fund revenues were less than budgeted by \$320,421. General Fund total expenditures were less than the final budget by \$172,179. 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 overestimated revenues.

The Town’s original budget shows an excess of revenue over expenditures of \$148,125 which equals the amount of budgeted reserve for contingencies. The final budget has a smaller revenue over expenditures, \$48,125, as an additional appropriation was made using contingency reserve to help fund road improvements.

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, 2013, amounts to \$100.6 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 \$422,103, related to several sidewalks under construction, downtown redevelopment, as well as a gateway beautification project.
- Acquisition of equipment for governmental operations of \$210,904,
- Acquisition of vehicles totaling \$208,933 for the Police Department, \$16,145 for General Government, \$68,016 for the Parks, Streets, and Sanitation Department, and \$73,806 for Utilities.
- Donation of storm drains, streets and wetlands totaling \$539,066,
- Completion of \$1,701,323 of water and sewer system improvements,
- Acquisition of equipment for water and sewer system improvements totaling \$123,251,

- The new waste water treatment plant for the City of Cayce was completed in 2013. The Town's ownership interest is of sewer capacity treatment rights and is an intangible asset valued at \$33,764,035.
- Construction in progress in business-type activities totaled \$13,582,197, related to construction and extension of water and sewer lines as well as demolition of the old waste water treatment plant with the City of Cayce, and
- Developer contributions of water and sewer capital assets of approximately \$1,706,066.

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, 2013, the Town had total indebtedness outstanding of \$59,861,617. Debt secured by the full faith and credit of the Town represented \$2,504,723. The total and bonded debt secured by the pledge of net revenues of the Enterprise Fund totaled \$55,496,545. The Town also recognizes a contract and capital lease payable to the City of West Columbia totaling \$1,723,349 for water treatment capacity reserve, retail distribution rights, and water lines. In addition the Town has a Note Payable of \$137,000 to an individual for property purchased to expand a current park. During the year ended June 30, 2013, the Town issued Bond Anticipation Notes totaling \$13,300,000. These are considered short-term borrowings but will eventually be replaced with long-term debt. \$3,300,000 is secured by the full faith and credit of the Town and \$10,000,000 is secured by the pledge of net revenues of the Enterprise Fund. 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 2012. 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 2013 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 POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and temporary investments	\$ 1,354,268	\$ 2,516,011	\$ 3,870,279
Receivables, net	1,256,116	4,104,834	5,360,950
Due from other governments	221,147	-	221,147
Inventories-supplies	-	249,233	249,233
Prepays	133,596	18,328	151,924
Bond issue costs, net of amortization	-	2,733,594	2,733,594
Restricted assets:			
Temporarily restricted:			
Cash and temporary investments	4,247,267	16,649,789	20,897,056
Investments	-	560,146	560,146
Capital assets, net:			
Land and construction in progress	6,798,364	14,079,219	20,877,583
Buildings, vehicles, equipment, and infrastructure	17,746,622	61,976,214	79,722,836
Intangible assets, net:			
Capacity reserve	-	41,367,973	41,367,973
Retail distribution rights	-	1,802,008	1,802,008
Total assets	<u>31,757,380</u>	<u>146,057,349</u>	<u>177,814,729</u>
Liabilities			
Accounts payable and other current liabilities	455,221	732,959	1,188,180
Unearned revenue	10,959	-	10,959
Liabilities payable from restricted assets	42,132	1,364,101	1,406,233
Noncurrent liabilities:			
Due within one year	4,099,250	1,749,144	5,848,394
Due in more than one year	2,462,268	65,745,406	68,207,674
Total liabilities	<u>7,069,830</u>	<u>69,591,610</u>	<u>76,661,440</u>
Net Position			
Net investment in capital assets	15,512,819	62,655,081	78,167,900
Restricted for:			
Capital projects	3,250,271	336,973	3,587,244
Debt service	143,972	2,491,896	2,635,868
Parks and Tourism	453,948	-	453,948
Public Safety	25,046	-	25,046
Streets	247,514	-	247,514
Other	248,724	-	248,724
Unrestricted	<u>4,805,256</u>	<u>10,981,789</u>	<u>15,787,045</u>
Total net position	<u>\$ 24,687,550</u>	<u>\$ 76,465,739</u>	<u>\$ 101,153,289</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, 2013

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ (2,219,010)	\$ 397,902	\$ 86,363	\$ -	\$ (1,734,745)	\$ -	\$ (1,734,745)
Public safety	(4,885,709)	303,152	213,445	-	(4,369,112)	-	(4,369,112)
Parks, streets and sanitation	(2,965,844)	1,215,474	2,810	539,066	(1,208,494)	-	(1,208,494)
Victims' assistance	(64,050)	41,430	-	-	(22,620)	-	(22,620)
Tourism related	(65,226)	162,588	-	-	97,362	-	97,362
Interest on long-term debt	(205,715)	-	-	-	(205,715)	-	(205,715)
Total governmental activities	(10,405,554)	2,120,546	302,618	539,066	(7,443,324)	-	(7,443,324)
Business-Type Activities:							
Water and sewer system	(12,006,205)	12,761,048	-	3,350,276	-	4,105,119	4,105,119
Total business-type activities	(12,006,205)	12,761,048	-	3,350,276	-	4,105,119	4,105,119
Total	\$ (22,411,759)	\$ 14,881,594	\$ 302,618	\$ 3,889,342	(7,443,324)	4,105,119	(3,338,205)
General Revenues:							
Property taxes					3,215,838	-	3,215,838
Business license taxes					3,984,362	-	3,984,362
State aid not restricted for specific purpose					416,313	-	416,313
Unrestricted investment earnings					1,873	33,104	34,977
Gain (Loss) on sale of capital assets					(97,528)	-	(97,528)
Total general revenues					7,520,858	33,104	7,553,962
Change in net position					77,534	4,138,223	4,215,757
Total net position, beginning of year					24,610,016	72,327,516	96,937,532
Total net position, end of year					\$ 24,687,550	\$ 76,465,739	\$ 101,153,289

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, 2013

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and temporary investments	\$ 845,503	\$ 508,765	\$ 1,354,268
Receivables, net	1,142,870	113,246	1,256,116
Due from other funds	2,584,264	-	2,584,264
Due from other governments	121,319	99,828	221,147
Prepaid items	133,596	-	133,596
Restricted assets:			
Cash and temporary investments	-	4,247,267	4,247,267
Total assets	<u>\$ 4,827,552</u>	<u>\$ 4,969,106</u>	<u>\$ 9,796,658</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 253,016	\$ 20,135	\$ 273,151
Accrued liabilities	127,603	5,429	133,032
Due to other funds	-	2,584,264	2,584,264
Other liabilities	49,038	-	49,038
Total liabilities	<u>429,657</u>	<u>2,609,828</u>	<u>3,039,485</u>
Deferred Inflows of Resources			
Unavailable Revenue -- Property Taxes	<u>104,395</u>	<u>-</u>	<u>104,395</u>
Total deferred inflows of resources	<u>104,395</u>	<u>-</u>	<u>104,395</u>
Fund balances:			
Nonspendable	133,596	-	133,596
Restricted	-	2,297,257	2,297,257
Committed	330,000	79,495	409,495
Assigned	-	22	22
Unassigned	3,829,904	(17,496)	3,812,408
Total fund balances	<u>4,293,500</u>	<u>2,359,278</u>	<u>6,652,778</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,827,552</u>	<u>\$ 4,969,106</u>	<u>\$ 9,796,658</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2013

- CONTINUED -

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

Total fund balances - governmental funds	\$ 6,652,778
Amounts reported for governmental activities in the statement of net position 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 \$35,126,026 and the accumulated depreciation is \$10,581,040.	24,544,986
Property taxes receivable that are not available to pay for expenditures for current period are not recognized in the governmental funds.	93,436
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.	(42,132)
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	\$ (1,315,000)
Certificates of participation	(1,039,723)
Bond anticipation note	(3,300,000)
Compensated absences	(653,059)
Long Term Note Payable	(137,000)
Other Post Employment Benefits	(116,736)
	<u>(6,561,518)</u>
Total net position - governmental activities	<u>\$ 24,687,550</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, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 3,257,650	\$ -	\$ 3,257,650
Franchises, licenses, permits and fees	5,403,682	-	5,403,682
Other governments	416,313	349,197	765,510
Fines and forfeitures	302,628	41,924	344,552
Interest income	1,674	2,203	3,877
Miscellaneous	172,619	135,472	308,091
Total revenue	<u>9,554,566</u>	<u>528,796</u>	<u>10,083,362</u>
Expenditures			
Current:			
General government	2,086,673	732	2,087,405
Public safety	4,161,209	298,868	4,460,077
Parks, streets and sanitation	2,138,432	50,952	2,189,384
Victim's assistance	-	61,316	61,316
Tourism related	-	33,073	33,073
Debt Service:			
Principal	-	360,000	360,000
Interest and fees	59,359	46,541	105,900
Fees and other costs	-	1,166	1,166
Capital outlay	597,876	1,168,637	1,766,513
Total expenditures	<u>9,043,549</u>	<u>2,021,285</u>	<u>11,064,834</u>
Excess (deficiency) of revenue over (under) expenditures	511,017	(1,492,489)	(981,472)
Other Financing Sources (Uses)			
Refunding bond, bond anticipation note	62,602	3,300,000	3,362,602
Sale of capital assets	5,169	279,511	284,680
Bond issue Costs	-	(59,892)	(59,892)
Transfers in	-	842,134	842,134
Transfers out	(842,134)	-	(842,134)
Total other financing sources (uses)	<u>(774,363)</u>	<u>4,361,753</u>	<u>3,587,390</u>
Net change in fund balances	(263,346)	2,869,264	2,605,918
Fund balance, beginning of year	4,556,846	(509,986)	4,046,860
Fund balance, end of year	<u>\$ 4,293,500</u>	<u>\$ 2,359,278</u>	<u>\$ 6,652,778</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

- 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	2,605,918
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.	(41,812)
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 \$382,209) of \$1,276,240 was more than depreciation expense of \$1,158,576.	117,664
Donations of capital assets are recorded as program revenues in the statement of activities.	539,066
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.	360,000
Proceeds from the issuance of debt are financial resources in the governmental funds, but increase liabilities in the statement of net assets.	(3,302,710)
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.	(98,648)
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 \$72,120 for this fiscal year.	(72,120)
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 \$29,824 for this fiscal year.	(29,824)
Change in net position of governmental activities	<u>77,534</u>

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

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND

JUNE 30, 2013

	Business-Type Activities Water/Sewer Fund
Assets	
Current assets:	
Cash and temporary investments	\$ 2,516,011
Receivables, net	4,104,834
Inventories-supplies	249,233
Prepaid Expense	18,328
Total current assets	<u>6,888,406</u>
Noncurrent assets:	
Restricted cash and temporary investments	16,649,789
Restricted investments	560,146
Bond issue costs, net of amortization	2,733,594
Capital assets, net	
Land and construction in progress	14,079,219
Buildings, vehicles, equipment and infrastructure	61,976,214
Intangible assets, net	
Capacity reserve	41,367,973
Retail distribution rights	1,802,008
Total noncurrent assets	<u>139,168,943</u>
Total assets	<u>146,057,349</u>
Liabilities	
Current liabilities:	
Accounts payable	633,314
Accrued liabilities	60,729
Accrued compensated absences - current portion	115,000
Current Portion Contracts Payable	375,680
Current liabilities payable from restricted assets:	
Construction payables	395,190
Accrued interest	968,911
Revenue bonds-current	995,000
Customer deposits	38,916
Total current liabilities	<u>3,582,740</u>
Noncurrent liabilities:	
Revenue bonds payable	64,510,721
Contracts payable	1,347,669
Accrued compensated absences	84,816
OPEB Liability	65,664
Total noncurrent liabilities	<u>66,008,870</u>
Total liabilities	<u>69,591,610</u>
Net Position	
Net investment in capital assets	62,655,081
Restricted for capital projects	336,973
Restricted for debt service	2,491,896
Unrestricted	10,981,789
Total net position	<u>\$ 76,465,739</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 POSITION
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2013

	Business-Type Activities Water/Sewer Fund
Operating Revenue	
Charges for services:	
Water service	\$ 4,626,504
Sewer service	7,468,466
Tap and meter fees	173,890
Other income	492,188
Total operating revenue	<u>12,761,048</u>
Operating Expenses	
Salaries and benefits	3,804,890
Water and sewer treatment services	2,178,365
Other contractual services	504,274
Depreciation and amortization	1,987,547
Other operating expenses	1,799,728
Total operating expenses	<u>10,274,804</u>
Operating income	<u>2,486,244</u>
Non-Operating Revenue (Expenses)	
Interest income	33,104
Interest expense	(1,492,088)
Amortization of bond issuance costs	(239,313)
Total non-operating revenue (expenses)	<u>(1,698,297)</u>
Net Income before contributions	787,947
Capital Contributions	<u>3,350,276</u>
Change in net position	4,138,223
Net position, beginning of year	72,327,516
Net position, end of year	<u>\$ 76,465,739</u>

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

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2013

	Business-Type Activities
	Water/Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 12,655,778
Cash paid to suppliers for goods or services	(4,251,922)
Cash paid to employees for services	(3,818,070)
Net cash provided by (used in) operating activities	<u>4,585,786</u>
Cash Flows from Capital and Related Financing Activities	
Purchases and construction of capital assets	(6,923,631)
Proceeds from the sale of asset	-
Purchase of capacity reserve	(741,320)
Bond issuance costs paid	(579,628)
Principal paid on capital debt	(1,268,075)
Interest and fees paid on capital debt	(1,487,583)
Proceeds from bond anticipation notes	10,525,000
Proceeds from capital contribution fees	1,644,210
Net cash provided by (used in) capital and related financing activities	<u>1,168,973</u>
Cash Flows from Investing Activities	
Purchases of investments	(560,146)
Proceeds from the sale of investments	560,146
Interest received	33,104
Net cash provided by (used in) investing activities	<u>33,104</u>
Net increase in cash and temporary investments	5,787,863
Cash and temporary investments, beginning of year	<u>13,377,937</u>
Cash and temporary investments, end of year	<u>\$ 19,165,800</u>
Reconciliation to the Statement of Net Position:	
Cash and temporary investments	\$ 2,516,011
Restricted cash and temporary investments	16,649,789
Cash and temporary investments, end of year	<u>\$ 19,165,800</u>

- CONTINUED -

TOWN OF LEXINGTON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

YEAR ENDED JUNE 30, 2013

- CONTINUED -

	Business-Type Activities
	Water/Sewer Fund
	<hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 2,486,244
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,987,547
Decrease in accounts receivable	(135,674)
Increase in inventory	19,052
Increase in prepaid items	(14,023)
Decrease in accounts payable	211,393
Increase in customer deposits	30,404
Decrease in accrued expenses	843
Net cash provided by operating activities	<hr/> \$ 4,585,786 <hr/>
Non-cash Capital Supplementary Information:	
Revenue bond principal accretion and discount amortization	\$ 2,769
Revenue bond premium and deferred amount on refunding amortization	64,885
Contributed capital assets from developers	1,706,066

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, 2013

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 position.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements consist of a Statement of Net Position and 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 Position reports all financial and capital resources of the Town and reports the difference between assets and liabilities as “net position”, 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, 2013

— 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, 2013

— 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.

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

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

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.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position 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.

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.”

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

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, 2013, 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. The Town plans to implement GASB Statement Number 65 in the year ending June 30, 2014.

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

Capital Assets

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.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

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 \$2,624,104. Of this amount, \$1,212,472 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

Deferred Outflows/Inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense/expenditure until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until that time. The Town has only one type of item, which arises only under a modified accrual basis of

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)

accounting, that qualifies for reporting in this category. Accordingly the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes that were unavailable at year end. These amounts are deferred and will be recognized as a revenue when they become available.

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 position. 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.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Revenue

Program Revenue and General Revenue

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

At year ended June 30, 2013 there were no paid CCF's for any unused system capacity reserved for future development or discontinuation of projects. Additionally, the Town

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Fund Balance

maintained contractual agreements that allow certain developers to pay CCF's on an installment basis which totals \$3,565,400 at June 30, 2013 of which the Town has fully reserved an allowance for doubtful accounts.

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. Fund Balance is committed by Town Council when the official budget is passed. A budget amendment would be required to change the commitment. 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.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

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.

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.

TOWN OF LEXINGTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

2. Stewardship, Compliance and Accountability (Continued)

B. Encumbrances

- 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.

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, 2013.

3. Deposits and Investments

The Town had the following investments at June 30, 2013:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Rating</u>
State Treasurer's Investment Pool	\$ 4,893,858	On-Demand	Unrated
Governmental Mutual Funds	17,887,331	On-Demand	AAA
FHLMC – discount note	560,146	8/1/2013	A
Total fair value	\$ 23,341,335		

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

3. Deposits and Investments (Continued)

Service, Inc. and Standard and Poor's Corporation or their respective successors; interest bearing accounts in savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, of a fair value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner.

Statutes also allow the State Treasurer to assist local governments in investing funds. The State Treasurer also provides oversight for the State Treasurer's Local Government Investment Pool (LGIP), of which, the fair value of the Town's investments are the same as the value of the pooled shares. Permitted investments for the LGIP are (1) obligations of the United States, its agencies and instrumentalities; (2) obligations of corporations, states, and political subdivisions which bear an investment grade rating at a minimum of two rating agencies; (3) certificates of deposit, if the certificates are secured collaterally by securities of the types described in (1) and (2) of this paragraph and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal 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, 2013, the Town had

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

3. Deposits and Investments (Continued)

investments in governmental mutual funds representing 76% 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, 2013, the reported carrying amount of the Town’s cash deposits with financial institutions was \$1,984,446 and the financial institutions’ balances totaled \$2,503,920. The balance was fully insured and collateralized. The Town had \$1,700 on hand at June 30, 2013.

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 Position follows:

Cash on hand	\$ 1,700
Carrying amount of cash deposits	1,984,446
Carrying amount of temporary investments	22,781,189
Carrying amount of investments	560,146
Total	\$ 25,327,481
Cash and temporary investments	\$ 3,870,279
Cash and temporary investments-restricted	20,897,056
Investments-restricted	560,146
Total	\$ 25,327,481

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

4. Receivables

Receivables at June 30, 2013, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Fees and Services	\$ 1,130,650	\$ 5,883,272	\$ 7,013,922
Property and other taxes	166,937	-	166,937
Due from other governments	221,147	-	221,147
Other	-	1,961,962	1,961,962
Less, allowance for doubtful accounts	(41,471)	(3,740,400)	(3,781,871)
	\$ 1,477,263	\$ 4,104,834	\$ 5,582,097

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

5. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2013, were as follows:

	Interfund	
	Receivables	Payables
General Fund	\$ 2,584,264	\$ -
Other Governmental Funds:		
<u>Special Revenue Funds:</u>		
Police Grants and Programs	-	73,826
KEYS Grant	-	17,076
Special Projects	-	17,496
Gateway Beautification	-	49,300
<u>Debt Service Fund:</u>		
Debt Service	-	806
<u>Capital Projects Funds:</u>		
Downtown Development	-	868,622
Parking		1,557,138
	<u>\$ 2,584,264</u>	<u>\$ 2,584,264</u>

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.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

5. Interfund Receivables, Payables and Transfers (continued)

Individual fund interfund transfer balances at June 30, 2013, were as follows:

	Interfund	
	Transfers Out	Transfers In
General Fund	\$ 842,134	\$ -
Other Governmental Funds:		
Debt Service Fund	-	406,901
<u>Special Revenue Funds:</u>		
Victims' Assistance		25,233
Main Street Façade		35,000
Vision Plan		175,000
<u>Capital Project Funds:</u>		
Streets & Infrastructure		200,000
	842,134	842,134

The General Fund transfers out include \$406,901 to the Debt Service Fund to fund debt service requirements. In addition the General Fund transferred \$25,233 to the Victims' Assistance Fund, \$35,000 to the Main Street Façade Fund, and \$175,000 to the Vision Plan Fund. These transfers were made to fund the respective programs. Finally the General Fund transferred \$200,000 to the Streets and Infrastructure Fund to help fund a series of needed street repairs.

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 position because their use is limited by applicable bond covenants. The revenue bond current debt service retirement accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The revenue bond renewal and replacement account is used for resources set aside to meet unexpected contingencies or to fund asset renewals or replacements. The construction account is used for resources set aside to fund infrastructure projects.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

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

Carrying balances of restricted cash and temporary investments in the Waterworks and Sewer System Enterprise Fund at June 30, 2013, are as follows:

	Restricted Cash and Temporary Investments
Renewal and Replacement Fund	\$ 100,428
Custody Account	1,021,594
Debt Service Fund 2001A	210,224
Debt Service West Columbia Note	145,210
Debt Service Fund 2004	265,239
Operations and Maintenance Fund	637
Sewer Plant Escrow Fund	2,219,838
Debt Service Fund 2010	404,946
Debt Service Reserve Fund 2010	783,766
Debt Service Fund 2011	319,716
Debt Service Reserve Fund 2011	4,345
Construction Fund 2009	9,846,485
Debt Service Fund 2009	261,079
Debt Service Reserve Fund 2009	696,701
Debt Service Fund 2012	94,083
Debt Service Reserve Fund 2012	275,498
	\$ 16,649,789
	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 position because their use is limited by the lease agreement (See Note 8).

TOWN OF LEXINGTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

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

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, 2013, is as follows:

	Cash and Temporary Investments
Debt Service Account	\$ 212,705
	\$ 212,705

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. Additionally proceeds from the 2013 Bond Anticipation Note are classified as restricted cash and temporary investments on the statement of net position because their use is limited by applicable bond covenants.

Carrying balance at the year ended June 30, 2013, is as follows:

	Cash and Temporary Investments
Capital Projects Accounts – Gibson Pond Park	\$ 9,827
2013 Bond Anticipation Note Construction Account	3,240,444
	\$ 3,250,271

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, 2013

— 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, 2013 are as follows:

	Cash and Temporary Investments
Golden Hills Tax District	\$ 195,956
Police Grants and Programs	7,568
Downtown Restoration	55,884
Disaster Fund	14,976
Alcohol Permits	81,183
Sidewalk Fund	100,858
Drug Fund	5,944
Victims' Assistance	7,911
Corley Street Park	3,993
Park Improvement	10,285
Teachers Appreciation	956
KEYS Grant	510
Special Events	6,618
Hospitality Tax	138,921
Veterans' Monument	19,022
Accommodations Tax	133,706
	\$ 784,291

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

7. Capital Assets

The following is a summary of capital asset activity in governmental activities for the year ended June 30, 2013:

	Balances June 30, 2012	Additions	Retirements	Balances June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,890,052	\$ 868,417	\$ (382,208)	\$ 6,376,261
Construction in progress	327,140	94,963	-	422,103
Total capital assets, not being depreciated	<u>6,217,192</u>	<u>963,380</u>	<u>(382,208)</u>	<u>6,798,364</u>
Capital assets, being depreciated:				
Buildings	10,259,561	214,081	-	10,473,642
Vehicles and equipment	2,826,619	503,998	(57,401)	3,273,216
Streets and roadways	10,082,094	473,700	-	10,555,794
Sidewalks	1,791,281	-	-	1,791,281
Storm drainage	2,168,363	65,366	-	2,233,729
Total capital assets, being depreciated	<u>27,127,918</u>	<u>1,257,145</u>	<u>(57,401)</u>	<u>28,327,662</u>
Less accumulated depreciation for:				
Buildings	2,146,864	210,803	-	2,357,667
Vehicles and equipment	1,860,691	357,495	(57,401)	2,160,785
Streets and roadways	4,019,211	459,245	-	4,478,456
Sidewalks	331,646	44,462	-	376,108
Storm drainage	1,098,443	109,581	-	1,208,024
Total accumulated depreciation	<u>9,456,855</u>	<u>1,181,586</u>	<u>(57,401)</u>	<u>10,581,040</u>
Total capital assets, being depreciated, net	<u>17,671,063</u>	<u>75,559</u>	<u>-</u>	<u>17,746,622</u>
Governmental activities capital assets, net	<u>\$ 23,888,255</u>	<u>\$ 741,624</u>	<u>\$ (382,208)</u>	<u>\$ 24,544,986</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

7. Capital Assets (Continued)

The following is a summary of capital asset activity in business-type activities for the year ended June 30, 2013:

	<u>Balances</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>June 30, 2013</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 388,522	\$ 266,541	\$ (158,041)	\$ 497,022
Construction in progress	43,679,471	7,046,334	(37,143,608)	13,582,197
Total capital assets, not being depreciated	<u>44,067,993</u>	<u>7,312,875</u>	<u>(37,301,649)</u>	<u>14,079,219</u>
Capital assets, being depreciated:				
Buildings and system	76,216,896	3,407,389	-	79,624,285
Vehicles, machinery and equipment	3,562,628	197,057	(175,986)	3,583,699
Total capital assets, being depreciated	<u>79,779,524</u>	<u>3,604,446</u>	<u>(175,986)</u>	<u>83,207,984</u>
Less accumulated depreciation for:				
Buildings and system	17,550,171	1,514,661	-	19,064,832
Vehicles, machinery and equipment	2,040,540	260,003	(133,606)	2,166,937
Total accumulated depreciation	<u>19,590,711</u>	<u>1,774,664</u>	<u>(133,606)</u>	<u>21,231,769</u>
Total capital assets, being depreciated, net	<u>60,188,813</u>	<u>1,829,782</u>	<u>(42,380)</u>	<u>61,976,215</u>
Business-type activities capital assets, net	<u>\$ 104,256,806</u>	<u>\$ 9,142,657</u>	<u>\$ (37,344,029)</u>	<u>\$ 76,055,434</u>
Intangible assets:				
Capacity reserve	\$ 9,217,422	\$ 33,764,035	\$ -	\$ 42,981,457
Retail distribution rights	2,502,788	-	-	2,502,788
Total intangible assets	<u>11,720,210</u>	<u>33,764,035</u>	<u>-</u>	<u>45,484,245</u>
Amortization of intangible assets:				
Capacity reserve	1,450,645	162,838	-	1,613,483
Retail distribution rights	650,725	50,056	-	700,781
Total amortization of intangible assets	<u>2,101,370</u>	<u>212,894</u>	<u>-</u>	<u>2,314,264</u>
Total intangible assets, net	<u>\$ 9,618,840</u>	<u>\$ 33,551,141</u>	<u>\$ -</u>	<u>\$ 43,169,981</u>
Total tangible and intangible assets, net	<u>\$ 113,875,646</u>	<u>\$ 42,693,798</u>	<u>\$ (37,344,029)</u>	<u>\$ 119,225,415</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

7. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 47,982
Public safety	312,209
Parks, streets and sanitation	766,232
Tourism Related	<u>32,153</u>

Total depreciation expense – governmental activities	<u>\$ 1,158,576</u>
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Business-type activities:

Water and sewer	<u>\$ 1,774,664</u>
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Total depreciation expense – business-type activities	<u>\$ 1,774,664</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, 2013, are

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— 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, 2013. 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 \$30,848 recognized during the year ended June 30, 2013. 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, 2013.

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, 2013, net of accumulated amortization (\$1,802,008, 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, 2013.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

8. Debt

The following is a summary of debt of the Town for the year ended June 30, 2013:

	<u>Balances</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Short Term Debt:					
Bond anticipation note	-	3,300,000	-	3,300,000	3,300,000
Total short term debt	-	3,300,000	-	3,300,000	3,300,000
Long Term Debt:					
Certificates of participation:					
Capital appreciation certificates	\$ 1,470,000	\$ -	\$ (210,000)	\$ 1,260,000	\$ 210,000
Less deferred amount:					
For issuance discount	(292,100)	-	71,823	(220,277)	-
Total certificates of participation	1,177,900	-	(138,177)	1,039,723	210,000
General obligation bonds	1,415,000	1,465,000	(1,415,000)	1,465,000	155,000
Note Payable	157,000	-	(20,000)	137,000	34,250
Compensated absences	580,939	447,158	(375,038)	653,059	400,000
Governmental activities					
Long-term liabilities	<u>\$ 3,330,839</u>	<u>\$ 1,912,158</u>	<u>\$ (1,948,215)</u>	<u>\$ 3,294,782</u>	<u>\$ 799,250</u>
Business-type activities:					
Short Term Debt:					
Bond anticipation note	-	10,000,000	-	10,000,000	10,000,000
Total short term debt	-	10,000,000	-	10,000,000	10,000,000
Long Term Debt:					
Revenue bonds payable:					
Revenue bonds	\$ 57,010,000	\$ 7,650,000	\$ (8,100,000)	\$ 56,560,000	\$ 995,000
Less deferred amounts:					
For issuance discount	(72,389)	(4,997)	2,769	(74,617)	-
For issuance premium	505,059	-	(27,716)	477,343	-
On refunding	(1,558,782)	-	92,601	(1,466,181)	-
Total revenue bonds payable	55,883,888	7,645,003	(8,032,346)	55,496,545	995,000
Contract payable	1,740,575	1,752,090	(1,769,316)	1,723,349	375,680
Capital lease	347,682	-	(347,682)	-	-
Compensated absences	171,900	133,567	(105,651)	199,816	115,000
Business-type activities					
Long-term liabilities	<u>\$ 58,144,045</u>	<u>\$ 9,530,660</u>	<u>\$ (10,254,995)</u>	<u>\$ 57,419,710</u>	<u>\$ 1,485,680</u>

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— 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, 2013, including interest components are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	210,000	-	210,000
2015	210,000	-	210,000
2016	210,000	-	210,000
2017	210,000	-	210,000
2018	210,000	-	210,000
2019	210,000	-	210,000
Subtotal	1,260,000	-	1,260,000
Less: Deferred amount	(220,277)	-	(220,277)
Total	\$ 1,039,723	\$ -	\$ 1,039,723

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

8. Debt (Continued)

General Obligation Bonds and Bond Anticipation Notes

During the year ended June 30, 2013, the Town issued \$1,465,000 of Town of Lexington, South Carolina General Obligation Bonds of 2012. 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 of 2.00% and annual principal installments ranging from \$150,000 to \$170,000 through June 15, 2021. The proceeds from the bonds refunded the General Obligation Bonds of 2002 which were used to fund roadway and other capital improvements.

The Series 2012 Bonds were issued as a partial refunding of the Series 2002 Bonds. The total debt service of the Series 2012 bonds (principal and interest) savings compared to the total debt service requirements for the refunded Series 2002 bonds was \$137,677. This resulted in a net present value benefit of \$130,208.

Optional Redemption:

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

The annual debt service requirements to amortize all general obligation bonds outstanding as of June 30, 2013, including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	155,000	52,600	207,600
2015	160,000	46,400	206,400
2016	165,000	40,000	205,000
2017	165,000	33,400	198,400
2018	165,000	26,800	191,800
2019-2021	505,000	40,600	545,600
Total	<u>\$ 1,315,000</u>	<u>\$ 239,800</u>	<u>\$ 1,554,800</u>

Bond Anticipation Notes:

The Town issued General Obligation Bond Anticipation Note Series 2013 during the year ended June 30, 2013. The note was issued to defray a portion of the costs of certain off-street parking, certain street and road improvements and repairs, and other municipal improvements in the Town of Lexington. Principal of \$3,300,000 and interest of 1.0% per annum are due on January 15, 2014.

TOWN OF LEXINGTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2013

— 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, 2013, including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 134,438</u>	<u>\$ 2,562</u>	<u>\$ 137,000</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, 2013.

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 a rate of 5.0% and a single principal installment of \$1,340,000 in 2028. The Series 2001A Bonds were issued for \$27,475,000 with an outstanding balance at June 30, 2013 of \$1,340,000 (not including unamortized premium and deferred amount on refunding equaling \$57,793 and (\$1,466,181), respectively). Amortization of the premium and deferred amount equaled (\$3,082) and \$92,601, respectively.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

8. Debt (Continued)

Revenue Bonds (Continued)

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, 2013. 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, 2013 of \$6,089,449 (including premium totaling \$4,449).

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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

8. Debt (Continued)

Revenue Bonds (Continued)

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 issued for \$11,405,000 with an outstanding balance at June 30, 2013 of \$11,335,151 (net of unamortized discount of (\$69,849)). 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, 2021, 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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

8. **Debt (Continued)**

Revenue Bonds (Continued)

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, 2013 of \$16,822,940 (net of unamortized premium of \$157,940). 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, 2013 through 2027. The Series 2011 bonds were issued for \$14,145,000 with an outstanding balance at June 30, 2013 of \$13,672,161 (net of unamortized premium of \$257,161). 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) savings compared to the total debt service requirements for the refunded Series 2001A bonds were \$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 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.

Series 2012 Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2012 require semi-annual interest payments at rates of 2.00% to 2.50% beginning August 1, 2012 and annual principal installments ranging from \$60,000 to \$1,870,000 beginning April 1, 2020 through 2032. The Series 2012 bonds were issued for \$7,650,000 with an outstanding balance at June 30, 2013 of \$7,645,232 (net of unamortized discount of (\$4,768)). Amortization of the discount equaled \$229.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

8. Debt (Continued)

Revenue Bonds (Continued)

The Series 2012 Bonds were issued as a partial refunding of the Series 2001A Bonds. The total debt service of the Series 2012 bonds (principal and interest) savings compared to the total debt service requirements for the refunded Series 2001A bonds by \$1,536,323. This resulted in a net present value benefit of \$1,027,237.

The Series 2012 Bonds maturing on or prior to April 1, 2022, are not subject to redemption prior to maturity. The Series 2012 Bonds maturing after April 1, 2022, are subject to redemption prior to maturity, at the option of the Town, on or after April 1, 2022, 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, 2013 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	995,000	2,442,301	3,437,301
2015	1,030,000	2,410,001	3,440,001
2016	1,035,000	2,377,151	3,412,151
2017	1,080,000	2,336,231	3,416,231
2018	1,130,000	2,305,406	3,435,406
2019-2023	7,550,000	10,831,694	18,381,694
2024-2028	9,700,000	8,994,031	18,694,031
2029-2033	11,600,000	6,787,600	18,387,600
2034-2038	13,045,000	4,166,413	17,211,413
2039-2042	9,395,000	931,051	10,326,051
Subtotal	56,560,000	43,581,879	100,141,879
Less: Deferred amounts	(1,063,455)	-	(1,063,455)
Total	<u>\$ 55,496,545</u>	<u>\$ 43,581,879</u>	<u>\$ 99,078,424</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

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

8. Debt (Continued)

Revenue Bonds (Continued)

included in the Town's financial statements. At June 30, 2013, \$15,690,000 of bonds outstanding are considered defeased.

Contract Payable and Capital Lease

As discussed in *Note 7*, the Town agreed to pay West Columbia \$2.98 million for the non-exclusive use of existing distribution lines and the non-exclusive retail distribution rights in an agreed upon service area. An initial payment of \$1 million was incurred at execution of the agreement during the year ended June 30, 1998. The remainder was to be paid in semi-annual payments of \$90,000 through December 30, 2008. The remaining obligation under this portion of the agreement was defeased during the year ended June 30, 2002. The agreement with West Columbia also requires the Town to pay for water capacity in an amount equal to its pro rata share of the debt service requirements on West Columbia's Water and Sewer System Improvements Revenue Bonds, Series 1998B. The Town's pro rata share is approximately 89% of the Series 1998B issue (based on the cost of expanding the LMWTF relative to entire issue). 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 agreement with West Columbia also provided 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).

During the year ended June 30, 2013, the City of West Columbia issued a 2013 series bond to refund the 2009C issue as well as the 1998A issue. The Town is currently making one payment a month for both the Contract Payable and the Capital Lease to the City of West Columbia at an interest rate of 1.48%. The outstanding balance at June 30, 2013 for both the Contract Payable and the Capital Lease is \$1,723,349.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

8. Debt (Continued)

Contract Payable and Capital Lease (Continued)

The annual debt service requirements to amortize the contract payable as of June 30, 2013 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	375,680	25,506	401,186
2015	261,394	19,946	281,340
2016	263,875	16,077	279,952
2017	274,383	12,172	286,555
2018	280,731	8,111	288,842
2019	267,286	3,954	271,240
Total	<u>\$ 1,723,349</u>	<u>\$ 85,766</u>	<u>\$ 1,809,115</u>

The waterlines acquired under the capital lease are recorded as capital assets – waterworks system in the statement of net position at a historic cost of \$778,428, with current book value of \$558,129 net of accumulated depreciation.

9. Capital Contribution Fees and Capital Asset Contributions

A summary of capital asset contributions from developers and receipts of capital contribution fees during the year ended June 30, 2013, follows:

<u>Business-type activities:</u>	
Capital contribution fees received	\$ 1,644,210
Capital asset contributions from developers	<u>1,706,066</u>
Total capital contribution fees and capital asset contributions recognized	<u>\$ 3,350,276</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 \$3,565,400 at June 30, 2013, of which the Town has fully reserved an allowance for doubtful accounts. Upon payment of periodic installments, the Town recognizes capital contribution fee revenue, and developers may claim the applicable number of capital contribution certificates.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

10. Contingencies

Federal Grants

In the normal course of operations, the Town receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure 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, 2013, the number of unredeemed capital contribution certificates representing future taps into the system is approximately 2,438.

Additionally, the Town has outstanding commitments to contractors and others for approximately \$723,076.

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 and is 95% complete at June 30, 2013.

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 and closeout of the old facility.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

11. Commitments (Continued)

Construction of the new facility has been completed. Closeout of the old facility started February 12, 2013. Total project cost is \$4,375,100 of which Lexington's share is \$2,180,900.

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 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.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

12. Employee Retirement (Continued)

The Town's total payroll for the year ended June 30, 2013, for employees enrolled in the SCRS and PORS, was approximately \$7,354,511, of which \$4,683,022 was for substantially all employees covered by the SCRS and \$2,671,489 was for PORS covered employees.

Benefits of the retirement systems are established by state statutes. Under current statutes, member employees who retire at age 65 or after 28 years (public safety employees after 25 years) of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 1.82 percent of the employee's highest twelve consecutive quarters of compensation for non-public safety employees and 2.14 percent for public safety employees. Member employees who are at least 60 years of age may elect early retirement in which case the full service benefit is reduced by 5 percent for each year the employee's age at retirement is less than 65. In either case, any unrecovered contributions are payable upon death and benefit payments increase 4 percent each year following an increase in the Consumer Price Index of at least 3 percent. Full service or 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 7.0 percent of their compensation. Under this system, the Town's contributions were 10.6 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, 2013, 2012, and 2011 were \$496,400, \$429,768, and \$380,876, respectively, which equal 100% of required contributions. For public safety employees, amounts equaled 7.0 percent for member employees' contributions and 12.3 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, 2013, 2012, and 2011 were \$328,593, \$301,931, and \$262,850, 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.

TOWN OF LEXINGTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

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, 2012, the measurement date for the plan year 2013, there were 138 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 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 FY13 the Town's annual OPEB cost was \$46,600 for the Plan and the ARC is \$46,200. The following table shows the Town's annual OPEB cost for the year ended June 30, 2013:

Normal Cost	\$ 35,400
Amortization of Unfunded Accrued Liability (UAL)	<u>10,800</u>
Total Annual Required Contribution (ARC)	\$ 46,200
Interest on Net OPEB Obligation	5,400
Adjustment to the ARC	<u>(5,000)</u>
Net OPEB Cost	<u>\$ 46,600</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, 2013, 2012, and 2011 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, 2011	\$45,200	0.0%	(\$ 87,000)
June 30, 2012	\$48,800	0.0%	(\$135,800)
June 30, 2013	\$46,600	0.0%	(\$182,400)

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

13. Post-Employment Benefits Other than Pension (Continued)

At June 30, 2013, the actuarial accrued liability for benefits (AAL) was \$291,300 with \$ 0 in Plan assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$291,300. 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 \$6,768,400, and the ratio of the UAAL to covered payroll was 4.30%.

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.

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 4.0% rate of return (net of both investment and non-actuarial administrative expenses) and the Getzen Health Cost Trend Model of 7.1% graded to 4.7% over 73 years. The Town also assumed a 3.5% growth rate in payroll costs. The asset valuation method used is market value. The Plan's UAAL is being amortized on an open level percent method. The remaining amortization period at June 30, 2013 was 26 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.

TOWN OF LEXINGTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

— CONTINUED —

14. Risk Management

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

The Town has its tort liability and casualty insurance through the Atlantic Specialty Insurance Company. The limit of the tort liability is \$3,000,000 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 HUB International Southeast for general insurance coverage, totaling approximately \$225,438 in the 2013 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 \$850,275 during the year.

The Town participated in the South Carolina Municipal Insurance Trust (SCMIT) for its workers' compensations insurance program. The Town funds "contributions" monthly to SCMIT to provide for payment of claims, including a reserve against any unused large claims as they are filed. The Town paid SCMIT approximately \$335,907 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 December 2, 2013, the Town issued \$10,000,000 Combined Waterworks and Sewer System Revenue Bond Anticipation Notes (BAN), Series 2013b. This series refunded the \$2,200,000 Series 2012 BAN and the \$7,800,000 Series 2013a BAN. These BAN's were issued to fund capital improvements to the Town's Combined Waterworks and Sewer System.

On January 15, 2014, the Town issued \$3,300,000 General Obligation Bond Anticipation Notes (BAN). This BAN was issued to currently refund the 2013 BAN that was 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, 2013

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenue				
Property taxes	\$ 3,465,000	\$ 3,465,000	\$ 3,257,650	\$ (207,350)
Franchises, licenses and permits	5,623,000	5,623,000	5,403,682	(219,318)
Other governments	340,000	340,000	416,313	76,313
Fines and forfeitures	320,000	320,000	302,628	(17,372)
Interest income	11,000	11,000	1,674	(9,326)
Miscellaneous	115,987	115,987	172,619	56,632
Total revenue	<u>9,874,987</u>	<u>9,874,987</u>	<u>9,554,566</u>	<u>(320,421)</u>
Expenditures				
Current:				
General government:				
Planning, building and technology	905,699	905,699	878,320	27,379
Administration	871,395	811,395	823,648	(12,253)
Finance	241,470	241,470	229,010	12,460
Council	174,214	174,214	155,695	18,519
Total general government	<u>2,192,778</u>	<u>2,132,778</u>	<u>2,086,673</u>	<u>46,105</u>
Public safety	4,366,203	4,366,203	4,161,209	204,994
Parks, streets and sanitation	2,180,112	2,180,112	2,138,432	41,680
Capital Outlay	536,635	536,635	597,876	(61,241)
Debt Service	-	-	59,359	(59,359)
Total expenditures	<u>9,275,728</u>	<u>9,215,728</u>	<u>9,043,549</u>	<u>172,179</u>
Excess of revenue over (under) expenditures	599,259	659,259	511,017	(148,242)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	5,169	5,169
Refunding bonds issued	-	-	62,602	62,602
Transfers in	31,000	31,000	-	(31,000)
Transfers out	(482,134)	(642,134)	(842,134)	(200,000)
Total other financing sources (uses)	<u>(451,134)</u>	<u>(611,134)</u>	<u>(774,363)</u>	<u>(163,229)</u>
Excess of revenue over (under) expenditures and other financing sources (uses)	148,125	48,125	(263,346)	(311,471)
Fund balance, beginning of year	<u>4,556,846</u>	<u>4,556,846</u>	<u>4,556,846</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,704,971</u>	<u>\$ 4,604,971</u>	<u>\$ 4,293,500</u>	<u>\$ (311,471)</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%
7/1/2012	\$ -	\$ 291,300	\$ 291,300	0.00%	\$ 6,768,400	4.30%

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
2013	46,200	5,400	(5,000)	46,600	-	182,400

TOWN OF LEXINGTON, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	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	Carley Street Park	Gateway Beautification	Park Improvement	Vision Plan	Main Street Facade
Assets															
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,635	\$ -	\$ 22	\$ -	\$ -	\$ -	\$ 160,406	\$ 25,000
Receivables, net:															
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	71,752	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from grantor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and temporary investments	7,366	195,956	55,884	14,976	81,183	100,858	5,944	-	7,911	-	3,993	-	10,285	-	-
Total assets	79,274	195,956	55,884	14,976	81,183	100,858	5,944	8,635	7,911	22	3,993	-	30,285	160,406	25,000
Liabilities and Fund Balances															
Accounts payable	\$ 106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Accrued liabilities	8,101	-	-	-	-	-	-	-	1,199	-	-	-	-	116	-
Due to other funds	73,826	-	-	-	-	-	-	-	-	-	-	49,300	-	-	-
Bond anticipation note	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	72,033	-	-	-	-	-	-	-	1,993	-	-	49,300	-	116	15,000
Fund balances															
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	2,237	195,956	-	-	81,183	100,858	5,944	-	6,318	-	3,993	(49,300)	10,285	160,290	10,000
Committed	-	-	55,884	14,976	-	-	-	8,635	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	22	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund equity	2,237	195,956	55,884	14,976	81,183	100,858	5,944	8,635	6,318	22	3,993	(49,300)	10,285	160,290	10,000
Total liabilities and fund balances	\$ 79,274	\$ 195,956	\$ 55,884	\$ 14,976	\$ 81,183	\$ 100,858	\$ 5,944	\$ 8,635	\$ 7,911	\$ 22	\$ 3,993	\$ -	\$ 10,285	\$ 160,406	\$ 25,000

								Capital Projects					Debt Service	Total Non-major Governmental Funds
Teachers Appreciation	KEYS Grant	Special Events	Hospitality Tax	Special Projects	Veterans Monument	Accommodations Tax	Totals	Streets and Infrastructure	Gibson Pond	Downtown Development	Parking	Totals	Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,063	\$ 313,896	\$ -	\$ -	\$ -	\$ 313,896	\$ 806	\$ 508,765
-	-	-	-	-	-	58,203	58,203	-	-	-	-	-	-	58,203
-	28,126	-	-	-	-	-	99,828	-	-	55,043	-	55,043	-	55,344
-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,828
956	510	6,618	138,921	-	19,022	114,206	784,291	-	9,827	3,240,344	-	3,250,271	212,705	4,217,267
956	28,636	6,618	138,921	-	19,022	191,929	1,136,385	313,896	9,827	3,295,487	-	3,619,210	213,511	4,969,106
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,500	\$ 1,900	\$ -	\$ 735	\$ -	\$ 4,635	\$ -	\$ 20,135
-	1,911	-	-	-	-	-	5,129	-	-	-	-	-	-	5,429
-	17,076	-	-	17,496	-	-	157,698	-	-	868,622	1,557,138	2,425,760	806	2,384,264
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	18,089	-	-	17,436	-	-	178,627	3,930	-	869,497	1,557,138	2,340,993	806	2,609,828
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
956	10,547	6,618	138,921	-	19,022	191,909	895,737	409,996	9,827	2,426,130	(1,557,138)	1,188,815	212,705	2,297,257
-	-	-	-	-	-	-	29,495	-	-	-	-	-	-	29,495
-	-	-	-	-	-	-	22	-	-	-	-	-	-	22
-	-	-	-	(17,496)	-	-	(17,496)	-	-	-	-	-	-	(17,496)
956	10,547	6,618	138,921	(17,496)	19,022	191,909	957,758	409,996	9,827	2,426,130	(1,557,138)	1,188,815	212,705	2,359,278
956	28,636	6,618	138,921	-	19,022	191,929	1,136,385	313,896	9,827	3,295,487	-	3,619,210	213,511	4,969,106

TOWN OF LEXINGTON, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2013

	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	Curley Street Park	Gateway Beautification	Park Improve- ment	Vision Plan	Main Facade	Teachers Appreciation
Revenue																
Grant revenue	\$ 204,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road assessment	-	20,160	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcohol permits	-	-	-	-	41,350	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	500	-	41,424	-	-	-	-	-	-	-
Sidewalk Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accommodations tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	2	478	143	38	-	339	20	6	6	-	3	-	7	-	-	-
Miscellaneous income	9,288	-	-	-	-	-	-	-	-	20	-	-	-	-	-	-
Total revenue	213,445	20,638	143	38	41,350	339	520	6	41,430	20	3	-	7	-	-	-
Expenditures																
Current:																
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	215,809	-	-	-	-	-	3,228	-	-	-	-	-	-	-	-	-
Victim's assistance	-	-	-	-	-	-	-	-	61,316	-	-	-	-	-	-	-
Street maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and appearance	-	-	-	-	-	-	-	-	-	-	-	-	-	14,710	25,000	-
Tourism related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	20,000	-	-	-	-	-	-	17,729	-	-	-	-
Total expenditures	215,809	-	-	-	20,000	-	3,228	-	61,316	-	-	17,729	-	14,710	25,000	-
Other Financing Sources (Uses)																
Bond Anticipation Note	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	25,233	-	-	-	-	175,000	35,000	-
Bond issue costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	25,233	-	-	-	-	175,000	35,000	-
Net change in fund balance	(2,364)	20,638	143	38	21,350	339	(2,708)	6	5,347	20	3	(17,729)	7	160,290	10,000	-
Fund balances, beginning of year	4,597	175,318	55,741	14,938	59,833	100,519	8,652	8,629	971	2	3,901	(37,571)	10,278	-	-	956
Fund balances, end of year	\$ 2,233	\$ 195,956	\$ 55,884	\$ 14,976	\$ 81,183	\$ 100,858	\$ 5,944	\$ 8,635	\$ 6,318	\$ 22	\$ 3,904	\$ (49,700)	\$ 10,285	\$ 160,290	\$ 10,000	\$ 956

							Capital Projects				Debt Service		Total
KEYS Grant	Special Events	Hospitality Tax	Special Projects	Veterans Monument	Accommodations Tax	Totals	Streets and Infrastructure	Gibson Pond	Downtown Development	Parking	Totals	Debt Service	Non-major Governmental Funds
\$ 85,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,687
-	-	-	-	-	-	20,160	-	-	-	-	-	-	20,160
-	-	-	-	-	-	41,350	-	-	-	-	-	-	41,350
-	-	-	-	-	-	41,924	-	-	-	-	-	-	41,924
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	120,521	120,521	-	-	-	-	-	-	120,521
2,833	2,810	356	-	62	361	1,823	348	-	20	-	368	12	2,203
86,363	2,810	356	-	62	120,882	528,416	348	-	20	-	368	12	528,796
-	2,780	-	(2,048)	-	-	732	-	-	-	-	-	-	732
79,831	-	-	-	-	-	298,868	-	-	-	-	-	-	298,868
-	-	-	-	-	-	61,316	-	-	-	-	-	-	61,316
-	-	-	-	-	-	-	-	-	11,242	11,242	-	-	11,242
-	-	-	-	-	-	39,710	-	-	-	-	-	-	39,710
-	-	-	-	-	33,073	33,073	-	-	-	-	-	-	33,073
-	-	-	-	-	-	-	-	-	-	-	-	407,707	407,707
-	-	-	17,496	-	-	49,225	25,903	-	1,093,509	-	1,119,412	-	1,168,632
79,831	2,780	-	15,448	-	33,073	482,924	25,903	-	1,093,509	11,242	1,130,654	407,707	2,021,285
-	-	-	-	-	-	-	-	-	3,300,000	-	3,300,000	-	3,300,000
-	-	-	-	-	-	-	-	-	279,511	-	279,511	-	279,511
-	-	-	-	-	-	235,233	200,000	-	-	-	200,000	406,901	842,134
-	-	-	-	-	-	-	-	-	(59,892)	-	(59,892)	-	(59,892)
-	-	-	-	-	-	235,233	200,000	-	3,519,619	-	3,719,619	406,901	4,361,753
6,532	30	356	(15,448)	62	87,809	280,725	174,445	-	2,426,130	(11,242)	2,589,333	(794)	2,869,264
4,125	6,588	138,565	(2,048)	18,960	104,100	677,033	135,551	9,827	-	(1,545,896)	(1,400,515)	213,499	(509,986)
\$ 10,507	\$ 6,618	\$ 138,921	\$ (17,496)	\$ 19,022	\$ 191,909	\$ 957,758	\$ 309,996	\$ 9,827	\$ 2,426,130	\$ (1,557,138)	\$ 1,188,815	\$ 212,705	\$ 2,359,278

TOWN OF LEXINGTON, SOUTH CAROLINA

GENERAL FUND
BALANCE SHEET

JUNE 30, 2013

(With comparative amounts at June 30, 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 845,503	\$ 3,169,089
Receivables, net:		
Fees and services	975,219	56,693
Property taxes, net	125,466	162,345
Other governments	121,319	123,686
Other	42,185	150
Due from other funds	2,584,264	1,652,050
Prepaid items	133,596	464
Restricted cash and temporary investments	-	-
Total assets	<u>\$ 4,827,552</u>	<u>\$ 5,164,477</u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 253,016	\$ 219,854
Accrued liabilities	127,603	219,083
Other liabilities	49,038	28,681
Advance from other fund	-	-
Total liabilities	<u>429,657</u>	<u>467,618</u>
 Deferred Inflows of Resources		
Unavailable revenue -- property taxes	<u>104,395</u>	<u>140,013</u>
Total deferred inflows of resources	<u>104,395</u>	<u>140,013</u>
 Fund balance:		
Nonspendable	133,596	464
Restricted	-	-
Committed	330,000	630,000
Assigned	-	-
Unassigned	<u>3,829,904</u>	<u>3,926,382</u>
Total fund balance	<u>4,293,500</u>	<u>4,556,846</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 4,827,552</u>	<u>\$ 5,164,477</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, 2013

(With comparative actual amounts for the year ended June 30, 2012)

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Revenue				
Property taxes	\$ 3,465,000	\$ 3,257,650	\$ (207,350)	\$ 3,150,728
Franchises, licenses and permits	5,623,000	5,403,682	(219,318)	4,912,344
Other governments	340,000	416,313	76,313	357,512
Fines and forfeitures	320,000	302,628	(17,372)	281,798
Interest income	11,000	1,674	(9,326)	5,575
Miscellaneous	115,987	172,619	56,632	100,322
Total revenue	<u>9,874,987</u>	<u>9,554,566</u>	<u>(320,421)</u>	<u>8,808,279</u>
Expenditures				
General Government				
Planning, Building & Technology Department:				
Personnel	590,744	579,609	11,135	540,147
Contractual services	39,565	39,457	108	39,444
Repairs and maintenance	46,820	28,514	18,306	25,220
Supplies	2,300	4,166	(1,866)	10,046
Other operating	489,795	490,759	(964)	436,862
Allocation of other expenditures	(263,525)	(264,185)	660	(241,868)
Total building department	<u>905,699</u>	<u>878,320</u>	<u>27,379</u>	<u>809,851</u>
Administration Department:				
Personnel	668,308	666,703	1,605	632,041
Contractual services	152,770	139,503	13,267	129,528
Repairs and maintenance	1,900	355	1,545	1,108
Supplies	1,625	1,007	618	5,602
Other operating	69,540	62,405	7,135	58,444
Allocation of other expenditures	(82,748)	(46,325)	(36,423)	(49,019)
Total administration department	<u>811,395</u>	<u>823,648</u>	<u>(12,253)</u>	<u>777,704</u>
Finance:				
Personnel	205,515	198,869	6,646	246,443
Contractual services	10,790	8,354	2,436	2,231
Repairs and maintenance	250	-	250	193
Supplies	885	339	546	4,399
Other operating	67,975	58,531	9,444	50,926
Allocation of other expenditures	(43,945)	(37,083)	(6,862)	(28,875)
Total finance	<u>241,470</u>	<u>229,010</u>	<u>12,460</u>	<u>275,317</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 -

	2013		Variance Positive (Negative)	2012
	Budget	Actual		Actual
Expenditures (Continued)				
General Government (Continued)				
Council:				
Personnel	63,562	64,122	(560)	64,183
Contractual services	20,330	9,643	10,687	63,766
Repairs and maintenance	-	-	-	-
Supplies	1,125	1,096	29	2,396
Other operating	175,350	148,386	26,964	159,538
Contributions	24,500	22,300	2,200	20,350
Allocation of other expenditures	(110,653)	(89,852)	(20,801)	(123,025)
Total council	<u>174,214</u>	<u>155,695</u>	<u>18,519</u>	<u>187,208</u>
Total general government	<u>2,132,778</u>	<u>2,086,673</u>	<u>46,105</u>	<u>2,050,080</u>
Public Safety				
Personnel	3,891,568	3,752,296	139,272	3,486,894
Contractual services	42,850	34,922	7,928	52,375
Repairs and maintenance	63,700	50,455	13,245	54,246
Supplies	24,435	18,081	6,354	20,583
Other operating	343,650	305,455	38,195	299,983
Total public safety	<u>4,366,203</u>	<u>4,161,209</u>	<u>204,994</u>	<u>3,914,081</u>
Parks, Streets and Sanitation				
Personnel	932,327	904,261	28,066	852,458
Contractual services	797,635	781,174	16,461	746,403
Repairs and maintenance	18,875	22,894	(4,019)	25,982
Supplies	45,350	53,575	(8,225)	61,775
Other operating	385,925	376,528	9,397	374,681
Total parks, streets and sanitation	<u>2,180,112</u>	<u>2,138,432</u>	<u>41,680</u>	<u>2,061,299</u>
Capital Outlay	536,635	597,876	(61,241)	420,568
Debt Service	-	59,359	(59,359)	18,592
Total expenditures	<u>9,215,728</u>	<u>9,043,549</u>	<u>172,179</u>	<u>8,464,620</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	5,169	5,169	18,484
Refunding bonds issued	-	62,602	62,602	-
Transfers in	31,000	-	(31,000)	30,512
Transfers out	(642,134)	(842,134)	(200,000)	(754,750)
Total other financing sources (uses)	<u>(611,134)</u>	<u>(774,363)</u>	<u>(163,229)</u>	<u>(705,754)</u>
Excess of revenue over (under) expenditures and other financing sources (uses)	48,125	(263,346)	(311,471)	(362,095)
Fund balance, beginning of year	4,556,846	4,556,846	-	4,918,941
Fund balance, end of year	<u>\$ 4,604,971</u>	<u>\$ 4,293,500</u>	<u>\$ (311,471)</u>	<u>\$ 4,556,846</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2013

(With comparative total amounts at June 30, 2012)

	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	Gateway Beautification
Assets												
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,635	\$ -	\$ 22	\$ -	\$ -
Receivables, net												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Due from grantor	71,702	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and temporary investments	7,568	195,956	55,884	14,976	81,183	100,858	5,944	-	7,911	-	3,993	-
Total assets	\$ 79,270	\$ 195,956	\$ 55,884	\$ 14,976	\$ 81,183	\$ 100,858	\$ 5,944	\$ 8,635	\$ 7,911	\$ 22	\$ 3,993	\$ -
Liabilities and Fund Balances												
Accounts payable	\$ 106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 394	\$ -	\$ -	\$ -
Construction payable	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	3,101	-	-	-	-	-	-	-	1,199	-	-	-
Due to other funds	73,826	-	-	-	-	-	-	-	-	-	-	49,300
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	77,033	-	-	-	-	-	-	-	1,593	-	-	49,300
Fund balances												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	2,237	195,956	-	-	81,183	100,858	5,944	-	6,318	-	3,993	(49,300)
Committed	-	-	55,884	14,976	-	-	-	8,635	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	22	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund equity	2,237	195,956	55,884	14,976	81,183	100,858	5,944	8,635	6,318	22	3,993	(49,300)
Total liabilities and fund balances	\$ 79,270	\$ 195,956	\$ 55,884	\$ 14,976	\$ 81,183	\$ 100,858	\$ 5,944	\$ 8,635	\$ 7,911	\$ 22	\$ 3,993	\$ -

Park Improv- ment	Vision Plan	Main Street Façade	Teacher Appreciation	KEYS Grant	Special Events	Hospitality Tax	Special Projects	Veterans Monument	Accommodations Tax	Totals	
										2013	2012
\$ -	\$ 160,406	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194,063	\$ 126,016
-	-	-	-	-	-	-	-	-	58,203	58,203	61,971
-	-	-	-	28,126	-	-	-	-	-	99,828	96,396
-	-	-	-	-	-	-	-	-	-	-	-
10,285	-	-	956	510	6,618	138,921	-	19,022	133,706	784,291	528,775
<u>\$ 10,285</u>	<u>\$ 160,406</u>	<u>\$ 25,000</u>	<u>\$ 956</u>	<u>\$ 28,636</u>	<u>\$ 6,618</u>	<u>\$ 138,921</u>	<u>\$ -</u>	<u>\$ 19,022</u>	<u>\$ 191,909</u>	<u>\$ 1,136,385</u>	<u>\$ 817,891</u>
-	-	15,000	-	-	-	-	-	-	-	15,500	17,884
-	116	-	-	1,013	-	-	-	-	-	5,429	8,821
-	-	-	-	17,076	-	-	17,496	-	-	157,698	106,153
-	-	-	-	-	-	-	-	-	-	-	8,000
-	116	15,000	-	18,089	-	-	17,496	-	-	178,627	140,858
-	-	-	-	-	-	-	-	-	-	-	-
10,285	160,290	10,000	956	10,547	6,618	138,921	-	19,022	191,909	895,737	599,771
-	-	-	-	-	-	-	-	-	-	79,495	79,308
-	-	-	-	-	-	-	-	-	-	22	-
10,285	160,290	10,000	956	10,547	6,618	138,921	(17,496)	19,022	191,909	(17,496)	(2,046)
<u>\$ 10,285</u>	<u>\$ 160,406</u>	<u>\$ 25,000</u>	<u>\$ 956</u>	<u>\$ 28,636</u>	<u>\$ 6,618</u>	<u>\$ 138,921</u>	<u>\$ -</u>	<u>\$ 19,022</u>	<u>\$ 191,909</u>	<u>\$ 1,136,385</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, 2013
(With comparative total amounts for the year ended June 30, 2012)

	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	\$ 204,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road assessment	-	20,160	-	-	-	-	-	-	-	-	-
Alcohol permits	-	-	-	-	41,350	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	500	-	41,424	-	-
Sidewalk proceeds	-	-	-	-	-	-	-	-	-	-	-
Accommodations tax	-	-	-	-	-	-	-	-	-	-	-
Interest income	4	478	143	38	-	339	20	6	6	-	3
Other income	9,288	-	-	-	-	-	-	-	-	20	-
Total revenue	213,449	20,638	143	38	41,350	339	520	6	41,430	20	3
Expenditures											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	215,809	-	-	-	-	-	3,228	-	-	-	-
Victims assistance	-	-	-	-	-	-	-	-	61,316	-	-
Street maintenance	-	-	-	-	-	-	-	-	-	-	-
Parks and appearance	-	-	-	-	-	-	-	-	-	-	-
Tourism related expenses	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	20,000	-	-	-	-	-	-
Total expenditures	215,809	-	-	-	20,000	-	3,228	-	61,316	-	-
Other Financing Sources (Uses)											
Transfers in (out)	-	-	-	-	-	-	-	-	25,233	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	25,233	-	-
Net change in fund balance	(2,360)	20,638	143	38	21,350	339	(2,708)	6	5,347	20	3
Fund balances, beginning of year	4,597	175,318	55,741	14,938	59,833	100,519	8,652	8,629	971	2	3,990
Fund balances, end of year	\$ 2,237	\$ 195,956	\$ 55,884	\$ 14,976	\$ 81,183	\$ 100,858	\$ 5,944	\$ 8,635	\$ 6,318	\$ 22	\$ 3,993

Gateway Beautification	Park Improv- ment	Vision Plan	Main Street Façade	Teacher Appreciation	KEYS Grant	Special Events	Hospitality Tax	Special Projects	Veterans Monument	Accommodations Tax	Totals	
											2013	2012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,687	\$ 276,606
-	-	-	-	-	-	-	-	-	-	-	20,160	20,160
-	-	-	-	-	-	-	-	-	-	-	41,350	55,625
-	-	-	-	-	-	-	-	-	-	-	41,924	42,779
-	-	-	-	-	-	-	-	-	-	-	-	106,798
-	-	-	-	-	-	-	-	-	-	120,521	120,521	135,244
-	7	-	-	-	-	-	356	-	62	361	1,823	(1,843)
-	-	-	-	-	2,833	2,810	-	-	-	-	14,951	73,338
-	7	-	-	-	86,363	2,810	356	-	62	120,882	528,416	708,717
-	-	-	-	-	-	2,780	-	(2,048)	-	-	732	1,496
-	-	-	-	-	79,831	-	-	-	-	-	298,868	264,848
-	-	-	-	-	-	-	-	-	-	-	61,316	60,212
-	-	-	-	-	-	-	-	-	-	-	-	189,592
-	-	14,710	25,000	-	-	-	-	-	-	-	39,710	32,122
-	-	-	-	-	-	-	-	-	-	33,073	33,073	74,224
11,729	-	-	-	-	-	-	-	17,496	-	-	49,225	233,526
11,729	-	14,710	25,000	-	79,831	2,780	-	15,448	-	33,073	482,924	856,020
-	-	175,000	35,000	-	-	-	-	-	-	-	235,233	117,024
-	-	175,000	35,000	-	-	-	-	-	-	-	235,233	117,024
(11,729)	7	160,290	10,000	-	6,532	30	356	(15,448)	62	87,809	280,725	(30,279)
(37,571)	10,278	-	-	956	4,015	6,588	138,565	(2,048)	18,960	104,100	677,033	707,312
\$ (49,300)	\$ 10,285	\$ 160,290	\$ 10,000	\$ 956	\$ 10,547	\$ 6,618	\$ 138,921	\$ (17,496)	\$ 19,022	\$ 191,909	\$ 957,758	\$ 677,033

TOWN OF LEXINGTON, SOUTH CAROLINA
SPECIAL REVENUE FUND -- VICTIMS ASSISTANCE
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Revenue				
Fines	\$ 43,000	\$ 43,000	\$ 41,424	\$ (1,576)
Interest	\$ -	\$ -	\$ 6	6
Total revenue	<u>43,000</u>	<u>43,000</u>	<u>41,430</u>	<u>(1,570)</u>
Expenditures				
Salaries and Fringe Benefits	64,556	64,556	58,085	6,471
Operating Expenditures	<u>3,677</u>	<u>3,677</u>	<u>3,231</u>	<u>446</u>
Total expenditures	<u>68,233</u>	<u>68,233</u>	<u>61,316</u>	<u>6,917</u>
Other Financing Sources (Uses)				
Transfers in (out)	25,233	25,233	25,233	-
Excess of revenue over (under) and other financing sources (uses)	-	-	5,347	5,347
Fund balance, beginning of year	<u>971</u>	<u>971</u>	<u>971</u>	<u>-</u>
Fund balance, end of year	<u>\$ 971</u>	<u>\$ 971</u>	<u>\$ 6,318</u>	<u>\$ 5,347</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

DEBT SERVICE FUND
BALANCE SHEET

JUNE 30, 2013

(With comparative amounts at June 30, 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 806	\$ -
Restricted cash and temporary investments	<u>212,705</u>	<u>\$ 213,499</u>
Total assets	<u>\$ 213,511</u>	<u>\$ 213,499</u>
Liabilities and Fund Balances		
Due to other funds	\$ 806	-
Fund balance:		
Restricted	<u>\$ 212,705</u>	<u>\$ 213,499</u>
Total fund balance	<u>212,705</u>	<u>213,499</u>
Total liabilities and fund balance	<u>\$ 213,511</u>	<u>\$ 213,499</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, 2013
(With comparative actual amounts for the year ended June 30, 2012)

	<u>2013</u>		Variance Favorable (Unfavorable)	<u>2012</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenue				
Interest income	\$ -	\$ 12	\$ 12	\$ 21
Total revenue	<u>-</u>	<u>12</u>	<u>12</u>	<u>21</u>
Expenditures				
Debt service	426,901	407,707	19,194	407,214
Total expenditures	<u>426,901</u>	<u>407,707</u>	<u>19,194</u>	<u>407,214</u>
Deficiency of revenue under expenditures	<u>(426,901)</u>	<u>(407,695)</u>	<u>19,206</u>	<u>(407,193)</u>
Other Financing Sources				
Transfers in	426,901	406,901	(20,000)	407,214
Total other financing source	<u>426,901</u>	<u>406,901</u>	<u>(20,000)</u>	<u>407,214</u>
Net change in fund balance	-	(794)	(794)	21
Fund balance, beginning of year	213,499	213,499	-	213,478
Fund balance, end of year	<u>\$ 213,499</u>	<u>\$ 212,705</u>	<u>\$ (794)</u>	<u>\$ 213,499</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2013

(With comparative total amounts at June 30, 2012)

	Streets and Infrastructure	Gibson Pond	Downtown Development	Parking	Totals	
					2013	2012
Assets						
Cash	\$ 313,896	\$ -	\$ -	\$ -	\$ 313,896	\$ 135,551
Receivables, net -- other	\$ -	\$ -	\$ 55,043	\$ -	55,043	
Due from other funds	-	-	-	-	-	-
Restricted cash and temporary investments	-	9,827	3,240,444	-	3,250,271	9,827
Total assets	<u>\$ 313,896</u>	<u>\$ 9,827</u>	<u>\$ 3,295,487</u>	<u>\$ -</u>	<u>\$ 3,619,210</u>	<u>\$ 145,378</u>
Liabilities and Fund Balances						
Accounts payable	\$ 3,900	\$ -	\$ 735	\$ -	\$ 4,635	\$ -
Due to other funds	-	-	868,622	1,557,138	2,425,760	1,545,897
Bond anticipation note	-	-	-	-	-	-
Fund balance:						
Restricted	309,996	9,827	2,426,130	(1,557,138)	1,188,815	9,827
Unassigned	-	-	-	-	-	(1,410,346)
Total fund balances	<u>309,996</u>	<u>9,827</u>	<u>2,426,130</u>	<u>(1,557,138)</u>	<u>1,188,815</u>	<u>(1,400,519)</u>
Total liabilities and fund balances	<u>\$ 313,896</u>	<u>\$ 9,827</u>	<u>\$ 3,295,487</u>	<u>\$ -</u>	<u>\$ 3,619,210</u>	<u>\$ 145,378</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

(With comparative total amounts for the year ended June 30, 2012)

	Streets and Infrastructure	Gibson Pond	Downtown Development	Parking	Totals	
					2013	2012
Revenue						
Interest income	\$ 348	\$ -	\$ 20	\$ -	\$ 368	\$ (534)
Donations	-	-	-	-	-	9,913
Total revenue	348	-	20	-	368	9,379
Expenditures						
Parks, streets, and sanitation	-	-	-	11,242	11,242	16,057
Capital outlay	25,903	-	1,093,509	-	1,119,412	5,965
Total expenditures	25,903	-	1,093,509	11,242	1,130,654	22,022
Excess (deficiency) of revenue over (under) expenditures	(25,555)	-	(1,093,489)	(11,242)	(1,130,286)	(12,643)
Other Financing Sources (Uses)						
Bond anticipation note			3,300,000		3,300,000	
Sale of property			279,511		279,511	
Transfer in (out)	200,000	-	-	-	200,000	200,000
Bond issue costs			(59,892)		(59,892)	
Total other financing sources (uses)	200,000	-	3,519,619	-	3,719,619	200,000
Net change in fund balance	174,445	-	2,426,130	(11,242)	2,589,333	187,357
Fund balances, beginning of year	135,551	9,827	-	(1,545,896)	(1,400,518)	(1,587,876)
Fund balances, end of year	\$ 309,996	\$ 9,827	\$ 2,426,130	\$ (1,557,138)	\$ 1,188,815	\$ (1,400,519)

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

JUNE 30, 2013
(With comparative amounts at June 30, 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 2,516,011	\$ 7,587,917
Receivables, net:		
Fees and services	2,142,872	1,999,476
Other	1,961,962	1,969,684
Internal balance	-	-
Inventories-supplies	249,233	268,284
Prepaid Expense	18,328	4,305
Bond issue cost, net of amortization	2,733,594	2,393,279
Restricted assets:		
Cash and temporary investments	16,649,789	5,790,020
Investments	560,146	560,146
Property, plant, and equipment, net:		
Land	497,022	388,522
Construction in progress	13,582,197	43,679,471
Buildings and system	60,559,452	58,666,725
Vehicles, machinery and equipment	1,416,762	1,522,088
Intangible assets:		
Capacity reserve	41,367,973	7,766,776
Retail distribution rights	1,802,008	1,852,064
Total assets	<u>146,057,349</u>	<u>134,448,757</u>
Liabilities		
Liabilities:		
Accounts payable	633,314	421,921
Accrued liabilities	60,729	104,577
Liabilities payable from restricted assets:		
Construction payables	395,190	2,428,892
Accrued interest	968,911	964,406
Revenue bonds-current	995,000	1,650,000
Customer deposits	38,916	8,512
Revenue bonds payable	64,510,721	54,233,888
Contracts payable	1,723,349	1,740,575
Accrued compensated absences	199,816	171,900
Capital lease obligation	-	347,682
OPEB liability	65,664	48,888
Total liabilities	<u>69,591,610</u>	<u>62,121,241</u>
Net Position		
Net Investment in capital assets	62,655,081	58,355,456
Restricted for capital projects	336,973	300,679
Restricted for debt service	2,491,896	2,001,515
Unrestricted	10,981,789	11,669,866
Total net position	<u>\$ 76,465,739</u>	<u>\$ 72,327,516</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

(With comparative amounts for the year ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Operating Revenue		
Water service	\$ 4,626,504	\$ 4,610,530
Sewer service	7,468,466	7,162,617
Tap and meter fees	173,890	203,820
Other income	<u>492,188</u>	<u>295,877</u>
Total operating revenue	<u>12,761,048</u>	<u>12,272,844</u>
Operating Expenses		
Salaries and benefits	3,804,890	3,398,313
Water treatment	867,829	884,357
Sewer treatment	1,310,536	723,271
Other contractual services	504,274	470,728
Materials and supplies	404,581	533,785
Electricity	358,033	283,819
Miscellaneous operating expenses	1,037,114	993,752
Depreciation and amortization	<u>1,987,547</u>	<u>1,994,132</u>
Total operating expenses	<u>10,274,804</u>	<u>9,282,157</u>
Operating income	<u>2,486,244</u>	<u>2,990,687</u>
Non-Operating Revenue (Expenses)		
Interest income	33,104	62,148
Interest expense	(1,492,088)	(980,581)
Amortization of bond issuance costs	<u>(239,313)</u>	<u>(130,934)</u>
Total non-operating revenue (expenses)	<u>(1,698,297)</u>	<u>(1,049,367)</u>
Net income (loss) before contributions	<u>787,947</u>	<u>1,941,320</u>
Capital Contributions:		
Capital contribution fees	1,644,210	1,227,458
Developer capital asset contributions	<u>1,706,066</u>	<u>285,096</u>
Total capital contributions	<u>3,350,276</u>	<u>1,512,554</u>
Change in net position	4,138,223	3,453,874
Net position, beginning of year	<u>72,327,516</u>	<u>68,873,642</u>
Net position, end of year	<u>\$ 76,465,739</u>	<u>\$ 72,327,516</u>

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

YEAR ENDED JUNE 30, 2013
(With comparative amounts for the year ended June 30, 2012)

	2013	2012
Cash Flows from Operating Activities		
Cash received from customers	\$ 12,655,778	\$ 12,281,784
Cash paid to suppliers for goods or services	(4,251,922)	(4,133,108)
Cash paid to employees for services	(3,818,070)	(3,453,872)
Net cash provided by operating activities	4,585,786	4,694,804
Cash Flows from Capital and Related Financing Activities		
Purchases and construction of capital assets	(6,923,631)	(15,312,941)
Purchase of capacity reserve	(741,320)	-
Bond issuance costs paid	(579,628)	(575)
Principal paid on capital debt	(1,268,075)	(1,133,904)
Interest and fees paid	(1,487,583)	(892,015)
Proceeds from bond issuance	10,525,000	-
Proceeds from capital contribution fees	1,644,210	1,227,458
Net cash provided by (used in) capital and related financing activities	1,168,973	(16,111,977)
Cash Flows from Investing Activities		
Purchases of investments	(560,146)	(560,146)
Proceeds from the sale of investments	560,146	560,146
Interest received	33,104	823,980
Net cash provided by investing activities	33,104	823,980
Net increase in cash and temporary investments	5,787,863	(11,334,783)
Cash and temporary investments, beginning of year	13,377,937	24,712,720
Cash and temporary investments, end of year	\$ 19,165,800	\$ 13,377,937
Reconciliation to the Statement of Net Assets:		
Cash and temporary investments	\$ 2,516,011	\$ 7,587,917
Restricted cash and temporary investments	16,649,789	5,790,020
Cash and temporary investments, end of year	\$ 19,165,800	\$ 13,377,937

- CONTINUED -

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

- CONTINUED -

	2013	2012
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 2,486,244	\$ 2,990,687
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,987,547	1,994,132
(Increase) decrease in accounts receivable	(135,674)	8,928
(Increase) decrease in inventory	19,052	(11,762)
Increase in prepaid items	(14,023)	(4,305)
Increase (decrease) in accounts payable	211,393	(227,329)
Increase (decrease) in customer deposits	30,404	12
Increase in accrued expenses	843	(55,559)
Net cash provided by operating activities	\$ 4,585,786	\$ 4,694,804
Non-Cash Investing, Capital, and Financing Supplementary Information:		
Revenue bond principal accretion and discount amortization	\$ 2,769	\$ 28,618
Revenue bond premium and deferred amount on refunding amortization	64,885	64,885
Contributed capital assets from developers	1,706,066	285,096

TOWN OF LEXINGTON, SOUTH CAROLINA

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

JUNE 30, 2013

(With comparative amounts at June 30, 2012)

	<u>2013</u>	<u>2012</u>
Governmental Funds Capital Assets:		
Land	\$ 6,376,261	\$ 5,890,052
Buildings	10,473,642	10,259,561
Vehicles and equipment	3,273,217	2,826,619
Streets and roadways	10,555,794	10,082,094
Sidewalks	1,791,281	1,791,281
Storm drainage	2,233,729	2,168,363
Construction in progress	338,869	327,140
Total governmental funds capital assets	<u>\$ 35,042,793</u>	<u>\$ 33,345,110</u>
Investments in Governmental Funds Capital Assets by Source:		
General fund	\$ 13,255,378	\$ 12,784,752
Special revenue funds	1,951,632	1,928,621
Capital projects funds	6,706,830	5,883,809
Donations	13,128,953	12,747,928
Total governmental funds capital assets	<u>\$ 35,042,793</u>	<u>\$ 33,345,110</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

JUNE 30, 2013

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Vehicles and Equipment</u>	<u>Streets and Roadways</u>	<u>Sidewalks</u>	<u>Storm Drainage</u>	<u>Construction in Progress</u>	<u>Total</u>
General government:								
Council	\$ -	\$ -	\$ 10,777	\$ -	\$ -	\$ -	\$ -	\$ 10,777
Administration	-	-	37,484	-	-	-	-	37,484
Finance	-	-	26,203	-	-	-	-	26,203
Information technology	-	-	421,109	-	-	-	-	421,109
Building department	-	-	88,468	-	-	-	-	88,468
Other-unclassified	4,163,204	6,126,508	56,252	-	-	-	-	10,345,964
Total general government	4,163,204	6,126,508	640,293	-	-	-	-	10,930,005
Public safety:								
Police	-	2,687,285	1,541,670	-	-	-	-	4,228,955
Police grants and programs	-	-	291,161	-	-	-	-	291,161
Total public safety	-	2,687,285	1,832,831	-	-	-	-	4,520,116
Parks, streets, and sanitation	2,213,057	296,862	800,093	10,555,794	1,791,281	2,233,729	338,869	18,229,685
Tourism related	-	1,362,987	-	-	-	-	-	1,362,987
Total governmental funds capital assets	<u>\$ 6,376,261</u>	<u>\$ 10,473,642</u>	<u>\$ 3,273,217</u>	<u>\$ 10,555,794</u>	<u>\$ 1,791,281</u>	<u>\$ 2,233,729</u>	<u>\$ 338,869</u>	<u>\$ 35,042,793</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, 2013

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	June 30, 2012	Additions	Deductions	June 30, 2013
General government:				
Council	\$ 10,777	\$ -	\$ -	\$ 10,777
Administration	57,860	-	(20,376)	37,484
Finance	26,203	-	-	26,203
Information technology	240,502	180,607	-	421,109
Building department	72,323	16,145	-	88,468
Other-unclassified	9,456,817	1,047,188	(158,041)	10,345,964
Total general government	<u>9,864,482</u>	<u>1,243,940</u>	<u>(178,417)</u>	<u>10,930,005</u>
Public safety:				
Police	4,015,623	234,212	(20,880)	4,228,955
Police grants and programs	291,161	-	-	291,161
Total public safety	<u>4,306,784</u>	<u>234,212</u>	<u>(20,880)</u>	<u>4,520,116</u>
Parks, streets, and sanitation	<u>17,810,857</u>	<u>659,140</u>	<u>(240,312)</u>	<u>18,229,685</u>
Tourism related	<u>1,362,987</u>	<u>-</u>	<u>-</u>	<u>1,362,987</u>
Total governmental funds capital assets	<u>\$ 33,345,110</u>	<u>\$ 2,137,292</u>	<u>\$ (439,609)</u>	<u>\$ 35,042,793</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES

YEAR ENDED JUNE 30, 2013

Court Fines	
Court Fines Collected	\$ 302,628
Court Fines Retained	302,628
	<hr/>
Court Fines Remitted to State Treasurer	-
	<hr/>
Court Assessments	
Court Assessments Collected	302,145
Court Assessments Retained by Town	33,606
	<hr/>
Court Assessments Remitted to State Treasurer	268,539
	<hr/>
Court Surcharges	
Court Surcharges Collected	132,031
Court Surcharges Retained by Town	7,817
	<hr/>
Court Surcharges Remitted to State Treasurer	124,214
	<hr/>
Victims Services	
Court Assessments Allocated to Victim Services	33,606
Court Surcharges Allocated to Victim Services	7,817
	<hr/>
Funds Allocated to Victim Services	41,424
Victim Services Expenditures	(61,316)
	<hr/>
Funds in Excess (Shortage) of Expenditures	(19,892)
	<hr/>
Victim's Fund Carryforward Balance from FYE 2012	-
	<hr/>
Victim's Fund Ending Balance for FYE 2013	\$ -
	<hr/> <hr/>

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 – 110)

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

Debt Capacity (Pages 111 – 115)

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 116 – 118)

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 119– 121)

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 15,512,819
Restricted	1,065,564	1,860,561	1,765,083	1,313,881	856,430	764,871	752,874	646,729	791,947	4,369,475
Unrestricted	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	4,805,256
Total Governmental Activities Net Position	<u>\$ 16,663,899</u>	<u>\$ 19,193,407</u>	<u>\$ 20,616,321</u>	<u>\$ 21,647,829</u>	<u>\$ 22,760,643</u>	<u>\$ 22,789,799</u>	<u>\$ 22,260,489</u>	<u>\$ 23,936,839</u>	<u>\$ 24,610,016</u>	<u>\$ 24,687,550</u>
Business-Type Activities										
Net investment in capital assets	\$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	\$ 62,655,081
Restricted	1,031,264	400,728	467,675	511,882	10,087,650	1,022,075	2,789,256	1,964,536	2,302,194	2,828,869
Unrestricted	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	10,981,789
Total Business-Type Activities Net Position	<u>\$ 28,805,405</u>	<u>\$ 32,690,657</u>	<u>\$ 42,971,322</u>	<u>\$ 52,273,209</u>	<u>\$ 65,785,388</u>	<u>\$ 66,128,582</u>	<u>\$ 65,503,086</u>	<u>\$ 68,873,642</u>	<u>\$ 72,327,516</u>	<u>\$ 76,465,739</u>
Primary Government										
Net investment in capital assets	\$ 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	\$ 78,167,900
Restricted	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	7,198,344
Unrestricted	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	15,787,045
Total Primary Government Net Position	<u>\$ 45,469,304</u>	<u>\$ 51,884,064</u>	<u>\$ 63,587,643</u>	<u>\$ 73,921,038</u>	<u>\$ 88,546,031</u>	<u>\$ 88,918,381</u>	<u>\$ 87,763,575</u>	<u>\$ 92,810,481</u>	<u>\$ 96,937,532</u>	<u>\$ 101,153,289</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 2,219,010
Public Safety	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	4,885,709
Parks, Streets, and Sanitation	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	2,965,844
Victims' Assistance	48,897	54,696	55,732	61,962	30,792	32,714	37,978	57,155	58,844	64,050
Housing Rehabilitation	-	157,053	136,985	-	-	-	-	-	-	-
Tourism Related	184,862	332,007	31,448	33,278	52,957	80,041	83,000	114,127	191,767	65,226
Interest on Long-Term Debt	250,309	358,158	252,162	230,334	232,385	214,722	185,219	110,855	68,056	205,715
Total Governmental Activities Expenses	<u>5,773,518</u>	<u>6,789,588</u>	<u>6,947,582</u>	<u>7,092,488</u>	<u>8,035,306</u>	<u>8,628,783</u>	<u>8,972,877</u>	<u>9,338,096</u>	<u>10,018,201</u>	<u>10,405,554</u>
Business-Type Activities:										
Water and Sewer System	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	12,006,205
Total Business-Type Activities Expenses	<u>7,616,681</u>	<u>8,539,264</u>	<u>9,195,210</u>	<u>9,455,125</u>	<u>10,050,163</u>	<u>11,663,285</u>	<u>11,736,236</u>	<u>11,086,772</u>	<u>10,393,672</u>	<u>12,006,205</u>
Total Primary Government Expenses	<u>\$ 13,390,199</u>	<u>\$ 15,328,852</u>	<u>\$ 16,142,792</u>	<u>\$ 16,547,613</u>	<u>\$ 18,085,469</u>	<u>\$ 20,292,068</u>	<u>\$ 20,709,113</u>	<u>\$ 20,424,868</u>	<u>\$ 20,411,873</u>	<u>\$ 22,411,759</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 181,021	\$ 254,412	\$ 304,403	\$ 367,681	\$ 349,718	\$ 292,294	\$ 295,430	\$ 312,813	\$ 317,510	\$ 397,902
Public Safety	258,233	199,256	258,831	252,458	297,015	265,117	248,642	270,003	284,140	303,152
Parks, Streets, and Sanitation	652,834	713,897	773,362	827,857	906,815	1,055,776	1,110,959	1,193,982	1,198,980	1,215,474
Victims' Assistance	46,671	29,878	34,330	29,390	32,289	31,152	31,928	39,201	40,394	41,430
Housing Rehabilitation	-	138	-	-	-	-	-	-	-	-
Tourism Related	61,831	54,116	59,528	98,776	109,419	152,795	148,602	164,572	190,030	162,588
Operating Grants and Contributions	209,753	207,811	278,086	221,899	232,901	183,213	171,504	141,947	348,780	302,618
Capital Grants and Contributions	176,096	1,360,018	1,193,869	452,296	990,687	223,584	51,067	1,615,008	1,246,751	539,066
Total Governmental Activities Program Revenues	<u>1,586,439</u>	<u>2,819,526</u>	<u>2,902,409</u>	<u>2,250,357</u>	<u>2,918,844</u>	<u>2,203,931</u>	<u>2,058,132</u>	<u>3,737,526</u>	<u>3,626,585</u>	<u>2,962,230</u>
Business-Type Activities:										
Charges for Services										
Water and Sewer System	6,942,895	7,494,063	8,506,545	9,479,885	10,453,703	10,383,182	11,207,252	11,705,190	12,272,844	12,761,048
Capital Grants and Contributions	3,248,045	4,976,928	10,425,149	8,371,795	12,161,239	1,127,593	5,826,838	2,566,082	1,512,554	3,350,276
Total Business-Type Activities Program Revenues	<u>10,190,940</u>	<u>12,470,991</u>	<u>18,931,694</u>	<u>17,851,680</u>	<u>22,614,942</u>	<u>11,510,775</u>	<u>17,034,090</u>	<u>14,271,272</u>	<u>13,785,398</u>	<u>16,111,324</u>
Total Primary Government Program Revenues	<u>\$ 11,777,379</u>	<u>\$ 15,290,517</u>	<u>\$ 21,834,103</u>	<u>\$ 20,102,037</u>	<u>\$ 25,533,786</u>	<u>\$ 13,714,706</u>	<u>\$ 19,092,222</u>	<u>\$ 18,008,798</u>	<u>\$ 17,411,983</u>	<u>\$ 19,073,554</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental Activities	\$ (4,187,079)	\$ (3,970,062)	\$ (4,045,173)	\$ (4,842,131)	\$ (5,116,462)	\$ (6,424,852)	\$ (6,914,745)	\$ (5,600,570)	\$ (6,391,616)	\$ (7,443,324)
Business-Type Activities	2,574,259	3,931,727	9,736,484	8,396,555	12,564,779	(152,510)	5,297,854	3,184,500	3,391,726	4,105,119
Total Primary Government Net (Expense)/Revenue	<u>\$ (1,612,820)</u>	<u>\$ (38,335)</u>	<u>\$ 5,691,311</u>	<u>\$ 3,554,424</u>	<u>\$ 7,448,317</u>	<u>\$ (6,577,362)</u>	<u>\$ (1,616,891)</u>	<u>\$ (2,416,070)</u>	<u>\$ (2,999,890)</u>	<u>\$ (3,338,205)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 1,956,731	\$ 2,101,197	\$ 2,133,809	\$ 2,196,430	\$ 2,322,437	\$ 2,671,139	\$ 2,854,745	\$ 3,110,860	\$ 3,168,186	\$ 3,215,838
Business License Tax	2,092,340	2,430,443	2,744,734	2,899,862	3,247,655	3,251,864	3,176,416	3,785,323	3,515,175	3,984,362
Hospitality Tax	777,968	1,236,308	47,652	-	-	-	-	-	-	-
State Aid not Restricted for Specific Purpose	341,246	321,134	388,904	497,311	504,983	483,458	410,479	373,356	357,512	416,313
Unrestricted Investment Earnings	53,381	122,275	220,046	306,718	183,048	52,873	21,179	14,326	5,436	1,873
Miscellaneous	3,922	15,651	14,062	21,885	4,428	9,146	-	-	-	-
Gain on sale of capital assets	(A)	(A)	(A)	19,115	20,291	24,268	(54,202)	(104)	18,484	(97,528)
Transfers	609,386	272,562	(81,120)	(67,682)	(53,566)	(38,740)	(23,182)	(6,841)	-	-
Total Governmental Activities	<u>5,834,974</u>	<u>6,499,570</u>	<u>5,468,087</u>	<u>5,873,639</u>	<u>6,229,276</u>	<u>6,454,008</u>	<u>6,385,435</u>	<u>7,276,920</u>	<u>7,064,793</u>	<u>7,520,858</u>
Business-Type Activities:										
Water and Sewer System:										
Unrestricted Investment Earnings	199,511	226,087	463,061	837,650	893,834	456,964	201,442	179,215	62,148	33,104
Transfers	(609,386)	(272,562)	81,120	67,682	53,566	38,740	23,182	6,841	-	-
Impairment Loss	-	-	-	-	-	-	(6,147,974)	-	-	-
Total Business-Type Activities	<u>(409,875)</u>	<u>(46,475)</u>	<u>544,181</u>	<u>905,332</u>	<u>947,400</u>	<u>495,704</u>	<u>(5,923,350)</u>	<u>186,056</u>	<u>62,148</u>	<u>33,104</u>
Total Primary Government	<u>\$ 5,425,099</u>	<u>\$ 6,453,095</u>	<u>\$ 6,012,268</u>	<u>\$ 6,778,971</u>	<u>\$ 7,176,676</u>	<u>\$ 6,949,712</u>	<u>\$ 462,085</u>	<u>\$ 7,462,976</u>	<u>\$ 7,126,941</u>	<u>\$ 7,553,962</u>
Change in Net Position:										
Governmental Activities	\$ 1,647,895	\$ 2,529,508	\$ 1,422,914	\$ 1,031,508	\$ 1,112,814	\$ 29,156	\$ (529,310)	\$ 1,676,350	\$ 673,177	\$ 77,534
Business-Type Activities	2,164,384	3,885,252	10,280,665	9,301,887	13,512,179	343,194	(625,496)	3,370,556	3,453,874	4,138,223
Total Primary Government	<u>\$ 3,812,279</u>	<u>\$ 6,414,760</u>	<u>\$ 11,703,579</u>	<u>\$ 10,333,395</u>	<u>\$ 14,624,993</u>	<u>\$ 372,350</u>	<u>\$ (1,154,806)</u>	<u>\$ 5,046,906</u>	<u>\$ 4,127,051</u>	<u>\$ 4,215,757</u>

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

(Modified Accrual Basis of Accounting)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 959	\$ 127,860	\$ 7,651	\$ 3,200	\$ -	\$ -	(A)	(A)	(A)	(A)
Unreserved	2,421,765	2,501,473	3,400,828	4,250,125	4,746,154	4,873,531	(A)	(A)	(A)	(A)
Total General Fund	<u>\$ 2,422,724</u>	<u>\$ 2,629,333</u>	<u>\$ 3,408,479</u>	<u>\$ 4,253,325</u>	<u>\$ 4,746,154</u>	<u>\$ 4,873,531</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>
All Other Governmental Funds										
Reserved	\$ 311,557	\$ 316,048	\$ 327,327	\$ 223,253	\$ 219,498	\$ 214,381	(A)	(A)	(A)	(A)
Unreserved, Reported In:										
Special Revenue Funds	974,930	1,562,355	1,609,708	680,572	545,986	598,980	(A)	(A)	(A)	(A)
Capital Projects	524,202	515,903	494,133	571,806	274,035	70,625	(A)	(A)	(A)	(A)
Total All Other Governmental Funds	<u>\$ 1,810,689</u>	<u>\$ 2,394,306</u>	<u>\$ 2,431,168</u>	<u>\$ 1,475,631</u>	<u>\$ 1,039,519</u>	<u>\$ 883,986</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>	<u>(A)</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ 802	\$ 464	\$ 133,596
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Committed	N/A	N/A	N/A	N/A	N/A	N/A	-	580,000	630,000	330,000
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	730,000	4,338,139	3,926,382	3,829,904
Total General Fund	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 730,000</u>	<u>\$ 4,918,941</u>	<u>\$ 4,556,846</u>	<u>\$ 4,293,500</u>
All Other Governmental Funds										
Special Revenue Funds										
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	589,348	630,060	599,771	895,737
Committed	N/A	N/A	N/A	N/A	N/A	N/A	79,129	79,468	79,308	79,495
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	22
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	(23,417)	(2,215)	(2,046)	(17,496)
Capital Projects and Debt Service										
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	213,332	219,489	223,326	1,401,520
Committed	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	(1,545,274)	(1,593,888)	(1,410,346)	-
Total All Other Governmental Funds	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ (686,882)</u>	<u>\$ (667,086)</u>	<u>\$ (509,987)</u>	<u>\$ 2,359,278</u>

(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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes by Source:										
Property Tax	\$ 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	\$ 3,257,650
Hospitality Tax	771,779	1,236,308	6,902	-	-	-	-	-	-	-
Franchises, Licenses, and Permits	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	5,403,682
Intergovernmental	588,626	824,628	869,401	838,708	755,401	895,221	613,716	911,619	816,701	765,510
Fines and Forfeitures	299,319	233,947	282,805	271,873	321,773	295,252	280,570	309,147	324,577	344,552
Interest Income	53,381	122,275	220,046	306,718	183,046	52,874	21,179	16,897	3,219	3,877
Charges for Services	23,958	10,175	26,263	37,700	52,680	-	-	-	-	-
Miscellaneous	142,545	112,579	117,916	145,291	344,486	331,231	257,870	252,388	318,827	308,091
Total Revenues	\$ 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	\$10,083,362
Expenditures										
Current:										
General Government	\$ 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	\$ 2,087,405
Public Safety	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	4,460,077
Parks, Streets and Sanitation	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	2,189,384
Tourism Related	181,300	332,007	31,448	33,278	52,957	51,363	75,838	82,300	74,224	33,073
Housing Rehabilitation	662	157,053	136,985	-	-	-	-	-	-	-
Victims' Assistance	48,864	54,696	55,732	61,962	30,792	33,106	38,000	57,457	60,212	61,316
Capital Outlay	3,175,050	1,555,783	637,421	1,556,975	1,074,235	754,163	2,313,043	1,056,849	660,059	1,766,513
Debt Service:										
Principal	298,003	3,958,672	424,035	485,522	460,210	437,894	447,091	463,219	352,540	360,000
Interest and Other Charges	154,925	250,518	135,506	121,074	129,365	100,548	89,752	80,508	73,266	107,066
Total Expenditures	\$ 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	\$11,064,834
Excess of Revenues Over (Under) Expenditures	\$ (1,705,966)	\$ (3,275,541)	\$ 475,243	\$ (230,232)	\$ 80,866	\$ (19,159)	\$ (1,934,574)	\$ 180,725	\$ (223,480)	\$ (981,472)

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

(Modified Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Transfers In	1,156,141	891,307	487,151	1,339,328	531,469	487,173	651,363	723,719	785,262	842,134
Transfers Out	(546,755)	(618,745)	(568,271)	(1,407,010)	(585,035)	(525,913)	(674,545)	(730,560)	(785,262)	(842,134)
Proceeds from Capital Lease/Other Obligations	-	178,205	421,885	168,108	-	-	-	-	-	-
Issuance of Special Source Revenue Bonds	-	3,615,000	-	-	-	-	-	230,000	-	3,362,602
Sale of Capital Assets	-	-	-	19,115	29,417	29,743	14,451	33,759	18,484	284,680
Refunding Bonds Issued	-	-	-	-	-	-	-	-	-	(59,892)
Total Other Financing Sources (Uses)	<u>609,386</u>	<u>4,065,767</u>	<u>340,765</u>	<u>119,541</u>	<u>(24,149)</u>	<u>(8,997)</u>	<u>(8,731)</u>	<u>256,918</u>	<u>18,484</u>	<u>3,587,390</u>
Net Change in Fund Balances	<u>\$ (1,096,580)</u>	<u>\$ 790,226</u>	<u>\$ 816,008</u>	<u>\$ (110,691)</u>	<u>\$ 56,717</u>	<u>\$ (28,156)</u>	<u>\$ (1,943,305)</u>	<u>\$ 437,643</u>	<u>\$ (204,996)</u>	<u>\$ 2,605,918</u>
Capital Asset Expenditures	<u>\$ 3,175,050</u>	<u>\$ 1,555,783</u>	<u>\$ 637,421</u>	<u>\$ 1,434,778</u>	<u>\$ 870,002</u>	<u>\$ 754,163</u>	<u>\$ 2,313,043</u>	<u>\$ 1,056,849</u>	<u>\$ 660,059</u>	<u>\$ 1,766,513</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>8.7%</u>	<u>43.4%</u>	<u>8.8%</u>	<u>9.1%</u>	<u>7.9%</u>	<u>6.8%</u>	<u>6.6%</u>	<u>6.3%</u>	<u>4.7%</u>	<u>5.0%</u>

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

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water Service (Thousands of Gallons)										
In-Town										
Residential	258,403	270,395	298,705	326,468	356,966	333,774	348,754	367,348	368,588	346,806
Commercial	257,435	262,146	277,912	286,821	329,326	337,983	337,185	358,183	349,748	344,239
Total	<u>515,838</u>	<u>532,541</u>	<u>576,617</u>	<u>613,289</u>	<u>686,292</u>	<u>671,757</u>	<u>685,939</u>	<u>725,531</u>	<u>718,336</u>	<u>691,045</u>
Out of Town										
Residential	32,093	38,445	45,644	64,214	90,539	89,152	90,615	95,835	94,298	92,978
Commercial	49,769	53,445	46,603	46,029	44,487	34,498	36,086	35,328	34,966	31,574
Total	<u>81,862</u>	<u>91,890</u>	<u>92,247</u>	<u>110,243</u>	<u>135,026</u>	<u>123,650</u>	<u>126,701</u>	<u>131,163</u>	<u>129,264</u>	<u>124,552</u>
Total Direct Rate	<u>\$ 4.68</u>	<u>\$ 4.73</u>	<u>\$ 4.86</u>	<u>\$ 4.96</u>	<u>\$ 4.83</u>	<u>\$ 4.83</u>	<u>\$ 5.12</u>	<u>\$ 5.14</u>	<u>\$ 5.44</u>	<u>\$ 5.67</u>
Sewer Service (Thousands of Gallons)										
In-Town										
Residential	271,303	281,288	313,189	339,419	368,868	344,681	364,126	380,713	381,916	359,416
Commercial	205,854	202,923	212,568	216,963	235,984	250,960	250,519	271,947	258,450	263,636
Total	<u>477,157</u>	<u>484,211</u>	<u>525,757</u>	<u>556,382</u>	<u>604,852</u>	<u>595,641</u>	<u>614,645</u>	<u>652,660</u>	<u>640,366</u>	<u>623,052</u>
Out of Town										
Residential	185,280	201,671	250,374	316,477	402,550	375,653	425,739	423,537	436,860	434,392
Commercial	43,187	46,056	49,651	50,746	49,413	50,960	48,873	52,337	56,763	55,603
Total	<u>228,467</u>	<u>247,727</u>	<u>300,025</u>	<u>367,223</u>	<u>451,963</u>	<u>426,613</u>	<u>474,612</u>	<u>475,874</u>	<u>493,623</u>	<u>489,995</u>
Total Direct Rate	<u>\$ 5.37</u>	<u>\$ 5.63</u>	<u>\$ 5.79</u>	<u>\$ 5.72</u>	<u>\$ 5.55</u>	<u>\$ 5.86</u>	<u>\$ 5.97</u>	<u>\$ 6.06</u>	<u>\$ 6.32</u>	<u>\$ 6.71</u>

Source: Utility billing records

TOWN OF LEXINGTON, SOUTH CAROLINA

WATER AND SEWER DIRECT RATES
LAST TEN FISCAL YEARS

(Unaudited)

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	Monthly Base	Volume																		
Water Service																				
In-Town:																				
Residential	\$ 5.99	\$ 3.33	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.48	\$ 3.61	\$ 6.87	\$ 3.83	\$ 7.08	\$ 3.94	\$ 7.29	\$ 4.06
Commercial	\$ 5.99	\$ 3.11	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.48	\$ 3.37	\$ 6.87	\$ 3.57	\$ 7.08	\$ 3.68	\$ 7.29	\$ 3.79
Out of Town:																				
Residential	\$ 9.87	\$ 6.24	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.67	\$ 6.75	\$ 11.32	\$ 7.16	\$ 11.66	\$ 7.37	\$ 12.01	\$ 7.59
Commercial	\$ 9.87	\$ 5.85	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.67	\$ 6.32	\$ 11.32	\$ 6.71	\$ 11.66	\$ 6.91	\$ 12.01	\$ 7.12
Sewer Service																				
In-Town:																				
Residential	\$ 5.69	\$ 3.94	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 6.15	\$ 4.26	\$ 6.52	\$ 4.52	\$ 6.72	\$ 4.66	\$ 6.92	\$ 4.80
Commercial	\$ 5.69	\$ 3.94	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 6.15	\$ 4.26	\$ 6.52	\$ 4.52	\$ 6.72	\$ 4.66	\$ 6.92	\$ 4.80
Out of Town:																				
Residential	\$ 7.56	\$ 6.95	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 8.18	\$ 7.52	\$ 8.68	\$ 7.98	\$ 8.94	\$ 8.22	\$ 9.21	\$ 8.47
Commercial	\$ 7.56	\$ 6.95	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 8.18	\$ 7.52	\$ 8.68	\$ 7.98	\$ 8.94	\$ 8.22	\$ 9.21	\$ 8.47

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, 2013					
	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County Government	27,827	1	3.41%	28,890	1	2.60%
Apartment Complex	17,285	2	2.12%	17,285	2	1.55%
Apartment Complex	11,409	3	1.40%	8,766	6	0.79%
Apartment Complex	11,098	4	1.36%	10,399	3	0.93%
Apartment Complex	10,468	5	1.28%	8,627	7	0.78%
Apartment Complex	9,901	6	1.21%	8,925	5	0.80%
Apartment Complex	7,359	7	0.90%	-	-	-
Apartment Complex	7,352	8	0.90%	7,352	8	0.66%
Medical Center	7,030	9	0.86%	-	-	-
Manufacturer	4,733	10	0.58%	-	-	-
School District	-	-	-	10,043	4	0.90%
Mobile Home Park	-	-	-	6,829	9	0.61%
Extended Care Facility	-	-	-	6,329	10	0.57%
Totals	<u>114,462</u>		<u>14.02%</u>	<u>113,445</u>		<u>10.19%</u>
Total Consumption	<u>815,597</u>			<u>1,113,047</u>		

Taxpayer	June 30, 2012					
	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
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	11,334	5	0.42%	9,562	4	0.85%
Apartment Complex	12,159	4	0.45%	8,754	8	0.77%
Apartment Complex	9,250	7	0.34%	9,250	5	0.82%
Apartment Complex	6,882	10	0.26%	-	-	-
Apartment Complex	8,326	9	0.31%	8,326	9	0.74%
Medical Center	8,426	8	0.31%	-	-	-
Manufacturer	-	-	-	-	-	-
School District	10,671	6	0.40%	18,069	2	1.60%
Mobile Home Park	-	-	-	9,097	6	0.80%
Extended Care Facility	-	-	-	6,477	10	0.57%
Totals	<u>122,760</u>		<u>4.56%</u>	<u>119,703</u>		<u>10.58%</u>
Total Consumption	<u>2,695,812</u>			<u>1,131,481</u>		

Taxpayer	June 30, 2011					
	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
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%
Retirement Residence	-	-	-	-	-	-
Extended Care Facility	-	-	-	6,306	10	0.56%
Mobile Home Park	-	-	-	7,864	9	0.70%
Totals	<u>124,977</u>		<u>4.78%</u>	<u>125,658</u>		<u>11.15%</u>
Total Consumption	<u>2,620,698</u>			<u>1,127,372</u>		

Taxpayer	June 30, 2010					
	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County Government	27,645	1	1.78%	28,130	1	2.59%
Apartment Complex	14,711	2	0.94%	14,711	3	1.35%
Apartment Complex	14,139	3	0.91%	9,168	6	0.84%
Apartment Complex	13,773	4	0.88%	11,155	4	1.03%
Apartment Complex	11,544	5	0.74%	8,799	7	0.81%
Apartment Complex	10,515	6	0.68%	10,515	5	0.97%
Apartment Complex	6,906	7	0.44%	6,906	8	0.63%
Apartment Complex	6,507	8	0.42%	5,730	10	0.53%
Medical Center	6,405	9	0.41%	-	-	-
Manufacturer	5,986	10	0.38%	-	-	-
School District	-	-	-	16,518	2	1.52%
Retirement Residence	-	-	-	-	-	-
Extended Care Facility	-	-	-	6,308	9	0.58%
Mobile Home Park	-	-	-	-	-	-
Totals	<u>118,131</u>		<u>7.58%</u>	<u>117,940</u>		<u>10.85%</u>
Total Consumption	<u>1,556,813</u>			<u>1,087,663</u>		

TOWN OF LEXINGTON, SOUTH CAROLINA
 PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

(Continued)

June 30, 2009							June 30, 2008						
Taxpayer	WATER			SEWER			Taxpayer	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	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%	County Government	28,243	1	1.79%	28,494	1	2.72%
Apartment Complex	14,870	2	0.99%	12,397	4	1.22%	Apartment Complex	13,186	2	0.84%	10,413	3	0.99%
Apartment Complex	14,388	3	0.95%	14,388	3	1.41%	Apartment Complex	10,236	3	0.65%	6,565	6	0.63%
Apartment Complex	11,674	4	0.77%	8,252	7	0.81%	Apartment Complex	9,126	4	0.58%	9,126	4	0.87%
Apartment Complex	10,777	5	0.72%	9,629	5	0.95%	Apartment Complex	8,901	5	0.56%	4,513	10	0.43%
Apartment Complex	8,401	6	0.56%	8,401	6	0.83%	Apartment Complex	8,109	6	0.51%	6,366	7	0.61%
Apartment Complex	7,926	7	0.53%	6,014	10	0.59%	Medical Center	7,319	7	0.46%	-	-	-
Medical Center	7,214	8	0.48%	-	-	-	School District	7,248	8	0.46%	20,181	2	1.92%
Manufacturer	6,416	9	0.43%	-	-	-	Apartment Complex	5,905	9	0.37%	5,905	9	0.56%
School District	4,854	10	0.32%	17,115	2	1.68%	Manufacturer	5,617	10	0.36%	-	-	-
Retirement Residence	-	-	-	-	-	-	Retirement Residence	-	-	-	-	-	-
Extended Care Facility	-	-	-	6,040	9	0.59%	Extended Care Facility	-	-	-	7,002	5	0.67%
Mobile Home Park	-	-	-	6,716	8	0.66%	Mobile Home Park	-	-	-	6,092	8	0.58%
Totals	<u>113,031</u>		<u>7.50%</u>	<u>115,147</u>		<u>11.32%</u>	Totals	<u>103,890</u>		<u>6.59%</u>	<u>104,658</u>		<u>9.98%</u>
Total Consumption	<u>1,506,843</u>			<u>1,016,971</u>			Total Consumption	<u>1,577,464</u>			<u>1,048,652</u>		

June 30, 2007							June 30, 2006						
Taxpayer	WATER			SEWER			Taxpayer	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	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%	County Government	19,825	1	2.96%	20,135	1	2.44%
Apartment Complex	14,014	2	0.93%	11,279	3	1.23%	Apartment Complex	13,654	2	2.04%	13,654	3	1.65%
Apartment Complex	9,605	3	0.64%	9,605	4	1.05%	Apartment Complex	12,434	3	1.86%	10,251	5	1.24%
Apartment Complex	9,241	4	0.61%	9,241	5	1.01%	Apartment Complex	10,548	4	1.58%	10,548	6	1.28%
Apartment Complex	7,836	5	0.52%	6,260	8	0.68%	Apartment Complex	9,101	5	1.36%	7,227	4	0.88%
Manufacturer	6,129	6	0.41%	-	-	-	Manufacturer	8,498	6	1.27%	-	-	-
Manufacturer	5,868	7	0.39%	-	-	-	Manufacturer	7,590	7	1.13%	-	-	-
Apartment Complex	5,856	8	0.39%	5,856	9	0.64%	Apartment Complex	6,651	8	0.99%	6,651	8	0.81%
Medical Center	6,729	9	0.45%	-	-	-	Medical Center	6,141	9	0.92%	3,767	10	0.46%
School District	4,499	10	0.30%	13,922	2	1.52%	School District	5,882	10	0.88%	18,122	2	2.19%
Extended Care Facility	-	-	-	6,895	7	0.75%	Extended Care Facility	-	-	-	6,887	7	0.83%
Mobile Home Park	-	-	-	7,632	6	0.83%	Mobile Home Park	-	-	-	-	-	-
Manufacturer	-	-	-	4,696	10	0.51%	Manufacturer	-	-	-	-	-	-
Totals	<u>97,256</u>		<u>6.46%</u>	<u>101,006</u>		<u>11.01%</u>	Totals	<u>100,324</u>		<u>14.99%</u>	<u>97,242</u>		<u>11.78%</u>
Total Consumption	<u>1,504,809</u>			<u>917,551</u>			Total Consumption	<u>669,045</u>			<u>825,630</u>		

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		Total		Total Direct Tax Rate	Ratio of Total Assessed Value to Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
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%
2013	2012	\$ 75,601,410	\$ 1,546,487,637	\$ 15,469,980	\$ 197,303,286	\$ 91,071,390	\$ 1,743,790,923	35.14	5.22%

Source: Lexington County Auditor's Office

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

TOWN OF LEXINGTON, SOUTH CAROLINA

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

(Unaudited)

Fiscal Year	Tax Year	Town of Lexington		Lexington		Midlands		Riverbanks Zoo	Mental Health	Total	
		Town of Lexington	Lexington County	School District 1	School District 2	Technical College	Recreation Commission			School District 1	School District 2
2004	2003	\$ 43.70	\$ 83.54	\$ 277.10	\$ -	\$ 4.18	\$ 13.29	\$ 1.86	\$ 0.87	\$ 424.54	\$ -
2005	2004	43.70	87.32	285.10	-	4.27	15.10	1.89	0.74	438.12	-
2006	2005 (1)	36.24	77.92	272.10	-	4.31	13.52	1.85	0.66	406.59	-
2007	2006	36.24	80.56	287.10	173.15	4.45	13.98	1.92	0.68	424.93	310.98
2008	2007	36.24	85.14	301.40	178.60	4.45	18.02	1.96	0.68	447.89	325.09
2009	2008	36.24	89.06	311.28	178.60	4.45	16.60	1.89	0.68	460.20	327.52
2010	2009	36.24	81.99	328.29	185.73	4.45	15.60	1.78	0.63	468.98	326.42
2011	2010 (1)	35.14	79.05	333.61	183.12	4.30	15.44	1.78	0.50	469.82	319.33
2012	2011	35.14	80.73	338.71	183.22	4.37	16.02	1.79	0.51	477.27	321.78
2013	2012	\$ 35.14	\$ 83.35	\$ 338.11	\$ 183.12	\$ 4.37	\$ 15.74	\$ 1.79	\$ 0.50	\$ 479.00	\$ 324.01

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

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

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

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

(Unaudited)

Taxpayer	2013			2012			2011		
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank
	(12/31/2013)	Value		(12/31/2012)	Value		(12/31/2011)	Value	
South Carolina Electric & Gas	\$ 2,561,310	2.81%	1	\$ 2,299,773	2.56%	1	\$ 2,066,320	2.38%	1
Lullwater at Saluda Pointe, LLC	969,620	1.06%	2	969,620	1.08%	2	969,620	1.12%	2
Century Mill Partners, LLC	963,560	1.06%	3	963,150	1.07%	3	962,580	1.11%	3
Lauren Ridge Apartments, LP	860,540	0.94%	4	837,000	0.93%	4	824,860	0.93%	4
Cedarcrest Village Apartments	856,030	0.94%	5	586,600	0.65%	8	586,600	0.68%	8
Morgan Overlook Apartments, LLC	804,740	0.88%	6	804,740	0.90%	5	809,000	0.93%	5
Lowe's Home Centers	762,680	0.84%	7	790,210	0.88%	6	804,740	0.93%	6
W M Lexington Trust	610,850	0.67%	8	610,850	0.68%	7	610,850	0.70%	7
Harman Family Real Estate Company	572,650	0.63%	9	553,580	0.62%	10	529,260	0.61%	10
Home Depot USA	557,450	0.61%	10	568,850	0.63%	9	553,580	0.64%	9
Alltel	-	-	-	-	-	-	-	-	-
Baker & Baker Etal	-	-	-	-	-	-	-	-	-
BB&T	-	-	-	-	-	-	-	-	-
BW Kroll Inc	-	-	-	-	-	-	-	-	-
Carlyle Centennial Century Mill	-	-	-	-	-	-	-	-	-
Chimney Ridge Partners	-	-	-	-	-	-	-	-	-
Edens & Avant Financing	-	-	-	-	-	-	-	-	-
Golden Hills Partnership	-	-	-	-	-	-	-	-	-
Inland Southeast Lexington LLC	-	-	-	-	-	-	-	-	-
Kmart	-	-	-	-	-	-	-	-	-
Kohl's Department Stores, Inc	-	-	-	-	-	-	-	-	-
Lexco Associates	-	-	-	-	-	-	-	-	-
Old Mill Apartments/Lexington	-	-	-	-	-	-	-	-	-
Roberts Enterprises	-	-	-	-	-	-	-	-	-
RSC Oakleaf Lexington, LLC	-	-	-	-	-	-	-	-	-
Safety Kleen	-	-	-	-	-	-	-	-	-
Shenandoah Apartments	-	-	-	-	-	-	-	-	-
Target Corporation	-	-	-	-	-	-	-	-	-
Thornhill LP	-	-	-	-	-	-	-	-	-
Tri Center Partnership	-	-	-	-	-	-	-	-	-
Totals	\$ 9,519,430	10.45%		\$ 8,984,370	10.02%		\$ 8,717,410	10.04%	
Total Assessed Valuations	\$ 91,071,390			\$ 89,692,640			\$ 86,790,810		

Taxpayer	2010			2009			2008		
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank
	(12/31/2009)	Value		(12/31/2008)	Value		(12/31/2007)	Value	
South Carolina Electric & Gas	\$ 1,690,880	2.16%	1	\$ 1,462,650	2.02%	1	\$ 1,300,120	2.03%	1
Lullwater at Saluda Pointe, LLC	843,150	1.08%	3	843,150	1.17%	3	-	-	-
Century Mill Partners, LLC	960,030	1.23%	2	-	-	-	-	-	-
Lauren Ridge Apartments, LP	-	-	-	-	-	-	-	-	-
Lowe's Home Centers	803,800	1.03%	4	743,060	1.03%	4	727,930	1.13%	2
Morgan Overlook Apartments, LLC	758,290	0.97%	5	-	-	-	-	-	-
W M Lexington Trust	566,970	0.72%	7	570,810	0.72%	6	570,810	0.89%	4
Cedarcrest Village Apartments	510,090	0.65%	9	510,090	0.71%	8	-	-	-
Harman Family Real Estate Co L	558,950	0.71%	8	559,470	0.77%	7	-	-	-
Target Corporation	-	-	-	1,299,000	1.80%	2	-	-	-
Shenandoah Apartments	-	-	-	-	-	-	458,560	0.71%	9
Inland Southeast Lexington LLC	490,260	0.63%	10	490,260	0.68%	9	490,260	0.76%	5
Carlyle Centennial Century Mill	584,240	0.75%	6	622,650	0.86%	5	599,210	0.93%	3
Home Depot USA	-	-	-	-	-	-	459,290	0.72%	8
RSC Oakleaf Lexington, LLC	-	-	-	481,630	0.67%	10	461,940	0.72%	7
Edens & Avant Financing	-	-	-	-	-	-	472,420	0.74%	6
Thornhill LP	-	-	-	-	-	-	415,800	0.65%	10
Old Mill Apartments/Lexington	-	-	-	-	-	-	-	-	-
Baker & Baker Etal	-	-	-	-	-	-	-	-	-
Chimney Ridge Partners	-	-	-	-	-	-	-	-	-
Kohl's Department Stores, Inc	-	-	-	-	-	-	-	-	-
Alltel	-	-	-	-	-	-	-	-	-
Safety Kleen	-	-	-	-	-	-	-	-	-
Kmart	-	-	-	-	-	-	-	-	-
Lexco Associates	-	-	-	-	-	-	-	-	-
BW Kroll Inc	-	-	-	-	-	-	-	-	-
Tri Center Partnership	-	-	-	-	-	-	-	-	-
BB&T	-	-	-	-	-	-	-	-	-
Golden Hills Partnership	-	-	-	-	-	-	-	-	-
Roberts Enterprises	-	-	-	-	-	-	-	-	-
Totals	\$ 7,768,570	9.92%		\$ 7,582,770	10.50%		\$ 5,956,340	9.28%	
Total Assessed Valuations	\$ 78,117,680			\$ 72,234,740			\$ 64,175,780		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

(Unaudited)

(Continued)

Taxpayer	2007			2006			1998		
	Taxable Assessed Value (12/31/2006)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2005)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/1997)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 1,224,210	1	2.03%	\$ 1,177,880	1	2.05%	\$ 613,200	1	1.29%
Lullwater at Saluda Pointe, LLC	-	-	-	-	-	-	-	-	-
Century Mill Partners, LLC	-	-	-	-	-	-	-	-	-
Lauren Ridge Apartments, LP	-	-	-	-	-	-	-	-	-
Loves Home Centers	682,280	2	1.13%	892,740	2	1.56%	-	-	-
Morgan Overlook Apartments, LLC	-	-	-	-	-	-	-	-	-
W M Lexington Trust	570,810	3	0.94%	570,810	4	1.00%	-	-	-
Cedarcrest Village Apartments	-	-	-	-	-	-	-	-	-
Harman Family Real Estate Co L	-	-	-	-	-	-	-	-	-
Target Corporation	-	-	-	-	-	-	-	-	-
Shenandoah Apartments	458,560	6	0.76%	458,560	7	0.80%	-	-	-
Inland Southeast Lexington LLC	490,260	4	0.81%	490,260	5	0.83%	-	-	-
Carlyle Centennial Century Mill	-	-	-	-	-	-	-	-	-
Home Depot USA	-	-	-	-	-	-	-	-	-
RSC Oakleaf Lexington, LLC	368,910	8	0.61%	387,790	9	0.68%	-	-	-
Edens & Avant Financing	472,420	5	0.78%	472,420	6	0.82%	-	-	-
Thornhill LP	415,800	7	0.69%	415,800	8	0.72%	-	-	-
Old Mill Apartments/Lexington	-	-	-	598,100	3	1.04%	-	-	-
Baker & Baker Fnal	331,260	9	0.53%	-	-	-	-	-	-
Chimney Ridge Partners	330,000	10	0.53%	-	-	-	-	-	-
Kohl's Department Stores, Inc.	-	-	-	377,930	10	0.66%	-	-	-
Alltel	-	-	-	-	-	-	298,670	2	0.63%
Safety Kleen	-	-	-	-	-	-	240,140	3	0.51%
Kmart	-	-	-	-	-	-	193,350	4	0.41%
Lesco Associates	-	-	-	-	-	-	177,000	5	0.37%
BW Kroll Inc	-	-	-	-	-	-	142,360	6	0.30%
Tri Center Partnership	-	-	-	-	-	-	134,440	7	0.28%
BB&T	-	-	-	-	-	-	121,460	8	0.26%
Golden Hills Partnership	-	-	-	-	-	-	109,710	9	0.23%
Roberts Enterprises	-	-	-	-	-	-	88,020	10	0.19%
Totals	<u>\$ 5,344,510</u>		<u>8.84%</u>	<u>\$ 5,842,290</u>		<u>10.19%</u>	<u>\$ 2,118,350</u>		<u>4.46%</u>
Total Assessed Valuations	<u>\$ 60,434,040</u>			<u>\$ 57,354,370</u>			<u>\$ 47,453,340</u>		

Source: Lexington County Property Appraisers Office

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

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

(Unaudited)

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collection in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004	2003	\$ 1,929,758	\$ 1,855,844	96.17%	\$ 73,107	\$ 1,928,951	99.96%
2005	2004	2,068,474	2,009,241	97.14%	57,875	2,067,116	99.93%
2006	2005	2,111,715	2,052,411	97.19%	58,215	2,110,626	99.95%
2007	2006	2,189,370	2,115,773	96.64%	71,865	2,187,638	99.92%
2008	2007	2,313,966	2,241,030	96.85%	71,020	2,312,050	99.92%
2009	2008	2,613,542	2,498,757	95.61%	108,859	2,607,616	99.77%
2010	2009	2,824,068	2,673,333	94.66%	142,210	2,815,543	99.70%
2011	2010	3,061,103	2,946,779	96.27%	92,721	3,039,500	99.29%
2012	2011	3,180,718	3,024,850	95.10%	116,597	3,141,447	98.77%
2013	2012	\$ 3,238,003	\$ 3,097,012	95.65%	N/A	\$ 3,097,012	95.65%

Source: Lexington County Treasurer's Office as of 6/30/13.

N/A- Not applicable

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
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
2013	\$ 3,984,361	\$ 1,194,037	\$ 225,283	\$ 5,403,681

Source: Town of Lexington Trial Balance

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL BUSINESS LICENSE FILERS

(Unaudited)

Taxpayer	June 30, 2013			June 30, 2012		
	License Fees	Rank	Percentage of Total License Fees	License Fees	Rank	Percentage of Total License Fees
Retail Store	\$ 88,468	1	6.12%	\$ 83,439	1	5.58%
Grocery Store	34,869	2	2.41%	33,986	2	2.27%
Home Improvement Store	33,776	3	2.34%	32,605	3	2.18%
Retail Store	31,981	4	2.21%	31,328	4	2.09%
Pharmacy	28,985	5	2.01%	-	-	-
Vegetation Management	28,704	6	1.99%	23,747	9	1.59%
Retail Store	23,226	7	1.61%	24,067	7	1.61%
Automotive Dealer	23,093	8	1.60%	23,991	8	1.60%
Home Improvement Store	21,556	9	1.49%	20,010	10	1.34%
Automotive Dealer	20,248	10	1.40%	-	-	-
Health Organization	-	-	-	24,714	6	1.65%
Manufacturer	-	-	-	29,389	5	1.96%
Totals	<u>\$ 334,906</u>		<u>23.18%</u>	<u>\$ 327,276</u>		<u>21.88%</u>
Total License Fees	<u>\$ 1,444,710</u>			<u>\$ 1,495,922</u>		

Taxpayer	June 30, 2011			June 30, 2010			June 30, 2009		
	License Fees	Rank	Percentage of Total License Fees	License Fees	Rank	Percentage of Total License Fees	License Fees	Rank	Percentage of Total License Fees
Retail Store	\$ 83,484	1	6.14%	\$ 84,687	1	6.53%	\$ 83,402	1	6.46%
Grocery Store	38,841	2	2.86%	36,954	2	2.85%	35,056	3	2.71%
Home Improvement Store	33,371	3	2.45%	33,191	3	2.56%	40,983	2	3.17%
Retail Store	30,637	4	2.25%	28,974	4	2.23%	27,336	4	2.12%
Health Organization	25,720	5	1.89%	16,550	9	1.28%	26,380	5	2.04%
Lawn and Garden Service	25,272	6	1.86%	16,711	8	1.29%	-	-	-
Home Improvement Store	23,136	7	1.70%	-	-	-	18,588	9	1.44%
Retail Store	22,798	8	1.68%	21,974	5	1.69%	20,917	7	1.62%
Automotive Dealer	20,777	9	1.53%	-	-	-	20,270	8	1.57%
Retail Store	19,344	10	1.42%	18,302	7	1.41%	18,467	10	1.43%
Health Organization	-	-	-	21,523	6	1.66%	21,430	6	1.66%
Drug Store	-	-	-	16,511	10	1.27%	-	-	-
Totals	<u>\$ 323,380</u>		<u>23.78%</u>	<u>\$ 295,377</u>		<u>22.77%</u>	<u>\$ 312,829</u>		<u>24.22%</u>
Total License Fees	<u>\$ 1,359,894</u>			<u>\$ 1,297,762</u>			<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							Percentage of Actual Tax Value	Per Capita
	General Obligation Bonds	GO Bond Anticipation Note	Certificates of Participation	Capital Leases	Notes Payable	Total	Total		
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	
2013	\$ 1,315,000	\$ 3,300,000	\$ 1,039,723	\$ -	\$ 137,000	\$ 5,791,723	0.33%	\$ 288	

Fiscal Year Ended June 30	Business-Type Activities							Total Primary Government	Percentage of Personal Income	Per Capita
	Water and Sewer Revenue Bonds	Water and Sewer Bond Anticipation Notes	Contracts Payable	Notes Payable	Capital Leases	Total	Per Customer			
2004	\$ 29,727,244	\$ 8,000,000	\$ 2,559,018	\$ -	\$ 488,775	\$ 40,775,037	\$ 4,973	\$ 45,191,845	11.53%	\$ 3,587
2005	36,983,100	-	2,559,018	-	488,775	40,030,893	4,628	44,388,931	10.29%	3,313
2006	36,218,510	-	2,559,018	-	488,775	39,266,303	4,177	43,735,854	9.02%	3,007
2007	35,421,785	-	2,559,018	-	488,775	38,469,578	3,612	42,715,457	7.99%	2,756
2008	34,585,528	9,802,058	2,559,018	-	488,775	47,435,379	4,125	51,329,103	8.72%	3,111
2009	29,164,136	25,204,727	2,582,934	-	470,018	57,421,815	4,785	60,979,545	9.40%	3,471
2010	56,674,130	-	2,312,548	-	431,148	59,417,826	4,716	64,123,773	9.39%	3,588
2011	56,590,385	-	2,031,761	-	390,400	59,012,546	4,539	63,615,370	8.65%	3,423
2012	55,883,888	-	1,740,575	-	347,682	57,972,145	4,294	60,722,045	7.67%	3,142
2013	\$ 55,496,545	\$ 10,000,000	\$ 1,723,349	\$ -	\$ -	\$ 67,219,894	\$ 4,621	\$ 73,011,617	8.57%	\$ 3,632

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
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
2013	\$ 1,315,000	\$ 3,300,000	\$ -	\$ 4,615,000	0.3%	\$ 230

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, 2013

(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	\$ 91,071,390	\$ 91,071,390	\$ 5,654,723	100.00%	\$ 5,654,723
Overlapping:					
Lexington County	1,117,988,550	91,071,390	54,980,604	8.15%	4,480,919
Lexington County School District One	488,364,160	90,843,960	369,030,000	18.60%	68,639,580
Lexington County School District Two	263,703,570	227,430	30,547,000	0.09%	27,492
Lexington County Recreation Commission	825,462,500	91,071,390	19,200,000	11.03%	2,117,760
Riverbanks Zoo	2,642,578,967	91,071,390	7,305,000	3.45%	252,023
Total Overlapping			<u>481,062,604</u>		<u>75,517,774</u>
Total			<u>\$ 486,717,327</u>		<u>\$ 81,172,497</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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 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	\$ 7,285,711
Total Net Debt Applicable to Debt Limit	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	4,615,000
Legal Debt Margin	<u>\$ 1,148,352</u>	<u>\$ 1,524,773</u>	<u>\$ 2,443,216</u>	<u>\$ 2,844,723</u>	<u>\$ 3,249,062</u>	<u>\$ 4,003,779</u>	<u>\$ 3,105,414</u>	<u>\$ 3,861,228</u>	<u>\$ 5,760,411</u>	<u>\$ 2,670,711</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<u>67.6%</u>	<u>59.8%</u>	<u>46.8%</u>	<u>41.2%</u>	<u>36.7%</u>	<u>30.7%</u>	<u>50.4%</u>	<u>44.4%</u>	<u>19.7%</u>	<u>63.3%</u>

Legal Debt Margin Calculation for Fiscal Year 2013

Total Assessed Value	\$ 91,071,390
Debt Limit (8% of Total Assessed Value)	7,285,711
Amount of Debt Applicable to Debt Limit:	4,615,000
Legal Debt Margin	<u>\$ 2,670,711</u>

Note: The Town's borrowing power is restricted by amended Article X, Section 14, of the State Constitution which became effective November 30, 1977. This Section provides that a local government unit cannot at any time have total general bonded debt outstanding (excluding certain lease and installment obligations) in any amount that exceeds eight percent (8%) of its total assessed property value. Also, excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and other bonded indebtedness existing on or prior to 1995. Accordingly, the Town's outstanding Certificates of Participation in the amount of \$1,039,723 as of June 30, 2013 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>	
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
2013	\$ 14,438,362	\$ 8,287,257	\$ 6,151,105	\$ 975,000	\$ 2,378,989	\$ 3,353,989	1.83

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>
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
2008	3,468,019	-36.89	2013	1,644,210	33.95

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)
2004	12,600	\$ 391,860,000	18,229	31,100	3.50%
2005	13,400	431,325,900	18,688	32,189	4.80%
2006	14,547	484,634,723	19,091	33,315	5.10%
2007	15,500	534,457,452	19,705	34,481	4.10%
2008	16,500	588,833,584	20,458	35,688	4.70%
2009	17,570	648,982,757	21,228	36,937	8.60%
2010	17,870	683,167,252	21,756	38,230	8.00%
2011	18,585	735,361,230	22,097	39,568	8.80%
2012	19,328	791,542,747	22,367	40,953	7.30%
2013	20,101	\$ 852,016,714	22,935	42,386	6.90%

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) Information provided by Central Midlands COG, Census Bureau, Office of Research and Statistics.
- (3) Provided by Lexington County School District I and includes entire District.
- (4) Information provided by Office of Research and Statistics through 2003. For Fiscal years 2004 - 2006, amount is estimated based on a 3.5% rate of annual growth.
- (5) Provided by SC Labor and Marketing for June 2013.

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS
CURRENT YEAR

(Unaudited)

Employer	2013			2012			2011			2010		
	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	854	1	7.7%	916	1	8.6%	813	1	8.0%	819	1	8.3%
Lexington School District One	472	2	4.3%	513	2	4.8%	487	2	4.8%	450	2	4.6%
Walmart	317	3	2.9%	335	3	3.2%	353	3	3.5%	323	3	3.3%
Target	166	4	1.5%	140	5	1.3%	149	4	1.5%	129	6	1.3%
Kohl's Department Stores, Inc.	152	5	1.4%	107	7	1.0%	118	7	1.2%	107	7	-
Town of Lexington	148	6	1.3%	136	6	1.3%	133	6	1.3%	131	5	1.3%
Lowe's Home Centers	135	7	1.2%	150	4	1.4%	140	5	1.4%	144	4	1.5%
Food Lion	81	8	0.7%	84	8	0.8%	88	8	0.9%	75	9	0.8%
KMart Stores	78	9	0.7%	75	9	0.7%	75	10	0.7%	70	10	0.7%
Honda Cars of Columbia	75	10	0.7%	70	10	0.7%	85	9	0.8%	-	-	0.0%
Home Depot	-	-	-	-	-	-	-	-	-	98	8	1.0%
Herndon Chevrolet	-	-	-	-	-	-	-	-	-	-	-	-
IHOP	-	-	-	-	-	-	-	-	-	-	-	-
Ryan's Steakhouse	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,478		22.4%	2,526		23.8%	2,441		23.9%	2,346		24.0%
Estimated total employment	<u>11,055.6</u>			<u>10,630.4</u>			<u>10,221.8</u>			<u>9,828.5</u>		

Employer	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
Lexington County	864	1	8.9%	870	1	9.6%	860	1	10.1%	525	2	6.6%
Lexington School District One	489	2	5.1%	500	2	5.5%	509	2	6.0%	536	1	6.7%
Walmart	350	3	3.6%	330	3	3.6%	375	3	4.4%	400	3	5.0%
Lowe's Home Centers	130	6	1.3%	150	5	1.7%	140	5	1.6%	154	4	1.9%
Target	166	4	1.7%	170	4	1.9%	-	-	-	-	-	-
Town of Lexington	128	7	1.3%	125	7	1.4%	120	6	1.4%	117	6	1.5%
Kohl's Department Stores, Inc.	137	5	1.4%	140	6	1.5%	160	4	1.9%	130	5	1.6%
Food Lion	90	8	0.9%	90	9	1.0%	82	9	1.0%	95	7	1.2%
KMart Stores	85	10	0.9%	85	10	0.9%	85	8	1.0%	86	9	1.1%
Honda Cars of Columbia	-	-	-	-	-	-	-	-	-	-	-	-
Home Depot	87	9	0.9%	94	8	1.0%	93	7	1.1%	-	-	-
Herndon Chevrolet	-	-	-	-	-	-	-	-	-	87	8	1.1%
IHOP	-	-	-	-	-	-	82	10	1.0%	-	-	-
Ryan's Steakhouse	-	-	-	-	-	-	-	-	-	58	10	0.7%
Totals	2,526		26.0%	2,554		28.1%	2,506		29.5%	2,188		27.4%
Estimated total employment	<u>9,663.5</u>			<u>9,075.0</u>			<u>8,525.0</u>			<u>8,000.0</u>		

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>	<u>Estimated Actual Real Property Value</u>	<u>Residential Construction</u>		<u>Commercial Construction</u>		<u>Bank Deposits (x 1,000)</u>
		<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>	
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
2013	\$ 1,546,487,637	140	\$ 30,732,250	9	\$ 6,755,300	\$ 1,241,592

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
General Government	28.0	32.0	30.0	33.5	28.5	30.0	39.0	37.0	39.0	40.0
Public Safety	32.0	34.0	37.0	38.0	41.5	43.5	44.5	44.0	45.0	45.0
Parks, Streets, and Sanitation	12.0	12.0	12.0	12.0	14.0	14.0	14.0	13.0	13.0	15.0
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	34.0	34.5	35.5	35.0	39.0	39.0	39.0	39.0	38.0	39.0
Total	107.0	113.5	115.5	119.5	124.0	127.5	137.5	134.0	136.0	140.0

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
<u>Building/Zoning</u>										
Building Permits Issued	492	541	461	524	522	534	649	577	794	944
Building Inspections Conducted	NA	NA	2,420	2,898	2,787	2,371	3,527	2,786	3,083	2,975
Zoning Permits Issued	299	262	291	334	487	480	453	450	492	404
<u>Information Technology</u>										
Water/Sewer Customers (Online Transactions)	NA	NA	6,935	9,113	11,872	14,772	18,859	24,137	28,422	30,369
Fines (Online Transactions)	NA	NA	NA	NA	NA	NA	NA	NA	NA	991
<u>Finance</u>										
Business Licenses Issued Intown/Renewals	NA	NA	1,590	1,771	1,968	2,163	2,253	2,305	2,944	3,159
<u>Parks, Streets and Sanitation</u>										
Residential Solid Waste Customers	NA	NA	4,699	4,850	4,995	5,159	5,390	5,597	5,799	5,987
<u>Public Safety - Police</u>										
Physical Arrests	NA	NA	838	1,002	955	1,432	1,182	1,314	1,572	1,854
Parking Tickets	NA	NA	110	93	69	68	20	18	22	34
Traffic Violations	NA	NA	6,921	7,379	7,685	7,266	8,055	8,016	10,035	8,004
Business-Type Activities										
<u>Water and Sewer System</u>										
Average Daily Consumption of Water (MGD)	1.638	1.711	1.833	1.982	2.250	2.179	2.226	2.347	2.322	2.235
Average Daily Consumption of Sewer (MGD)	1.933	2.005	2.262	2.530	2.895	2.801	2.984	3.092	3.107	3.049
Capital Contribution Certificates sold	NA	NA	2,972	3,604	833	7	142	10	123	232
Capital Contribution Certificates Outstanding	NA	NA	4,488	3,213	2,146	2,108	1,898	1,787	1,677	1,439

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Town Hall (<i>Approx. Sq. Ft. Used</i>)	16,000	60,100	60,100	60,100	60,100	60,100	60,100	63,251	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	34	37	38	41	43	44	44	45	47
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	1,000
Parks and Playgrounds	2	2	2	2	3	4	4	4	5	6
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>)	-	-	-	-	1,880	1,880	1,880	1,880	1,880	1,880
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	12.46	12.46	12.46	12.46	12.46
Water Capacity - all sources (<i>MGD</i>)	4.50	4.50	4.50	4.50	5.50	6.50	6.50	6.50	6.50	6.50
Water Lines (<i>miles</i>)	174	177	186	198	205	209	210	211	212	215
Sewer Lines (<i>miles</i>)	146	163	182	217	257	264	266	272	273	277

Source: Town of Lexington departmental records

MGD = Million Gallons per Day



Brittingham, Brown, Prince & Hancock, LLC

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Associate Member: Association of Certified Fraud Examiners

INDEPENDENT AUDITOR'S 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

The Honorable Chairman and Members of
Town of Lexington Council
Lexington, South Carolina

We have audited, in accordance with the 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, 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, Lexington South Carolina, (hereafter referred to as the Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brittingham, Brown, Prince & Hancock

January 21, 2014