

TOWN OF Lexington SC



Christmas Parade, December 2014

Comprehensive Annual Financial Report

Year Ended June 30, 2015

111 Maiden Lane, Lexington, SC 29072



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2015

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, 2015

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Mayor
Steve MacDougall

Mayor Pro-Tem
Hazel Livingston



Council
Kathy Maness
Ted Stambolitis
Todd Shevchik
Todd Carnes
Ron Williams

LETTER OF TRANSMITTAL

December 17, 2015

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, 2015, 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 The Brittingham, Group LLP, CPA's. 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, 2015, 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 is now estimated to be greater than 20,000. 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 even years. Town Council appoints the Town Administrator, Town Attorney, Municipal Judge, Municipal Clerk, and all department directors. The department directors are responsible for the enforcement of all resolutions and ordinances passed by Town Council.

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

FACTORS AFFECTING FINANCIAL CONDITION

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 492%, making it the 4th fastest growing municipality in the State over the two decades preceding the 2010 census. 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 twelve new schools. Ad-

ditionally, 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 292 miles of sewer lines and 216 miles of water lines and serves approximately 8,800 water accounts and 13,900 sewer accounts (over 13,000 individual residential and commercial customers).

During the year, approximately 198 net new businesses opened in the Town of Lexington, including assisted living, restaurants, 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 112 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, 2014. This was the seventeenth-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.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kathy S. Roberts, CPA". The signature is written in a cursive style with a long horizontal line extending from the end.

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, 2014

Executive Director/CEO

TOWN OF LEXINGTON

SOUTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

MAYOR

Steve MacDougall

MAYOR PRO-TEM

Hazel Livingston

COUNCIL MEMBERS

Todd Carnes

Kathy Maness

Todd Shevchik

Ted Stambolitis

Ron Williams

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

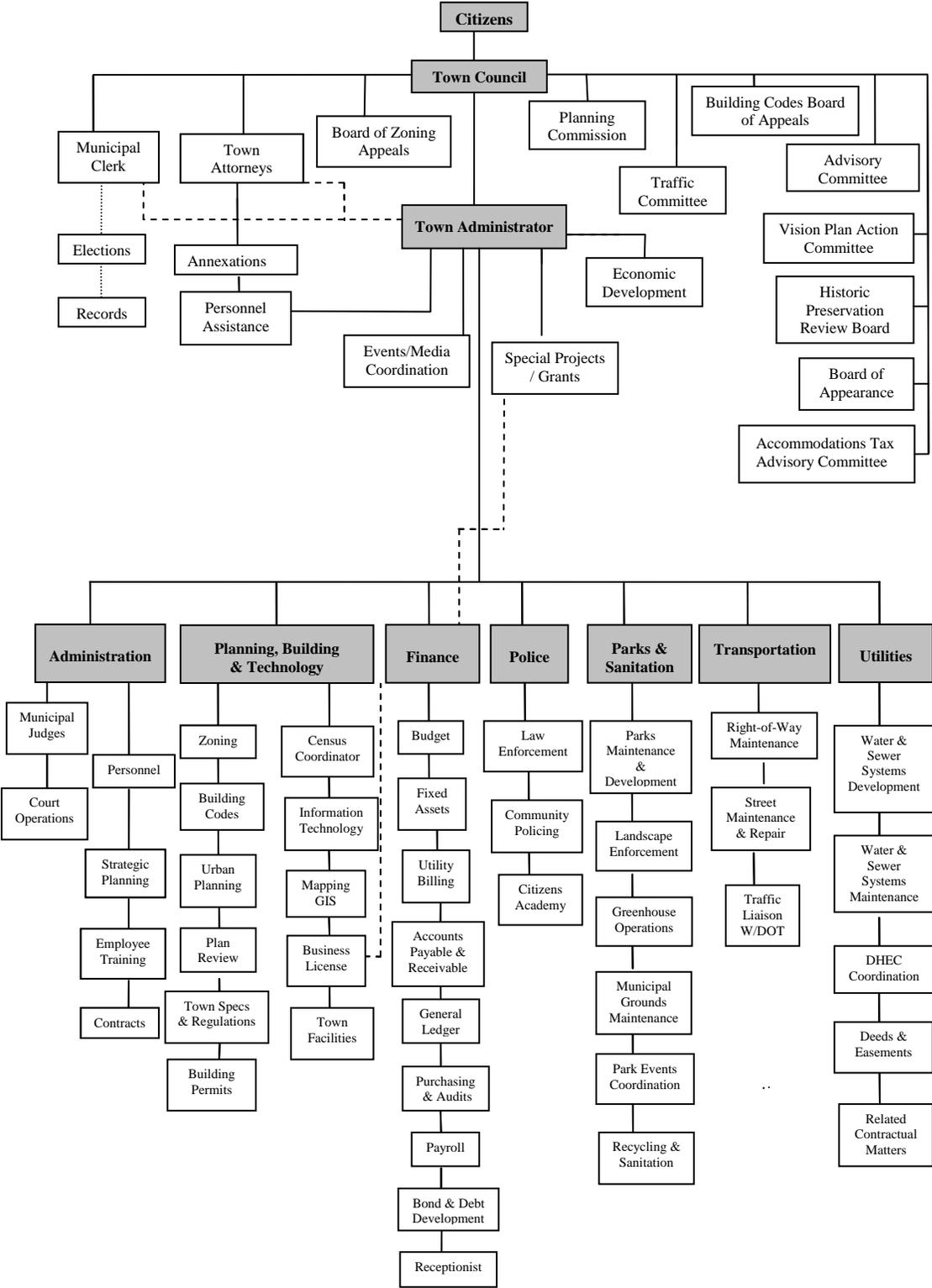
Dan H. Walker, Parks, Streets, and Sanitation

John D. Hanson, Planning, Building and Technology

Chief Terrence Green, Police

J. Allen Lutz, Utilities

Town of Lexington Organization Chart



Revised June 30, 2015

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET

POST OFFICE BOX 5949

WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090

FAX: (803) 791-0834

INDEPENDENT AUDITORS REPORT

The Honorable Mayor and Members of Town Council
Town of Lexington, South Carolina
111 Maiden Lane
Lexington, South Carolina 29072

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Town of Lexington, South Carolina (the "Town"), as of and for the year ended June 30, 2015, 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 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 from 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, 2015, 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.

Change in Accounting Principle

As discussed in *Note 9* to the financial statements, in 2015 the Town adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pension – In Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 11 - 19, the General Fund Budgeting Comparison Schedule on page 81, the Schedule of Funding Progress for Postemployment Benefit Plan on Page 84, the Pension Plan Schedule of Contributions on Page 83, and the Pension Plan Schedule of Proportionate Share of the Net Pension Liability on page 82, 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 (pages 75-93) 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 (pages 75-93) 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 dated December 17, 2015, on our consideration of the Town's internal control over financial reporting and on our tests 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 internal control 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.

The Brittingham Group LLP

West Columbia, South Carolina
December 17, 2015

Town of Lexington, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2015

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, 2015. 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, 2015 by \$89,452,032 (*net position*). Of the total net position at June 30, 2015, \$21,728,275 was unrestricted and available to meet the ongoing obligations and operations of the Town.
- The Town's total net position increased by \$1,904,927, as revenues of \$28,755,894 exceeded expenses of \$26,850,967. Governmental Activities contributed \$458,429 and Business-type activities contributed \$1,446,498 of the overall increase in net position.
- Governmental funds reported combined ending fund balances at June 30, 2015, of \$5,365,252, an increase of \$467,812, compared to the prior year. Approximately \$3,478,983, or approximately 65 percent of the ending fund balance, is available for spending at the government's discretion (*unassigned fund balance*). This increase was largely due to the increase in Franchise Fees for electric and gas companies approved in September 2014.
- General Fund unassigned fund balance at June 30, 2015, was \$3,762,736 or approximately 38 percent of total fund expenditures.
- The Town had \$75,542,634 in bonds, notes, contracts and capital leases payable at year end, an increase of \$1,816,002 from the prior year. The increase occurred due to the issuance of \$4,150,000 Bond Anticipation Notes used to provide funding for downtown redevelopment projects offset by principal repayments.
- Capital and intangible assets totaled \$148,329,560 at June 30, 2015, a decrease of \$247,362 from the prior year. The change was due to depreciation expense offset by improvements to the Town's combined waterworks and sewer system, the donation of infrastructure assets from developers, and general asset replacement.

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 \$89,452,036 at year end June 30, 2015.

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, 2015 and 2014:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets:						
Cash and cash equivalents:						
Unrestricted	\$ 2,412,481	\$ 3,849,960	\$ 10,326,700	\$ 7,544,091	\$ 12,739,181	\$ 11,034,051
Restricted	5,312,449	1,382,443	6,654,846	11,092,882	11,967,295	12,475,325
Other current assets	2,546,754	877,683	4,183,877	4,357,118	6,730,631	5,234,801
Capital assets, net	26,003,026	26,892,219	122,600,698	121,684,703	148,603,724	148,576,922
Deferred outflows of resources	853,748	-	1,805,801	1,435,794	2,659,549	1,435,794
Total assets & deferred outflows	<u>\$ 37,128,458</u>	<u>\$ 32,642,305</u>	<u>\$ 145,571,922</u>	<u>\$ 146,114,588</u>	<u>\$ 182,700,380</u>	<u>\$ 178,756,893</u>
Liabilities and Net Position:						
Current liabilities	\$ 717,211	\$ 792,503	\$ 592,461	\$ 1,142,707	\$ 1,309,672	\$ 1,935,210
Current liabilities payable	-	-	-	-	-	-
From restricted assets			1,234,937	1,847,824	1,234,937	1,847,824
Current portion of long term debt	7,624,250	4,154,250	11,464,226	11,470,569	19,088,476	15,624,819
Non-current liabilities	10,361,715	10,585,818	59,969,049	61,216,113	70,330,764	71,801,931
Deferred inflows of resources	857,119	-	427,376	-	1,284,495	-
Total liabilities & deferred inflows	<u>19,560,295</u>	<u>15,532,571</u>	<u>73,688,049</u>	<u>75,677,213</u>	<u>93,248,344</u>	<u>91,209,784</u>
Net invested in capital						
Assets	17,780,768	22,280,682	59,324,704	60,161,057	77,105,472	82,441,739
Restricted	1,289,726	1,872,027	2,882,005	2,770,896	4,171,731	4,642,923
Net position related to pensions	(8,529,887)	(8,476,479)	(5,023,555)	(4,991,542)	(13,553,442)	(13,468,021)
Unrestricted	7,027,556	1,433,504	14,700,719	12,496,964	21,728,275	13,930,468
Total net position	<u>17,568,163</u>	<u>17,109,734</u>	<u>71,883,873</u>	<u>70,437,375</u>	<u>89,452,036</u>	<u>87,547,109</u>
Total liabilities and net Position	<u>\$ 37,128,458</u>	<u>\$ 32,642,305</u>	<u>\$ 145,571,922</u>	<u>\$ 146,114,588</u>	<u>\$ 182,700,380</u>	<u>\$ 178,756,893</u>

By far the largest portion of the Town’s net position (\$77,105,472, or 86 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 (\$4,171,731, or 5 percent) represents resources that are subject to external restrictions on how they may be used. The Governmental Accounting Standards Board (GASB) statement number 68 requires the Town to report net pension liability as well as deferred outflows and deferred inflows related to pensions. The addition of this reporting requirement causes a reduction in net position of \$13,553,442 or 15 percent. The remaining balance of *unrestricted net position* (\$21,728,275, or 24 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 except for net position related to pensions, 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 2015 and 2014 are illustrated in the following table:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue:						
Program Revenue:						
Charges for services	\$ 3,698,826	\$ 2,142,466	\$ 13,624,132	\$ 13,055,451	\$ 17,322,958	\$ 15,197,917
Operating grants and contributions	149,973	279,646	-	-	149,973	279,646
Capital grants and contributions	114,395	1,739,145	2,902,401	2,925,129	3,016,796	4,664,274
General Revenue:						
Property taxes	3,398,405	3,290,669	-	-	3,398,405	3,290,669
Business license taxes	4,387,786	4,002,197	-	-	4,387,786	4,002,197
State aid not restricted	419,223	418,627	-	-	419,223	418,627
Unrestricted						
Investment earnings	6,616	1,868	52,731	42,670	59,347	44,538
Miscellaneous	67,103	(48,506)	(65,697)	-	1,406	(48,506)
Total revenue	<u>12,242,327</u>	<u>11,826,112</u>	<u>16,513,567</u>	<u>16,023,250</u>	<u>28,755,894</u>	<u>27,849,362</u>
Expenses:						
General government	2,762,611	2,452,235	-	-	2,762,611	2,452,235
Public safety	5,307,208	5,067,670	-	-	5,307,208	5,067,670
Parks, streets, and sanitation	3,282,748	3,148,892	-	-	3,282,748	3,148,892
Victim's assistance	70,203	60,586	-	-	70,203	60,586
Tourism related	83,747	117,156	-	-	83,747	117,156
Interest on long-term debt	412,150	80,910	-	-	412,150	80,910
Water and sewer	-	-	14,932,300	14,326,478	14,932,300	14,326,478
Total expenses	<u>11,918,667</u>	<u>10,927,449</u>	<u>14,932,300</u>	<u>14,326,478</u>	<u>26,850,967</u>	<u>25,253,927</u>
Increase in net position before transfers	<u>323,660</u>	<u>898,663</u>	<u>1,581,267</u>	<u>1,696,772</u>	<u>1,904,927</u>	<u>2,595,435</u>
Transfers	<u>134,769</u>	<u>-</u>	<u>(134,769)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	458,429	898,663	1,446,498	1,696,772	1,904,927	2,595,435
Beginning net position	17,109,734	24,687,550	70,437,375	73,732,145	87,547,109	98,419,695
Net Pension Adjustment	-	(8,476,479)	-	(4,991,542)	-	(13,468,021)
Ending net position	<u>\$ 17,568,163</u>	<u>\$ 17,109,734</u>	<u>\$ 71,883,873</u>	<u>\$ 70,437,375</u>	<u>\$ 89,452,036</u>	<u>\$ 87,547,109</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, 2015. The percent funded by program revenues indicates the degree to which governmental activities are self-sustaining thereby reducing the overall cost of governmental activities that must be funded by the general taxpayers of the Town through general revenues.

	<u>(Expenses)</u>	<u>Program Revenue</u>	<u>Net (Expense) Revenue</u>	<u>% Funded by Program Revenues</u>	<u>% Required to be Funded by General Revenues</u>
General government	\$ (2,762,611)	\$ 328,705	\$ (2,433,906)	12%	88%
Public safety	(5,307,208)	459,821	(4,847,387)	9%	91%
Parks, streets, and sanitation	(3,282,748)	2,904,364	(378,384)	88%	12%
Victim's assistance	(70,203)	41,300	(28,903)	59%	41%
Tourism related	(83,747)	229,004	145,257	100%	-
Interest on long-term debt	(412,150)	-	(412,150)	-	100%
Totals	<u>\$ (11,918,667)</u>	<u>\$ 3,963,194</u>	<u>\$ (7,955,473)</u>	33%	67%

General Revenues by Source – Governmental Activities

	<u>2015</u>	<u>2014</u>
Property taxes	\$ 3,398,405	\$ 3,290,669
Business license taxes	4,387,786	4,002,197
Unrestricted state aid	419,223	418,627
Unrestricted investment earnings	6,616	1,868
Miscellaneous	67,103	(48,506)
Total	<u>\$ 8,279,133</u>	<u>\$ 7,664,855</u>

Revenue and Expenses – Governmental Activities – Significant factors effecting governmental activities revenue and expenses during the year ended June 30, 2015, included the following:

- Charges for services increased 72% due primarily to the franchise fee increase (from 3% to 5%) on electric and gas companies approved by Council in September 2014. By approving this in the fall, the gas and electric companies submitted increased fees (the additional 2%) based on their 2013 revenues in the fall of 2014 as well as paying the full 5% franchise fees on 2014 revenue submitted in the summer of 2015. In fiscal 2016 this revenue will be reduced because we will receive only the 5% franchise fee based on 2015 revenues in the summer of 2016.
- Grants and contributions decreased significantly this year, \$1,754,423, due to the completion of 3 large grants. The Gateway Beautification project, the MRAP armored vehicle from the federal government, as well as the 14 Mile Creek Trail project were all substantially complete in Fiscal 2014. These were accompanied by a decrease in developer contributions.
- Property tax revenues were up about 3% as recent annexations have come on-line in the property tax rolls.
- Business license revenues were up approximately 10% as the economy has begun to recover, annexations have brought new businesses into Town, and a few large building projects were completed.
- Unrestricted state revenues were flat.

- General government; Public safety; and Parks, streets, and sanitation expenses increased 6% due primarily to the addition of four new positions as well as budgeted salary increases along with general inflation.
- Debt Service Costs increased due to more issuance costs in FY15 as an additional Bond Anticipation Note and a TIF Bond were issued to fund downtown redevelopment projects.

Expenses and Program Revenues – Business-type Activities – The Town operates the Combined Waterworks and Sewer System Enterprise Fund that comprises 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 \$1,446,498, accounting for 76% of the total gain in net position. Operating revenues increased 4% in 2015 while operating expenses increased only 2%. Capital contributions decreased slightly, less than 1%. The significant factors related to the changes are as follows:

- Charges for services increased \$568,681, or 4%. The Town’s customer base has increased approximately 4% in 2015. There was no rate increase for fiscal year 2015.
- Operating expenses increased \$278,955, or 2%. Increases in personnel, contractual services, and depreciation and amortization were offset by decreases in water and sewer treatment services and other operating expenses.
- Personnel costs increased due to new positions and budgeted salary increases.
- Contractual services increased due to general inflation and a new rate study completed during the year.
- Depreciation and amortization expense increased due to the completion of more water and sewer projects.
- Water and Sewer treatment services were reduced due to savings on sewer treatment. Expenses for the new sewer treatment facility operated by the City of Cayce are billed each year based on a rate agreement signed by the parties. This agreement takes strength of flows for the year into consideration when determining the rate for the next year. Our strength of flows for fiscal 2014 were lower therefore our rate for fiscal 2015 was reduced.
- Other operating expenses were reduced for fiscal 2015 as the Conventry Woods wastewater treatment plant began to be decommissioned.
- Capital contributions decreased \$22,728. Actual cash contribution fees increased \$570,318 but were offset by a reduction in Developer Asset contributions of \$593,046. This is a sign that older subdivision projects have been built out and completed, thus resulting in fewer assets to be contributed and new projects are beginning. A definite sign of an improved economy.

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 \$5,365,252, an increase of \$467,812. The General Fund decreased \$63,212, the TIF fund had a deficit of \$233,532 while the Other Governmental Funds increased \$764,556. General Fund revenues were over budget by \$1,352,960 mostly due to the implementation of a franchise fee increase on gas and electric companies coupled with a surplus in business licenses and permits. The franchise fee surplus was designated to be used to pay down general obligation bond anticipation notes and transferred to the Debt Service Fund. The business license and permitting surpluses were due to a recovering economy, annexations and the completion of a few building projects in town. These surpluses were offset slightly by a 2% shortfall in property taxes as well as lower than expected governmental revenues and fines and forfeitures. Total expenditures were less than budget by \$81,166.

Of the \$5,365,252 governmental fund balances, approximately \$3,478,983 constitutes *unassigned fund balance*, which is available for spending. Nonspendable fund balance of \$89,549 represents prepaid expenditures. Another portion of fund balance, \$1,031,145 is *restricted* to indicate it is subject to externally enforceable legal restrictions and therefore not available for general operations. The remainder of fund balance, \$765,575, has been assigned by the Town for Vision plan projects, \$153,035, and debt service, \$612,540.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$3,762,736 or 38% of total fund expenditures.

The Town established a TIF district in Fiscal 2015. The TIF district ended the year with a negative fund balance of \$233,532 due to project expenditures beginning before a revenue stream has been built.

The non-major funds report fund balances totaling \$1,746,499. Almost half of this, \$840,862 or 48%, will be used for debt service. Additionally, a good portion, \$660,656 or 38%, will be used for special revenue funds for public safety, parks, utilities, and road funds where revenues were designated to specific expenditures. And finally, \$244,981 or 14% will be used for capital projects, including roadways and sidewalks.

Proprietary Fund – The Town’s proprietary fund statement provides the same type of information found in the government-wide financial statements, but in more detail. Substantially all factors related to the proprietary fund were discussed in relation to business-type activities in the government-wide discussion and analysis. The total increase in net position was \$1,446,498 resulting in ending net position of \$71,883,873.

General Fund Budgetary Highlights – General Fund revenues were more than budgeted by \$1,352,960. General Fund expenditures were less than the final budget by \$81,166. The revenue surplus was mostly due to the increase in franchise fees as well as higher than expected business licenses and permits. These items were discussed above.

The Town's original budget shows a net change in fund balances of (\$73,705) which equals the amount of budgeted reserve for contingencies less budgeted use of fund balance. The final budget contained one balanced budget amendment for the parks, streets, and sanitation department.

Capital Assets and Debt Administration

Capital and Intangible Assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$149 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 \$377,058, related to several sidewalks under construction.
- Completion of the Gateway Beautification totaling \$678,719 and other park structures totaling \$54,448.
- Acquisition of equipment for governmental operations of \$51,523.
- Acquisition of vehicles totaling \$210,767 for the Police Department, \$20,906 for Administration, \$18,461 for Planning Building and Technology and \$79,116 for Utilities.
- Donation of land totaling \$10,000.
- Completion of \$3,688,155 of water and sewer system improvements and capacity reserve.
- Acquisition of equipment for water and sewer system improvements totaling \$287,441.
- Construction in progress in business-type activities totaled \$4,696,794, 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 new office space.
- Developer contributions of water and sewer capital assets of approximately \$906,301.

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, 2015, the Town had total indebtedness outstanding of \$75,542,634. Debt secured by the full faith and credit of the Town represented \$1,000,000, while \$735,435 is subject to annual appropriations. The total and bonded debt secured by the pledge of net revenues of the Enterprise Fund totaled \$54,897,691. The Town also recognizes a contract and capital lease payable to the City of West Columbia totaling \$1,086,274 for water treatment capacity reserve, retail distribution rights, and water lines. In addition the Town has a Note Payable of \$68,500 to an individual for property purchased to expand a current park. Additional information on the Town's long-term debt can be found in *Note 8*.

Short-Term Debt -- During the year ended June 30, 2015, the Town issued Bond Anticipation Notes totaling \$16,790,000. These are considered short-term borrowings but will eventually be replaced with long-term debt. \$2,640,000 is secured by the full faith and credit of the Town, \$4,150,000 is secured by the pledge of TIF revenues and annual appropriations, and \$10,000,000 is secured by the pledge of net revenues of the Enterprise Fund. Additional information on the Town's short-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 and shows definite signs of an improving economy. 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 fund. 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 2015 did not include any tax or fee increase though the Franchise fee was increased from 3% to 5% subsequent to the approval of the budget.

Request for Information

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

BASIC FINANCIAL INFORMATION

Town of Lexington, South Carolina

Statement of Net Position

June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and temporary investments	\$ 2,412,481	\$ 10,326,700	\$ 12,739,181
Receivables, net	2,040,538	3,916,111	5,956,649
Due from other governments	416,667	-	416,667
Inventories-supplies	-	231,272	231,272
Prepays	89,549	36,494	126,043
Restricted: cash and temporary investments	5,312,449	6,654,846	11,967,295
Total current assets	<u>10,271,684</u>	<u>21,165,423</u>	<u>31,437,107</u>
Noncurrent assets:			
Prepaid capital improvements	-	274,164	274,164
Land and construction in progress	6,723,071	5,084,539	11,807,610
Buildings, vehicles, equipment, and infrastructure	19,279,955	73,960,063	93,240,018
Capacity reserve	-	41,580,037	41,580,037
Retail distribution rights	-	1,701,895	1,701,895
Total noncurrent assets	<u>26,003,026</u>	<u>122,600,698</u>	<u>148,603,724</u>
Total assets	<u>36,274,710</u>	<u>143,766,121</u>	<u>180,040,831</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources	853,748	1,805,801	2,659,549
Total deferred outflows of resources	<u>853,748</u>	<u>1,805,801</u>	<u>2,659,549</u>
Total assets and deferred outflows of resources	<u>37,128,458</u>	<u>145,571,922</u>	<u>182,700,380</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	711,777	592,461	1,304,238
Unearned revenue -- property taxes	5,434	-	5,434
Liabilities payable from restricted assets	-	1,234,937	1,234,937
Noncurrent: due within one year	7,624,250	11,521,000	19,145,250
Total current liabilities	<u>8,341,461</u>	<u>13,348,398</u>	<u>21,689,859</u>
Noncurrent liabilities:			
Noncurrent: due in more than one year	1,650,058	54,747,326	56,397,384
Net pension liability	8,526,516	5,063,107	13,589,623
OPEB liability	185,141	101,842	286,983
Total noncurrent liabilities	<u>10,361,715</u>	<u>59,912,275</u>	<u>70,273,990</u>
Total liabilities	<u>18,703,176</u>	<u>73,260,673</u>	<u>91,963,849</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	857,119	427,376	1,284,495
Total deferred inflows of resources	<u>857,119</u>	<u>427,376</u>	<u>1,284,495</u>
Total liabilities and deferred inflows of resources	<u>19,560,295</u>	<u>73,688,049</u>	<u>93,248,344</u>
NET POSITION			
Net investment in capital assets	17,780,768	59,324,704	77,105,472
Restricted for:			
Capital projects	373,075	189,286	562,361
Debt service	195,488	2,692,719	2,888,207
Other	1,121	-	1,121
Parks and tourism	510,701	-	510,701
Public safety	33,380	-	33,380
Streets	175,961	-	175,961
Net position related to pensions	(8,529,887)	(5,023,555)	(13,553,442)
Unrestricted	7,027,556	14,700,719	21,728,275
Total net position	<u>\$ 17,568,163</u>	<u>\$ 71,883,873</u>	<u>\$ 89,452,036</u>

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

Town of Lexington, South Carolina

Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,762,611	\$ 328,703	\$ 2	\$ -	\$ (2,433,906)	\$ -	\$ (2,433,906)
Public Safety	5,307,208	329,874	124,947	5,000	(4,847,387)	-	(4,847,387)
Parks, streets and sanitation	3,282,748	2,769,945	25,024	109,395	(378,384)	-	(378,384)
Victim's assistance	70,203	41,300	-	-	(28,903)	-	(28,903)
Tourism related	83,747	229,004	-	-	145,257	-	145,257
Debt service	412,150	-	-	-	(412,150)	-	(412,150)
Total governmental activities	<u>11,918,667</u>	<u>3,698,826</u>	<u>149,973</u>	<u>114,395</u>	<u>(7,955,473)</u>	<u>-</u>	<u>(7,955,473)</u>
Business-type activities:							
Enterprise fund	14,932,300	13,624,132	-	2,902,401	-	1,594,233	1,594,233
Total business-type activities	<u>14,932,300</u>	<u>13,624,132</u>	<u>-</u>	<u>2,902,401</u>	<u>-</u>	<u>1,594,233</u>	<u>1,594,233</u>
Total primary government	<u>\$ 26,850,967</u>	<u>\$ 17,322,958</u>	<u>\$ 149,973</u>	<u>\$ 3,016,796</u>	<u>(7,955,473)</u>	<u>1,594,233</u>	<u>(6,361,240)</u>
General revenues:							
Property taxes					3,398,405	-	3,398,405
Business license taxes					4,387,786	-	4,387,786
Unrestricted investment earnings					6,616	52,731	59,347
State aid not restricted for specific purpose					419,223	-	419,223
Gain on sale of capital assets					4,932	(65,697)	(60,765)
Other financing source - bond premium					62,171	-	62,171
Transfers					134,769	(134,769)	-
Total general revenues, special items, and transfers					<u>8,413,902</u>	<u>(147,735)</u>	<u>8,266,167</u>
Change in net position					458,429	1,446,498	1,904,927
Net position - beginning (as restated)					17,109,734	70,437,375	87,547,109
Net position - ending					<u>\$ 17,568,163</u>	<u>\$ 71,883,873</u>	<u>\$ 89,452,036</u>

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

Town of Lexington, South Carolina

**Balance Sheet
Governmental Funds**

June 30, 2015

	General Fund	TIF District	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and temporary investments	\$ 1,556,549	\$ -	\$ 855,932	\$ 2,412,481
Receivables, net	2,034,038	-	6,500	2,040,538
Due from other funds	581,343	-	-	581,343
Prepaid items	89,549	-	-	89,549
Due from other governments	147,012	-	269,655	416,667
Restricted - cash and temporary investments	-	3,989,889	1,322,560	5,312,449
Total assets	<u>\$ 4,408,491</u>	<u>\$ 3,989,889</u>	<u>\$ 2,454,647</u>	<u>\$ 10,853,027</u>
LIABILITIES				
Accounts payable	\$ 263,294	\$ -	\$ 91,483	\$ 354,777
Accrued payroll liabilities	168,683	-	1,772	170,455
Due to other funds	-	73,421	507,922	581,343
Construction payables	-	-	106,971	106,971
Other liabilities	36,137	-	-	36,137
Revenue bonds payable	-	4,150,000	-	4,150,000
Total liabilities	<u>468,114</u>	<u>4,223,421</u>	<u>708,148</u>	<u>5,399,683</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -- Property Taxes	88,092	-	-	88,092
Total deferred inflow of resources	<u>88,092</u>	<u>-</u>	<u>-</u>	<u>88,092</u>
Total liabilities and deferred inflows of resources	<u>556,206</u>	<u>4,223,421</u>	<u>708,148</u>	<u>5,487,775</u>
FUND BALANCES (DEFICITS)				
Nonspendable	89,549	-	-	89,549
Restricted	-	-	1,031,145	1,031,145
Assigned	-	-	765,575	765,575
Unassigned	3,762,736	(233,532)	(50,221)	3,478,983
Total fund balances (deficits)	<u>3,852,285</u>	<u>(233,532)</u>	<u>1,746,499</u>	<u>5,365,252</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,408,491</u>	<u>\$ 3,989,889</u>	<u>\$ 2,454,647</u>	<u>\$ 10,853,027</u>

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

Town of Lexington, South Carolina

Balance Sheet
Governmental Funds

June 30, 2015

- CONTINUED -

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

Total fund balances -- governmental funds	\$5,365,252
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Amounts reported for governmental activities in the statement of net position are different because:

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 \$38,816,093 and the accumulated depreciation is \$12,813,067.	26,003,026
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Property taxes receivable that are not available to pay for expenditures for the current period are not recognized in the governmental funds.	82,658
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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.	(43,437)
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Long-term liabilities, including bonds payable, net pension liability, 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.

Bonds payable	(1,000,000)	
Certificates of participation	(735,435)	
Bond anticipation note	(2,640,000)	
Compensated absences	(680,373)	
Long term note payable	(68,500)	
Net pension related items	(8,529,887)	
Other post employment benefits	(185,141)	
	<u>(13,839,336)</u>	<u>(13,839,336)</u>

Net position of governmental activities	<u>\$17,568,163</u>
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The notes to financial statements are an integral part of this statement.

Town of Lexington, South Carolina

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

For the Year Ended June 30, 2015

	General Fund	TIF District	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 3,408,719	\$ -	\$ -	\$ 3,408,719
Franchises, licenses, permits and fees	7,324,467	-	-	7,324,467
Other governments	419,223	-	-	419,223
Grant Revenue	-	-	143,617	143,617
Road assessment	-	-	38,305	38,305
Alcohol permits	-	-	58,600	58,600
Fines and forfeitures	320,303	-	48,220	368,523
Interest Income	6,490	2	1,645	8,137
Accommodations Tax	-	-	169,386	169,386
Other income	121,838	-	114,723	236,561
Total revenues	<u>11,601,040</u>	<u>2</u>	<u>574,496</u>	<u>12,175,538</u>
EXPENDITURES				
Current:				
General government	2,372,903	133,092	40,811	2,546,806
Public Safety	4,662,500	-	126,111	4,788,611
Parks, streets and sanitation	2,346,222	-	9,281	2,355,503
Victim's assistance	-	-	70,218	70,218
Tourism related	-	-	83,747	83,747
Debt service:				
Administrative charges	-	-	1,496	1,496
Interest	-	-	146,950	146,950
Principal retirement	-	-	389,250	389,250
Capital outlay:				
General government	111,496	-	-	111,496
Public Safety	289,073	-	-	289,073
Parks, streets and sanitation	42,771	-	208,545	251,316
Total expenditures	<u>9,824,965</u>	<u>133,092</u>	<u>1,076,409</u>	<u>11,034,466</u>
Excess (deficiency) of revenues over expenditures	<u>1,776,075</u>	<u>(133,090)</u>	<u>(501,913)</u>	<u>1,141,072</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources - bond premium	-	59,671	2,500	62,171
Other financing sources - BAN issuance	-	-	2,640,000	2,640,000
Other financing uses - BAN repayment	-	-	(3,300,000)	(3,300,000)
Sale of capital assets	4,932	-	-	4,932
Bond issue costs	-	(160,113)	(55,019)	(215,132)
Transfers in	-	-	2,886,195	2,886,195
Transfers out	(1,844,219)	-	(907,207)	(2,751,426)
Total other financing source (uses)	<u>(1,839,287)</u>	<u>(100,442)</u>	<u>1,266,469</u>	<u>(673,260)</u>
Net change in fund balances	(63,212)	(233,532)	764,556	467,812
Fund balances - beginning	3,915,497	-	981,943	4,897,440
Fund balances - ending	<u>\$ 3,852,285</u>	<u>\$ (233,532)</u>	<u>\$ 1,746,499</u>	<u>\$ 5,365,252</u>

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

Town of Lexington, South Carolina

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2015

- 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 balances - governmental funds	\$ 467,812
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.	(10,314)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlays (net of book value of disposed assets of \$0) of \$426,689 were less than depreciation expense of \$1,325,883.	(899,194)
Donations of capital assets are recorded as program revenues in the statement of activities.	10,000
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.	1,011,284
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 \$23,797 for this fiscal year.	(23,797)
Pension expense is 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.	(53,408)
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 \$33,348 for this fiscal year.	(33,348)
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 activities regardless of when due.	(10,606)
Change in net position of governmental activities	<u>\$ 458,429</u>

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

Town of Lexington, South Carolina

Statement of Net Position
Proprietary Funds

June 30, 2015

	Business-type Activities - Enterprise
	<u>Water/Sewer Fund</u>
ASSETS	
Current assets:	
Cash and temporary investments	\$ 10,326,700
Receivables, net	3,916,111
Inventories - supplies	231,272
Prepaid items	36,494
Restricted - cash and temporary investments	6,654,846
Total current assets	<u>21,165,423</u>
Noncurrent assets:	
Prepaid capital improvements	274,164
Land and construction in progress	5,084,539
Buildings, vehicles, equipment and infrastructure	73,960,063
Intangible - capacity reserve	41,580,037
Intangible - retail distribution rights	1,701,895
Total noncurrent assets	<u>122,600,698</u>
Total assets	<u>143,766,121</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,805,801
Total deferred outflows of resources	<u>1,805,801</u>
Total assets and deferred outflows of resources	<u>145,571,922</u>
LIABILITIES	
Current liabilities	
Accounts payable	451,288
Accrued payroll liabilities	101,247
Construction payables	340,996
Accrued interest	893,941
Customer deposits	39,926
Accrued compensated absences-current portion	125,000
Current portion contracts payable	263,875
Bond anticipation notes	10,067,125
Revenue bonds - current	1,065,000
Total current liabilities	<u>13,348,398</u>
Noncurrent liabilities	
Revenue bonds payable	53,832,691
Contracts payable	822,399
Accrued compensated absences	92,236
OPEB liability	101,842
Net pension liability	5,063,107
Total noncurrent liabilities	<u>59,912,275</u>
Total liabilities	<u>73,260,673</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow -- pension related	427,376
Total deferred inflows of resources	<u>427,376</u>
Total liabilities and deferred inflows of resources	<u>73,688,049</u>
NET POSITION	
Net investment in capital assets	59,324,704
Restricted for:	
Capital projects	189,286
Debt service	2,692,719
Net position related to pensions	(5,023,555)
Unrestricted	14,700,719
Total net position	<u>\$ 71,883,873</u>

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

Town of Lexington, South Carolina

**Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Fund**

For the Year Ended June 30, 2015

	Business-type Activities - Enterprise
	Water/Sewer Fund
OPERATING REVENUES	
Water service	\$ 4,942,763
Sewer service	8,157,773
Tap and meter fees	93,023
Other income	430,573
Total operating revenues	13,624,132
OPERATING EXPENSES	
Salaries and benefits	4,137,749
Water and sewer treatment services	2,260,799
Contractual services	686,885
Depreciation	2,346,642
Amortization	1,338,732
Other operating expense	1,768,839
Total operating expenses	12,539,646
Operating income	1,084,486
NONOPERATING REVENUES (EXPENSES)	
Interest income	52,731
Loss on sales of fixed asset	(65,697)
Interest expense	(2,274,210)
Bond issue costs	(118,444)
Transfers to other funds - wetlands mitigation	(134,769)
Total nonoperating revenues (expenses)	(2,540,389)
Income (loss) before contributions	(1,455,903)
CAPITAL CONTRIBUTIONS	
Capital contribution fees	1,996,100
Developer capital asset contributions	906,301
Total capital contributions	2,902,401
Change in net position	1,446,498
Total net position - beginning (as restated)	70,437,375
Total net position - ending	\$ 71,883,873

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

Town of Lexington, South Carolina

**Statement of Cash Flows
Proprietary Fund**

For the Year Ended June 30, 2015

	Business-type Activities - Enterprise
	Water/Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 13,590,620
Payments to employees	(4,085,242)
Payments to suppliers	(5,322,975)
Net cash provided by operating activities	4,182,403
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase and construction of capital assets	(1,231,447)
Purchase of capacity reserve	(2,784,955)
Bond issuance costs paid	(118,444)
Principal paid on capital debt	(1,351,323)
Interest and fees paid	(2,200,027)
Proceeds from capital contribution fees	1,996,101
Gain (loss) on sale of assets	(65,697)
Transfer to other fund-wetlands mitigation	(134,769)
Net cash (used) by capital and related financing activities	(5,890,561)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	52,731
Net cash provided by investing activities	52,731
Net (decrease) in cash and cash equivalents	(1,655,427)
Balances - beginning of year	18,636,973
Balances - end of the year	\$ 16,981,546
Reconciliation to the Statement of Net Position	
Cash and temporary investments	10,326,700
Restricted - cash and temporary investments	6,654,846
Total cash and temporary investments	\$ 16,981,546
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income	\$ 1,084,486
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	2,346,642
Amortization	1,338,732
Changes in assets and liabilities:	
Customer receivables	(36,222)
Inventory	(28,207)
Prepaid items	(20,795)
Accounts payable - supplier	(578,245)
Customer deposits	2,710
Compensated absences	10,166
Salaries and benefits payable	63,136
Net cash provided (used) by operating activities	\$ 4,182,403
Non-Cash Investing, Capital and Financing Supplementary Information	
Revenue bond principal accretion and discount amortization	\$ 2,861
Revenue bond premium and deferred amount on refunding amortization	\$ 65,124
Contributed capital assets from developers	\$ 906,301

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

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, 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, 2015

— Continued —

1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Town Council enacted an ordinance in September, 2014, approving the Ice House Redevelopment Plan for downtown Lexington as part of the establishment of the Ice House Redevelopment Project Area pursuant to the South Carolina Tax Increment Financing Law (Title 31, Chapter 6 of the Code of Laws of South Carolina 1976, as amended) (the “TIF Act”). This plan includes a plaza, amphitheater, public parking, a permanent Farmers’ Market, public trails and other public improvements in the downtown area.

The corporation is issuing Saxe Gotha Lexington Public Facilities Corporation Revenue Bond Anticipation Notes, Series 2015 (the BAN’s) for the purpose of providing interim financing (pending the issuance of Revenue Bonds) for the purchase of the TIF Bond from the Town in accordance with the terms of the Bond Purchase Agreement between the Town and the Corporation. The TIF Bond is being issued as a cash-flow obligation payable solely from available TIF Revenues generated by the Ice House Redevelopment Project Area and available under the TIF Act. As a condition to the purchase of the TIF Bond by the Corporation, the Town has agreed to enter into a Deposit and Reimbursement Agreement with the Trustee whereby the Town agrees to reimburse any cash flow shortfalls in TIF Revenues available for the payment of the Revenue Bonds by paying debt service in full when due on the Revenue Bonds, subject to non-appropriation in any fiscal year by the Town Council and reimbursing such payment from the TIF Revenues when available. Due to its relationship and blending in the financial statements, the BAN and project expenditures are recorded in the TIF District fund. And the BAN is reflected as governmental activities current liabilities in the Town’s statement of net position.

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

The Town reports the following major governmental funds:

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

TIF District Fund – The TIF District fund is used to account for expenditures related to the Downtown Redevelopment Plan and associated short term financing.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— 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 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. 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 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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

1. Summary of Significant Accounting Policies (Continued)

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

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, 2015

— 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, 2015

— 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, 2015, consists of various supplies and other inventoriable items, which are expensed at the time they are consumed.

Deferred Charges

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 during the current period. The face amount of the debt issued is reported as other financing sources.

Prepaid Items

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

Restricted Assets

Certain proceeds of the Town's long-term debt as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net 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, 2015

— 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. 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 \$2,493,929. Of this amount, \$219,719 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. The Town has two items that qualify for reporting in this category, both of which are only reported in the government-wide statement of net position and the proprietary fund statement of net position. The first item is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred outflow related to pensions. See *note 12* for further detail related to pensions.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

1. Summary of Significant Accounting Policies (Continued)

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

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 two items that qualify for reporting in this category. The first item, which arises only under a modified accrual basis of accounting, *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. The second item is deferred inflow related to pensions. These items appear only on the government wide statement of net position and the proprietary fund statement of net position. See *note 12* for further detail related to pensions.

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, bond insurance issuance costs and deferred amounts on refunding

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

1. Summary of Significant Accounting Policies (Continued)

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

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.

Pension Liability

During 2015, the Town adopted the provisions of GASB 68 “Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27.” GASB required that the Town recognize in its government wide statements their proportionate share of pension liability as a participant in the South Carolina Retirement System and the Police Officer Retirement System. See Note 12 for additional information.

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. Specifically in accordance with Governmental Accounting Standards, Net Pension Liability has been accrued and the expense is now recorded in the year incurred. Accordingly the prior year information has been restated to accrue previously unrecorded pension expense.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

E. Revenue

Program Revenue and General Revenue

Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Revenues in this

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

1. Summary of Significant Accounting Policies (Continued)

E. Revenue (Continued)

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

1. Summary of Significant Accounting Policies (Continued)

E. Revenue (Continued)

At year ended June 30, 2015 there were no paid CCF's for any unused system capacity reserved for future development or discontinuation of projects. Additionally, the Town maintained contractual agreements that allow certain developers to pay CCF's on an installment basis which totals \$2,812,829 at June 30, 2015 of which the Town has fully reserved an allowance for doubtful accounts.

F. Fund Balance

Fund balance reporting for the fund level financial statements of the Town are reported in accordance with Governmental Accounting Standards with the objective of 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 by ordinance requiring two readings and a public hearing during the budget cycle. A budget amendment would be necessary, again requiring two readings and a public hearing, to change the commitment.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Town recognizes committed fund balances that have been approved for specific purposes by Town Council before the fiscal year end.

Assigned Fund Balance

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

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.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) and additions to/deductions from the SCRS and PORS fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

2. Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

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

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

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

B. Encumbrances

Encumbrances represent outstanding purchase orders or commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the Governmental Fund Types. During the year ended June 30, 1997, the Town Council changed its policy whereby all contracts and commitments lapse at fiscal year end. Therefore, no reserve for encumbrances is applicable for year ended June 30, 2015.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

3. Deposits and Investments

The Town had the following investments at June 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Rating</u>
State Treasurer’s Investment Pool	\$ 6,471,038	On-Demand	Unrated
Governmental Mutual Funds	9,593,000	On-Demand	AAA
Total fair value	\$ 16,064,038		

Interest rate risk:

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

Credit risk:

State statute and Town policy limit the Town’s investments to obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units provided such obligations are rated as an “A” or better by Moody’s Investors Service, Inc. and Standard and Poor’s Corporation or their respective successors; interest bearing accounts in savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, of a fair value not less than the amount of the certificates of deposit so secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an agency of the United States Government; or deposit accounts with banking institutions insured and secured in the same manner.

Statutes also allow the State Treasurer to assist local governments in investing funds. The State Treasurer also provides oversight for the State Treasurer’s Local Government Investment Pool (LGIP), of which, the fair value of the Town’s investments are the same as the value of the pooled shares. Permitted investments for the LGIP are (1) obligations of the United States, its agencies and instrumentalities; (2) obligations of corporations, states, and political subdivisions which bear an investment grade rating at a minimum of two rating agencies; (3) certificates of deposit, if the certificates are secured collaterally by securities of the types described in (1) and (2) of this paragraph and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government; (4) obligations issued or unconditionally guaranteed by the International Bank

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

3. Deposits and Investments (Continued)

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, 2015, the Town had investments in governmental mutual funds representing 60% 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, 2015, the reported carrying amount of the Town's cash deposits with financial institutions was \$8,640,736 and the financial institutions' balances totaled \$8,803,088. The balance was fully insured and collateralized. The Town had \$1,700 on hand at June 30, 2015.

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*).

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

3. Deposits and Investments (Continued)

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	8,640,736
Carrying amount of temporary investments	<u>16,064,038</u>
Total	<u><u>\$ 24,706,474</u></u>
Cash and temporary investments	\$ 12,739,180
Cash and temporary investments-restricted	<u>11,967,294</u>
Total	<u><u>\$ 24,706,474</u></u>

4. Receivables

Receivables at June 30, 2015, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Fees and services	\$ 1,930,376	\$ 5,230,558	\$ 7,160,934
Property and other taxes	147,786	-	147,786
Other	-	1,698,382	1,698,382
Less, allowance for doubtful accounts	<u>(37,624)</u>	<u>(3,012,829)</u>	<u>(3,050,453)</u>
	<u><u>\$ 2,040,538</u></u>	<u><u>\$ 3,916,111</u></u>	<u><u>\$ 5,956,649</u></u>

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

5. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2015, were as follows:

	Interfund	
	Receivables	Payables
General Fund	\$ 581,343	\$ -
Other Governmental Funds:		
<u>Special Revenue Funds:</u>		
Police Grants and Programs	-	26,214
Alcohol Permits	-	77,379
14 Mile Creek Trail Grant	-	134,769
Gateway Beautification	-	266,575
Welcome Signs	-	2,000
Waterline Upgrade	-	985
TIF District	-	73,421
	\$ 581,343	\$ 581,343

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, 2015

— Continued —

5. Interfund Receivables, Payables and Transfers (Continued)

Individual fund interfund transfer balances at June 30, 2015, were as follows:

	Interfund	
	Transfers Out	Transfers In
General Fund	\$ 1,844,219	\$ -
Other Governmental Funds:		
Debt Service Fund	-	1,825,842
<u>Special Revenue Funds:</u>		
Alcohol Permits	34,250	-
Golden Hills Tax District	20,175	100,000
14 Mile Creek Trail Grant	-	134,769
Gateway Beautification	-	122,782
Victims' Assistance	-	27,627
Vision Plan	82,782	25,000
<u>Capital Project Funds:</u>		
Street and Infrastructure	140,000	650,175
Downtown Development	630,000	-
<u>Proprietary Fund</u>		
Waterworks and Sewer System Enterprise Fund	134,769	-
	<u>\$ 2,886,195</u>	<u>\$ 2,886,195</u>

The General Fund transfers out include \$417,566 to the Debt Service Fund to fund debt service requirements. Additionally, during Fiscal Year 2015, Town Council approved an increase in the Franchise Fee with the caveat that the additional revenue be transferred to the Debt Service Fund and be used to pay down debt. Consequently an additional \$1,374,026 was transferred to the Debt Service Fund during the year. Also, the General Fund transferred \$27,627 to the Victims' Assistance Fund and \$25,000 to the Vision Plan Fund. These transfers were made to fund the respective programs.

The Alcohol Permits fund transferred \$34,250 to the Debt Service fund to pay the note on property added to Virginia Hylton Park. The Golden Hills Tax District participated in the Town's road improvement projects and transferred \$20,175 to the Streets and Infrastructure Fund. The Vision Plan Fund transferred \$82,782 to the Gateway Beautification Fund as this was a Vision Plan project. The streets and infrastructure fund transferred \$100,000 to the Golden Hills Tax District to help fund some of their road projects and also transferred \$40,000 to the Gateway Beautification Fund to match the grant funding. The Downtown

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

5. Interfund Receivables, Payables and Transfers (Continued)

Development Fund transferred \$630,000 of bond proceeds to the Streets and Infrastructure fund to pay for road improvements. Finally the Waterworks and Sewer System Enterprise Fund transferred \$134,769 to the 14 Mile Creek Trail Fund for wetlands mitigation required to complete a sewer system project.

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

TIF District Fund:

Certain proceeds of the Series 2015 Bond Anticipation Note are classified as restricted cash and temporary investments on the statement of net position because their use is limited by the BAN (See *Note 8*).

Carrying balance at the year ended June 30, 2015, is as follows:

	Restricted Cash and Temporary Investments
Construction Fund	\$ 3,989,889
	\$ 3,989,889

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, 2015

— 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, 2015, are as follows:

	Restricted Cash and Temporary Investments
Renewal and Replacement Fund	\$ 100,447
Debt Service Fund 2001A	76,247
Debt Service Fund 2015	184,772
Sewer Plant Escrow Fund	1,280,057
Debt Service Fund 2010	416,710
Debt Service Fund 2011	319,495
Construction Fund 2009	1,687,682
Debt Service Fund 2009	261,165
Debt Service Fund 2012	62,712
Debt Service Reserve Fund -- Combined	2,265,559
	\$ 6,654,846

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*).

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, 2015, is as follows:

	Restricted Cash and Temporary Investments
Debt Service Account	\$ 228,322
	\$ 228,322

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

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

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. BAN financing includes the designation that funds from the sale of specific properties will be used to help fund the project costs. Therefore the Downtown Development Fund cash is restricted to be used for that project.

Carrying balance at the year ended June 30, 2015, is as follows:

	Restricted Cash and Temporary Investments
Capital Projects Accounts – Gibson Pond Park	\$ 1,398
2013 Bond Anticipation Note Construction Account	75,714
Downtown Development	295,963
	\$ 373,075

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, 2015

— 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, 2015 are as follows:

	Restricted Cash and Temporary Investments
	\$
Police Grants and Programs	8,448
Vision Plan	1,121
Sidewalk Fund	96,937
Drug Fund	20,936
Victims' Assistance	3,996
14 Mile Creek Trail Grant	134,769
Park Improvement	9,307
Golden Hills Tax District	79,024
Hospitality Tax	139,703
Veterans' Monument	17,950
Accommodations Tax	208,972
	\$ 721,163

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

7. Capital Assets

The following is a summary of capital asset activity in governmental activities for the year ended June 30, 2015:

	Balances June 30, 2014	Additions	Retirements	Balances June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,336,013	\$ 10,000	\$ -	\$ 6,346,013
Construction in progress	994,273	61,504	(678,719)	377,058
Total capital assets, not being depreciated	<u>7,330,286</u>	<u>71,504</u>	<u>(678,719)</u>	<u>6,723,071</u>
Capital assets, being depreciated:				
Buildings	10,769,299	733,167	-	11,502,466
Vehicles and equipment	4,315,136	310,738	(126,389)	4,499,485
Streets and roadways	11,906,556	-	-	11,906,556
Sidewalks	1,933,701	-	-	1,933,701
Storm drainage	2,250,814	-	-	2,250,814
Total capital assets, being depreciated	<u>31,175,506</u>	<u>1,043,905</u>	<u>(126,389)</u>	<u>32,093,022</u>
Less accumulated depreciation for:				
Buildings	2,574,971	244,435	-	2,819,406
Vehicles and equipment	2,416,039	484,186	(126,389)	2,773,836
Streets and roadways	4,882,938	440,896	-	5,323,834
Sidewalks	424,097	48,022	-	472,119
Storm drainage	1,315,528	108,344	-	1,423,872
Total accumulated depreciation	<u>11,613,573</u>	<u>1,325,883</u>	<u>(126,389)</u>	<u>12,813,067</u>
Total capital assets, being depreciated, net	<u>19,561,933</u>	<u>(283,983)</u>	<u>-</u>	<u>19,279,955</u>
Governmental activities capital assets, net	<u>\$ 26,892,219</u>	<u>\$ (210,474)</u>	<u>\$ (678,719)</u>	<u>\$ 26,003,026</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

7. Capital Assets (Continued)

The following is a summary of capital asset activity in business-type activities for the year ended June 30, 2015:

	Balances June 30, 2014	Additions	Retirements	Balances June 30, 2015
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 589,554	\$ -	\$ (201,809)	\$ 387,745
Construction in progress	5,013,049	3,112,047	(3,428,302)	4,696,794
Total capital assets, not being depreciated	<u>5,602,603</u>	<u>3,112,047</u>	<u>(3,630,111)</u>	<u>5,084,539</u>
Capital assets, being depreciated:				
Buildings and system	93,613,815	1,756,669	(137,061)	95,233,423
Vehicles, machinery and equipment	3,599,836	366,557	(213,033)	3,753,360
Total capital assets, being depreciated	<u>97,213,651</u>	<u>2,123,226</u>	<u>(350,094)</u>	<u>98,986,783</u>
Less accumulated depreciation for:				
Buildings and system	20,676,119	2,058,905	(70,059)	22,664,965
Vehicles, machinery and equipment	2,287,051	287,737	(213,033)	2,361,755
Total accumulated depreciation	<u>22,963,170</u>	<u>2,346,642</u>	<u>(283,092)</u>	<u>25,026,720</u>
Total capital assets, being depreciated, net	<u>74,250,481</u>	<u>(223,416)</u>	<u>(67,002)</u>	<u>73,960,063</u>
Business-type activities capital assets, net	<u>\$ 79,853,084</u>	<u>\$ 2,888,631</u>	<u>\$ (3,697,113)</u>	<u>\$ 79,044,602</u>
Intangible assets:				
Capacity reserve	\$ 42,981,457	\$ 2,789,045	\$ -	\$ 45,770,502
Retail distribution rights	2,502,788	-	-	2,502,788
Total intangible assets	<u>45,484,245</u>	<u>2,789,045</u>	<u>-</u>	<u>48,273,290</u>
Amortization of intangible assets:				
Capacity reserve	2,901,789	1,288,676	-	4,190,465
Retail distribution rights	750,837	50,056	-	800,893
Total amortization of intangible assets	<u>3,652,626</u>	<u>1,338,732</u>	<u>-</u>	<u>4,991,358</u>
Total intangible assets, net	<u>\$ 41,831,619</u>	<u>\$ 1,450,313</u>	<u>\$ -</u>	<u>\$ 43,281,932</u>
Total tangible and intangible assets, net	<u>\$ 121,684,703</u>	<u>\$ 4,338,944</u>	<u>\$ (3,697,113)</u>	<u>\$ 122,326,534</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

7. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 97,411
Public safety	401,947
Parks, streets and sanitation	<u>826,525</u>

Total depreciation expense – governmental activities	<u>\$ 1,325,883</u>
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Business-type activities:

Water and sewer	<u>\$ 2,346,642</u>
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Total depreciation expense – business-type activities	<u><u>\$ 2,346,642</u></u>
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Intangible Assets:

Purchase of Sewer Capacity

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. Accordingly, the costs incurred for the Town’s proportionate share in the plant, \$34,738,701 are being amortized over 30 years with amortization expense totaling \$1,125,838 recognized during the year ended June 30, 2015.

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, 2015, are being deferred until the Town connects to the line at which time the Town will begin to amortize the cost to operations of the System.

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

7. Capital Assets (Continued)

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, 2015. 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, 2015. 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, 2015.

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, 2015, net of accumulated amortization (\$1,701,895, 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, 2015.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt

The following is a summary of debt of the Town for the year ended June 30, 2015:

	<u>Balances</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental activities:</u>					
Short Term Debt:					
Bond anticipation note	\$ 3,300,000	\$ 6,790,000	\$ (3,300,000)	\$ 6,790,000	\$ 6,790,000
Total short term debt	3,300,000	6,790,000	3,300,000	6,790,000	6,790,000
Long Term Debt:					
Certificates of participation:					
Capital appreciation certificates	\$ 1,050,000	\$ -	\$ (210,000)	\$ 840,000	\$ 210,000
Less deferred amount:					
For issuance discount	(157,531)	-	52,966	(104,565)	-
Total certificates of participation	892,469	-	(157,034)	735,435	210,000
General obligation bonds	1,160,000	-	(160,000)	1,000,000	165,000
Note payable	102,750	-	(34,250)	68,500	34,250
Compensated absences	656,577	460,802	(437,006)	680,373	425,000
Governmental activities					
Long-term liabilities	<u>\$ 2,811,796</u>	<u>\$ 460,802</u>	<u>\$ (788,290)</u>	<u>\$ 2,484,308</u>	<u>\$ 834,250</u>
<u>Business-type activities:</u>					
Short Term Debt:					
Bond anticipation note	\$ 10,000,000	\$ 10,000,000	\$ (10,000,000)	\$ 10,000,000	\$ 10,000,000
BAN premium	47,790	161,100	(141,765)	67,125	67,125
Total short term debt	10,047,790	10,161,100	(10,141,765)	10,067,125	10,067,125
Long Term Debt:					
Revenue bonds payable:					
Revenue bonds	\$ 55,640,000	\$ -	\$ (1,090,000)	\$ 54,550,000	\$ 1,065,000
Less deferred amounts:					
For issuance discount	(73,111)	-	2,861	(70,250)	-
For issuance premium	445,417	-	(27,476)	417,941	-
Total revenue bonds payable	56,012,306	-	(1,114,615)	54,897,691	1,065,000
Contract and lease payable	1,347,669	-	(261,395)	1,086,274	263,875
Compensated absences	207,071	225,000	(214,835)	217,236	125,000
Business-type activities					
Long-term liabilities	<u>\$ 57,567,046</u>	<u>\$ 225,000</u>	<u>\$ (1,590,845)</u>	<u>\$ 56,201,201</u>	<u>\$ 1,453,875</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— 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, 2015, including interest components are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 210,000	\$ -	\$ 210,000
2017	210,000	-	210,000
2018	210,000	-	210,000
2019	210,000	-	210,000
Subtotal	840,000	-	840,000
Less: Deferred amount	(104,565)	-	(104,565)
Total	\$ 735,435	\$ -	\$ 735,435

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— 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, 2015, including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 165,000	\$ 20,000	\$ 185,000
2017	165,000	16,700	181,700
2018	165,000	13,400	178,400
2019	165,000	10,100	175,100
2020	170,000	6,800	176,800
2021	170,000	3,400	173,400
Total	<u>\$ 1,000,000</u>	<u>\$ 70,400</u>	<u>\$ 1,070,400</u>

Bond Anticipation Notes:

The Town issued General Obligation Bond Anticipation Note (BAN) Series 2015 during the year ended June 30, 2015. The note was issued to refund the General Obligation Bond Anticipation Note Series 2014 which was issued to defray a portion of the costs of certain off-street parking, certain street and road improvements and repairs, and other municipal

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt (Continued)

General Obligation Bonds and Bond Anticipation Notes

improvements in the Town of Lexington. The Series 2014 BAN had a principal amount of \$3,300,000. The Town used funds from an increase in franchise fees to pay down this debt. Therefore the Series 2015 BAN has a principal amount of \$2,640,000 and interest of 0.45% per annum due on January 15, 2016,

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 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 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, 2015, including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 34,250	\$ -	\$ 34,250
2017	34,250	-	34,250
Total	<u>\$ 68,500</u>	<u>\$ -</u>	<u>\$ 68,500</u>

Revenue Bonds and Bond Anticipation Notes

Pursuant to *Note 1* the Saxe Gotha Public Facilities Corporation (the “Corporation”) issued \$4,150,000 Revenue Bond Anticipation Notes (BAN) Series 2015 on the Town’s behalf. The notes are due on May 17, 2016 and carry an interest rate of 0.47% per annum. The proceeds of the 2015 Revenue BAN’s, net of costs of issuance, provided interim financing for the purchase of the TIF Bond from the Town in accordance with the terms of the Bond Purchase Agreement between the Town and the Corporation. The TIF Bond was issued to same date as the Revenue BAN’s in the original principal amount of \$4,000,000. Because the TIF Bond is a cash-flow obligation payable solely from available TIF Revenues, the TIF Bonds have a final maturity date of December 31, 2029. The Redevelopment Plan has a final stated termination date of December 31, 2029. After the termination date, TIF

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

revenues will no longer be available to pay debt service on the TIF Bond. The TIF Bond will bear rates of interest, including the initial rate of 9.8% that will be at rates that are deemed by the Town to be consistent with results of periodic reviews of forecasted and actual TIF Revenues, as well as debt service on the Revenue Bonds. The interest rate on the TIF Bond will be subject to adjustment as follows: the interest rate will be subject to adjustment, as required to assure that payment of principal and interest on the TIF bond, from its date of issuance to the earliest of the date of its maturity or the date of its retirement will be sufficient to reimburse the Corporation and the Town for the costs of debt service on the future Revenue Bonds. Interest on the TIF Bond is payable annually on each May 1, beginning May 1, 2016. Unpaid interest shall be treated as principal for purposes of determining the amount of interest due on the TIF Bond. All unpaid principal and accrued interest shall be due and payable on the TIF Bond Maturity Date. The Town may prepay the outstanding principal amount of the TIF Bond, in whole or in part, at any time without penalty or premium.

The financial obligations of the Town under the Deposit and Reimbursement Agreement do not constitute general obligations of the Town to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made by the Town Council to pay the reimbursement payments due in each fiscal year under the Deposit and Reimbursement Agreement. The Town's obligations under the Deposit and Reimbursement Agreement are from year to year only and do not constitute a mandatory payment obligation of the Town in any fiscal year in which funds are not appropriated by the Town to pay the reimbursement payments due in such fiscal year. The Town has no continuing obligation to appropriate funds to pay reimbursement payments due under the Deposit and Reimbursement Agreement and may terminate its obligations under the Deposit and Reimbursement Agreement on an annual basis without any penalty.

To secure its obligations under the Revenue Bonds, the Corporation has entered into the Trust Agreement, pursuant to which the Corporation has assigned to the Trustee (i) all right, title, and interest of the Corporation in and to the Revenues including, without limitation, amounts receivable by or on behalf of the Corporation under (a) the TIF Bond and (b) the Deposit and Reimbursement Agreement, and (ii) all moneys held by the Trustee in all funds and accounts created under the Trust Agreement (except the Rebate Fund).

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

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 of the enterprise fund. The Town is in compliance with all applicable bond covenants at June 30, 2015.

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, 2015 of \$1,340,000 (not including unamortized premium and deferred amount on refunding equaling \$51,629 and (\$1,280,979), respectively). Amortization of the premium and deferred amount equaled (\$3,082) and \$92,601, respectively.

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

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

Series 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, 2015 of \$11,340,231 (net of unamortized discount of (\$64,769)). Amortization of the discount equaled \$2,540.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

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 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, 2015 of \$16,811,557 (net of unamortized premium of \$146,557). 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, 2015 of \$12,114,755 (net of unamortized premium of \$219,755). 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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

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, 2015 of \$7,645,732 (net of unamortized discount of (\$4,268)). Amortization of the discount equaled \$250.

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.

Series 2014 Revenue Bonds

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2014 require semi-annual interest payments at the rate of 3.1% beginning August 1, 2014 and annual principal installments ranging from \$270,000 to \$365,000 beginning February 1, 2015 through 2032. The Series 2014 bonds were issued for \$5,915,000 with an outstanding balance at June 30, 2015 of \$5,535,893 (net of unamortized discount and deferred amount on refunding equaling (\$1,213) and (\$57,894),

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

respectively). Amortization of the discount and deferred amount equaled \$71 and \$4,320, respectively.

The Series 2014 Bonds were issued to refund the Series 2004 Revenue Bonds. The total debt service of the Series 2014 Bonds (principal and interest) savings compared to the total debt service requirements for the refunded Series 2004 Bonds were \$874,778. This resulted in a net present value benefit of \$631,178. The Series 2014 Bonds are callable at any time.

Forward Delivery Agreement

In conjunction with the issuance of the original Series 2004 Revenue Bonds, the Town entered into an agreement with a third party financial institution with a Moody's rating of Aa2 to provide for the Town to realize in the form of an up-front payment an estimated discounted value of investment of the Debt Service Reserve Fund at a specified rate. The net up-front payment was \$5,209. The financial institution must from time to time deliver to the Town's trustee for the Series 2004 Debt Service Reserve Fund securities that are either direct obligations of the United States of America or obligations unconditionally guaranteed by the United States which have an aggregate purchase price which is as close as possible to but does not exceed the reserve amount and which mature no later than the next interest payment date on the Series 2004 bonds. Interest earned on the securities delivered to the trustee accrues to the benefit of the Town. The contract provides that upon the occurrence of certain events including partial or completed termination (depletion of the reserve fund to pay debt service), or other defaults by the Town or the financial institution a termination amount may be required. Any termination amount required to be paid by the Town would be made from excess revenues of the system and would represent a junior lien on the gross revenues of the water and sewer utility. Were the Town to exercise an option to refund, defease, repurchase or redeem the Series 2004 Bonds, the agreement could require payment of a termination amount unless the debt service reserve fund for any new debt issued as part of any refunding or other redemption of the Series 2004 Bonds continues to be invested according to the terms of the agreement.

Upon issuance of the Series 2014 Revenue Bonds the Town and the financial institution have agreed to continue the Forward Delivery Agreement. The net cost of the continuance was \$10,000 to the Town.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt (Continued)

Revenue Bonds and Bond Anticipation Notes (Continued)

The annual debt service requirements to amortize all revenue bonds outstanding as of June 30, 2015 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,065,000	\$ 2,292,133	\$ 3,357,133
2017	1,110,000	2,251,963	3,361,963
2018	1,160,000	2,222,503	3,382,503
2019	1,200,000	2,187,388	3,387,388
2020	1,525,000	2,151,058	3,676,058
2021-2025	8,555,000	9,844,575	18,399,575
2026-2030	10,495,000	7,903,118	18,398,118
2031-2035	11,855,000	5,820,028	17,675,028
2036-2040	14,305,000	2,908,463	17,213,463
2041-2042	3,280,000	161,325	3,441,325
Subtotal	54,550,000	37,742,554	92,292,554
Less: Deferred amounts	347,691	-	347,691
Total	<u>\$ 54,897,691</u>	<u>\$ 40,037,651</u>	<u>\$ 92,640,245</u>

Prior Year Defeasance of Debt

In prior years, the Town defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2015, \$14,375,000 of bonds outstanding are considered defeased.

Bond Anticipation Notes:

The Town issued Combined Waterworks and Sewer System Revenue Bond Anticipation Note Series 2014 during the year ended June 30, 2015. The note was issued to refund the Town's Combined Waterworks and Sewer System Revenue Bond Anticipation Note Series 2013B which was issued to provide funds for the construction and acquisition of the Highway 378 Regional Pump Station, 14 Mile Creek Force Main upgrades, and various other capital improvements for the system. Principal of \$10,000,000 and interest of 0.25% per annum are due on December 1, 2015.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt (Continued)

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, 2015 for both the Contract Payable and the Capital Lease is \$1,086,274.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

8. Debt (Continued)

Contract Payable and Capital Lease (Continued)

The annual debt service requirements to amortize the contract payable as of June 30, 2015 including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 263,875	\$ 16,077	\$ 279,952
2017	274,383	12,172	286,555
2018	280,731	8,111	288,842
2019	267,285	3,955	271,240
Total	<u>\$ 1,086,274</u>	<u>\$ 40,315</u>	<u>\$ 1,126,589</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 \$527,122 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, 2015, follows:

<u>Business-type activities:</u>	
Capital contribution fees received	\$ 1,996,100
Capital asset contributions from developers	<u>906,301</u>
Total capital contribution fees and capital asset contributions recognized	<u><u>\$ 2,902,401</u></u>

The Town has outstanding contracts that allow certain developers to pay capital contribution fees on an installment basis. Total capital contribution fees outstanding approximate \$2,812,829 at June 30, 2015, 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, 2015

— 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:

On December 14, 2015, the Town was served with a lawsuit filed by Carolina Water Service, Inc. The suit seeks injunctive relief ordering the Town of Lexington to allow Carolina Water Service to connect to the Town sewer system for the purpose of disposing of sewage from the Carolina Water Service I-20 plant. As an alternative remedy to interconnection, Carolina Water Service is asking the Federal Court to declare invalid certain bond covenants restricting private use of the Town's sewer system which relate to bonds issued by the Town to finance the sewer system. The Town's position is that the covenants in the bonds restricting the use of the proceeds for the benefit of private activity are mandatory, based on federal tax law. This suit is in its infancy, and the Town is hiring outside Counsel to defend the suit.

Other than as noted above, the Town is involved in litigation that occurs normally in the course of municipal business. 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, 2015, the number of unredeemed capital contribution certificates representing future taps into the system is approximately 2,113.

Additionally, the Town has outstanding commitments to contractors and others for approximately \$2,296,814.

Wastewater Treatment Service Agreement:

As discussed in *Note 7*, 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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

11. Commitments (Continued)

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. Wholesale sewer rates are determined by a formula that both parties agreed to, as described in the agreement.

During the year ended June 30, 2010 the Town entered into an agreement with the City of Cayce to build a new wastewater treatment facility and closeout of the old facility. Construction of the new facility has been completed and any remaining amounts required for related costs will be paid entirely from restricted funds escrowed for the express purpose of paying costs of the new facility (*See Note 6*). 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. Work on this project is 90% complete at June 30, 2015.

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

12. Employee Retirement -- Pensions

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 cost sharing, multiple employer defined benefit public employee retirement systems administered by the Retirement Benefits Division of the South Carolina Public Employee Benefit Authority (PEBA).

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to: The South Carolina Public Employee Benefit Authority, PO Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Town employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or qualify for the Police Officers Retirement System (PORS). Full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. The SCRS and PORS plans provide life-time monthly retirement annuity benefits to eligible members as well as disability, survivor options, annual benefit adjustments, and incidental death benefits to eligible employees and retired members.

The Town's total payroll for the year ended June 30, 2015, for employees enrolled in the SCRS and PORS, was approximately \$7,976,727, of which \$5,048,629 was for substantially all employees covered by the SCRS and \$2,928,098 was for PORS covered employees. The amounts paid by the Town for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full service retirement annuity effective

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

12. Employee Retirement – Pensions (Continued)

since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Under the PORS, Class II members are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits for the PORS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have a minimum of eight years of credited service. For disability applications received after December 31, 2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

12. Employee Retirement – Pensions (Continued)

An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined. State statutes also determine the levels of contributions required. Non-public safety members are required to contribute 8.0 percent of their compensation. Under this system, the Town's contributions were 10.9 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, 2015, 2014, and 2013 were \$550,862, \$508,085, and \$496,400, respectively, which equal 100% of required contributions. For public safety employees, amounts equaled 8.41 percent for member employees' contributions and 13.41 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, 2015, 2014, and 2013 were \$392,658, \$360,672, and \$328,593, 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, 2015

— Continued —

12. Employee Retirement – Pensions (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2015, the Town reported a liability of \$8,526,516 and \$5,063,107 for its proportionate share of the net pension liability of SCRS and PORS, respectively. The net pension liability was determined based on July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating jurisdictions actuarially determined. At June 30, 2014 the Town's proportion of SCRS was 0.052853% and of PORS was 0.23355%.

For the year ended June 30, 2015, the Town recognized pension expense of \$637,774 for SCRS and \$391,165 for PORS. At June 30, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	SCRS	PORS	SCRS	PORS
Difference between expected and actual Experience	\$257,843	\$119,313	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	-	767,157	517,338
Town contributions subsequent to the measurement date	550,862	392,658	-	-
Total	<u>\$257,843</u>	<u>\$511,971</u>	<u>\$767,157</u>	<u>\$517,338</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Net</u>
2016	\$ (112,036)	\$ (98,392)	\$ (210,428)
2017	(112,036)	(98,392)	(210,428)
2018	(112,036)	(98,392)	(210,428)
2019	(173,207)	(102,848)	(276,055)
	<u>\$ (509,315)</u>	<u>\$ (398,024)</u>	<u>\$ (907,339)</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

12. Employee Retirement – Pensions (Continued)

The following table provides a summary of the actuarial assumption and methods used in the July 1, 2013 valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	Levels off at 3.5%	Levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	Lesser of 1% of \$500	Lesser of 1% or \$500

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and member of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

12. Employee Retirement – Pensions (Continued)

income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgement.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	0.3%	0.01%
Short Duration	3.0%	0.6%	0.02%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	1.1%	0.08%
High Yield	2.0%	3.5%	0.07%
Bank Loans	4.0%	2.8%	0.11%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.8%	0.02%
Emerging Markets Debt	6.0%	4.1%	0.25%
Global Public Equity	31.0%	7.8%	2.42%
Global Tactical Asset Allocation	10.0%	5.1%	0.51%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4%	0.32%
Private Debt	7.0%	10.2%	0.71%
Private Equity	9.0%	10.2%	0.92%
Real Estate (Broad Market)	5.0%	5.9%	0.29%
Commodities	3.0%	5.1%	0.15%
Total Expected Real Return	100.0%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Normal Return			8.63%

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

12. Employee Retirement – Pensions (Continued)

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 11,775,361	\$ 9,115,790	\$ 6,867,128
PORS	6,248,309	4,473,833	3,000,690

Detailed information regarding the pension plans’ fiduciary net position is available in the separately issued South Carolina Public Employee Benefit Authority Comprehensive Annual Financial Report at www.retirement.sc.gov.

Deferred Compensation Plans

Several optional deferred compensation plans are available to state employees and employers of its political subdivisions. Certain employees of the Town have elected to participate. The multiple-employers plans, create under Internal Revenue Sections 457, 401(k), and 403(b), are administrated by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate state employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

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

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 2015, 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 FY15 the Town's annual OPEB cost was \$54,884 for the Plan and the ARC is \$52,600. The following table shows the Town's annual OPEB cost for the year ended June 30, 2015:

Normal Cost	\$ 41,800
Amortization of Unfunded Accrued Liability (UAL)	<u>10,800</u>
Total Annual Required Contribution (ARC)	\$ 52,600
Interest on Net OPEB Obligation	9,284
Adjustment to the ARC	<u>(7,000)</u>
Net OPEB Cost	<u>\$ 54,884</u>

The Town implemented GASB Statement No 45 in FY10. The Town's annual OPEB costs, the percentage of annual OPEB costs contributed to the Plan and the net OPEB (obligation) asset for the last 5 years ended June 30, are 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)
June 30, 2014	\$49,700	0.0%	(\$232,100)
June 30, 2015	\$54,884	0.0%	(\$286,983)

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

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

At June 30, 2015, the actuarial accrued liability for benefits (AAL) was \$286,983 with \$ 0 in Plan assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$286,983. 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 \$7,976,727, and the ratio of the UAAL to covered payroll was 3.6%.

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, 2015 was 24 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, 2015

— 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 OneBeacon Government Risk. 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 Arthur J. Gallagher Risk Management Services, Inc. for general insurance coverage, totaling approximately \$223,297 in the 2015 fiscal year.

The Town provides for the administration of a plan providing health and dental coverage for all employees through the Employee Insurance Program (EIP). The Town's payments to the EIP plan approximated \$1,231,806 during the year.

The Town participated in the South Carolina Municipal Insurance Trust (SCMIT) for its workers' compensations insurance program through December 31, 2014. 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 \$211,926 during the year. From January 1, through June 30, 2015 the town maintained its workers compensation insurance through the State Accident Fund. The Town paid the State Accident Fund \$95,241 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. Restatement

The Town implemented the provisions of GASB 68 *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* during the current

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2015

— Continued —

15. Restatement (Continued)

year. The implementation requires the Town to restate its beginning net position. The balances that were affected are as follows:

	Governmental Activities	Business Type Activities
Audited net position as of June 30, 2014	\$ 25,586,213	\$ 75,428,917
Pension liability and deferred items	(8,476,479)	(4,991,542)
Restated net position as of June 30, 2014	\$ 17,109,734	\$ 70,437,375

16. Subsequent Events

Record rainfall the weekend of October 3, 2015 caused severe flooding in South Carolina. The Town incurred an estimated \$2,000,000, including approximately \$250,000 attributable to the Enterprise Fund, of damages including the costs of the initial response; roads signs, and bridges; water control facilities; buildings and equipment; public utilities; and park damage. The largest single item is the Gibson Pond Park Dam which is estimated at over \$1,200,000 to repair. Assistance will be sought from FEMA to help fund needed repairs which may cover up to 75% of the costs.

On December 2, 2015, the Town issued \$10,000,000 Combined Waterworks and Sewer System Revenue Bond Anticipation Notes (BAN), Series 2015. This series refunded the \$10,000,000 Series 2014 BAN's. These BAN's were issued to fund capital improvements to the Town's Combined Waterworks and Sewer System.

On January 15, 2016, the Town anticipates issuing \$1,590,000 General Obligation Bond Anticipation Notes (BAN). This BAN along with general fund monies will be issued to currently refund the 2015 BAN that was issued to fund street and road improvements and repairs, and other infrastructure and municipal improvements, including off-street parking.

Subsequent events were evaluated through December 17, 2015. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Lexington, South Carolina

**General Fund
Budgetary Comparison Schedule**

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 3,490,000	\$ 3,490,000	\$ 3,408,719	\$ (81,281)
Franchises, licenses, permits and fees	5,855,000	5,855,000	7,324,467	1,469,467
Other governments	448,000	448,000	419,223	(28,777)
Fines and forfeitures	340,080	340,080	320,303	(19,777)
Interest income	5,000	5,000	6,490	1,490
Miscellaneous	110,000	110,000	121,838	11,838
Total revenues	<u>10,248,080</u>	<u>10,248,080</u>	<u>11,601,040</u>	<u>1,352,960</u>
EXPENDITURES				
General Government				
Council				
Personnel	70,706	70,706	67,048	3,658
Operations	111,852	111,852	153,295	(41,443)
Administration				
Personnel	573,678	573,678	687,173	(113,495)
Operations	157,895	157,895	150,783	7,112
Finance				
Personnel	202,688	202,688	202,576	112
Operations	30,442	30,442	36,599	(6,157)
Planning, building, and technology				
Personnel	762,310	762,310	738,770	23,540
Operations	343,173	343,173	336,659	6,514
Total general government	<u>2,252,744</u>	<u>2,252,744</u>	<u>2,372,903</u>	<u>(120,159)</u>
Public safety				
Personnel	4,455,926	4,455,926	4,175,764	280,162
Operations	547,885	547,885	486,736	61,149
Parks, streets, and sanitation				
Personnel	999,786	984,286	1,023,429	(23,643)
Operations	1,307,238	1,307,238	1,322,793	(15,555)
Total operating expenditures	<u>9,563,579</u>	<u>9,548,079</u>	<u>9,381,625</u>	<u>100,993</u>
Capital outlay:				
General government	80,525	80,525	111,496	(30,971)
Public safety	304,623	304,623	289,073	15,550
Parks, streets, and sanitation	22,865	38,365	42,771	(4,406)
Total capital outlay	<u>408,013</u>	<u>423,513</u>	<u>443,340</u>	<u>(19,827)</u>
Total expenditures	<u>9,971,592</u>	<u>9,971,592</u>	<u>9,824,965</u>	<u>81,166</u>
Excess (deficiency) of revenues over expenditures	<u>276,488</u>	<u>276,488</u>	<u>1,776,075</u>	<u>1,434,126</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	4,932	4,932
Transfers in	30,000	30,000	-	(30,000)
Transfers out	(470,193)	(470,193)	(1,844,219)	(1,374,026)
Total other financing source (uses)	<u>(440,193)</u>	<u>(440,193)</u>	<u>(1,839,287)</u>	<u>(1,399,094)</u>
Net change in fund balances	(163,705)	(163,705)	(63,212)	35,032
Fund balances - beginning	3,915,497	3,915,497	3,915,497	-
Fund balances - ending	<u>\$ 3,751,792</u>	<u>\$ 3,751,792</u>	<u>\$ 3,852,285</u>	<u>\$ 35,032</u>

***Notes to required supplementary information:*

Budgets are adopted on a basis consistent with accounting principals generally accepted in the United States of America

Town of Lexington, South Carolina

Pension Plan Schedule of Proportionate Share of the Net Pension Liability

	2015	2014
South Carolina Retirement System		
Town's proportion of the net pension liability	0.052853%	0.052853%
Town's proportionate share of the net pension liability	\$ 9,115,790	\$ 9,099,534
Town's covered-employee payroll	\$ 5,048,629	\$ 4,793,251
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	180.56%	189.84%
Plan fiduciary net position as a percentage of the total pension liability	59.92%	56.39%
 South Carolina Police Officers Retirement System		
Town's proportion of the net pension liability	0.23355%	0.23355%
Town's proportionate share of the net pension liability	\$ 4,473,833	\$ 4,471,088
Town's covered-employee payroll	\$ 2,928,098	\$ 2,808,975
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	152.79%	159.17%
Plan fiduciary net position as a percentage of the total pension liability	67.55%	62.98%

* - The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Town implemented GASB 68 during fiscal year 2015. As such, only the last two years of information is available

Town of Lexington, South Carolina

**Pension Plan
Schedule of Contributions**

	2015	2014
South Carolina Retirement System		
Contractually required contributions	\$ 550,862	\$ 508,085
Contributions in relation to the contractually required	(550,862)	(508,085)
Contribution deficiency/(excess)	\$ -	\$ -
Town covered-employee payroll	\$ 5,048,629	\$ 4,793,251
Contributions as a percentage of covered-employee payroll	10.91%	10.60%
South Carolina Police Officers Retirement System		
Contractually required contributions	\$ 392,658	\$ 360,672
Contributions in relation to the contractually required	(392,658)	(360,672)
Contribution deficiency/(excess)	\$ -	\$ -
Town covered-employee payroll	\$ 2,928,098	\$ 2,808,975
Contributions as a percentage of covered-employee payroll	13.41%	12.84%

* - The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of the day, projected forward to June 30 of the previous year. Additionally, the Town implemented GASB 68 during fiscal year 2015. As such, only the last two years of information is available

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
2014	49,400	7,300	(7,000)	49,700	-	232,100
2015	52,600	9,284	(7,000)	54,884	-	286,983

OTHER FINANCIAL INFORMATION

COMBINING 'NON-MAJOR' GOVERNMENTAL FINANCIAL
STATEMENTS

Town of Lexington, South Carolina

Non-Major Governmental Funds
Combining Balance Sheet
Summary by Fund Type

June 30, 2015

	Special revenue funds	Debt service funds	Capital projects funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and temporary investments	\$ 243,392	\$ 612,540	\$ -	\$ 855,932
Receivables, net	6,500	-	-	6,500
Due from other governments	269,655	-	-	269,655
Restricted - cash and temporary investments	721,163	228,322	373,075	1,322,560
Total assets	<u>\$ 1,240,710</u>	<u>\$ 840,862</u>	<u>\$ 373,075</u>	<u>\$ 2,454,647</u>
LIABILITIES				
Accounts payable	\$ 31,974	\$ -	\$ 59,509	\$ 91,483
Accrued payroll liabilities	1,772	-	-	1,772
Construction payables	38,386	-	68,585	106,971
Due to other funds	507,922	-	-	507,922
Total liabilities	<u>580,054</u>	<u>-</u>	<u>128,094</u>	<u>708,148</u>
FUND BALANCES (DEFICITS)				
Restricted	510,103	228,322	292,720	1,031,145
Assigned	153,035	612,540	-	765,575
Unassigned	(2,482)	-	(47,739)	(50,221)
Total fund balances (deficits)	<u>660,656</u>	<u>840,862</u>	<u>244,981</u>	<u>1,746,499</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,240,710</u>	<u>\$ 840,862</u>	<u>\$ 373,075</u>	<u>\$ 2,454,647</u>

Town of Lexington, South Carolina

**Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Summary by Fund Type**

For the Year Ended June 30, 2015

	Special revenue funds	Debt service funds	Capital projects funds	Total Nonmajor Governmental Funds
REVENUES				
Grant revenue	\$ 143,617	\$ -	\$ -	\$ 143,617
Road assessment	38,305	-	-	38,305
Alcohol permits	58,600	-	-	58,600
Fines and forfeitures	48,220	-	-	48,220
Interest income	1,641	4	-	1,645
Accommodations tax	169,386	-	-	169,386
Other income	112,987	-	1,736	114,723
Total revenues	<u>572,756</u>	<u>4</u>	<u>1,736</u>	<u>574,496</u>
EXPENDITURES				
Current:				
General government	40,811	-	-	40,811
Public Safety	126,111	-	-	126,111
Parks, streets and sanitation	7,461	-	1,820	9,281
Victim's assistance	70,218	-	-	70,218
Tourism related	83,747	-	-	83,747
Debt service:				
Administrative charges	-	1,496	-	1,496
Interest	-	146,950	-	146,950
Principal retirement	-	389,250	-	389,250
Capital outlay:				
Parks, streets and sanitation	58,357	-	150,188	208,545
Total expenditures	<u>386,705</u>	<u>537,696</u>	<u>152,008</u>	<u>1,076,409</u>
Excess (deficiency) of revenues over expenditures	<u>186,051</u>	<u>(537,692)</u>	<u>(150,272)</u>	<u>(501,913)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources - bond premium	-	-	2,500	2,500
Other financing sources - BAN issuance	-	2,640,000	-	2,640,000
Other financing uses - BAN repayment	-	(3,300,000)	-	(3,300,000)
Sale of capital assets	(236,612)	-	236,612	-
Bond issuance costs	-	-	(55,019)	(55,019)
Transfers in	410,178	1,825,842	650,175	2,886,195
Transfers out	(137,207)	-	(770,000)	(907,207)
Total other financing source (uses)	<u>36,359</u>	<u>1,165,842</u>	<u>64,268</u>	<u>1,266,469</u>
Net change in fund balances	222,410	628,150	(86,004)	764,556
Fund balances - beginning	438,246	212,712	330,985	981,943
Fund balances - ending	<u>\$ 660,656</u>	<u>\$ 840,862</u>	<u>\$ 244,981</u>	<u>\$ 1,746,499</u>

INDIVIDUAL FUND STATEMENTS
AND
SCHEDULES

Town of Lexington, South Carolina

General Fund Balance Sheet

June 30, 2015

(With comparative amounts at June 30, 2014)

	2015	2014
ASSETS		
Cash and temporary investments	\$ 1,556,549	\$ 3,005,501
Receivables, net	2,034,038	292,607
Due from other funds	581,343	1,163,574
Prepaid items	89,549	9,580
Due from other governments	147,012	140,438
Total assets	<u>\$ 4,408,491</u>	<u>\$ 4,611,700</u>
LIABILITIES		
Accounts payable	\$ 263,294	\$ 433,258
Accrued payroll liabilities	168,683	133,554
Other liabilities	36,137	30,480
Total liabilities	<u>468,114</u>	<u>597,292</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue -- property taxes	88,092	98,911
Total deferred inflow of resources	<u>88,092</u>	<u>98,911</u>
Total liabilities and deferred inflows of resources	<u>556,206</u>	<u>696,203</u>
FUND BALANCES (DEFICITS)		
Nonspendable	89,549	9,580
Committed	-	330,000
Unassigned	3,762,736	3,575,917
Total fund balances (deficits)	<u>3,852,285</u>	<u>3,915,497</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,408,491</u>	<u>\$ 4,611,700</u>

Town of Lexington, South Carolina

**General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Final Budget (GAAP Basis) and Actual**

For the Year Ended June 30, 2015

(With comparative actual amounts for the year ended June 30, 2014)

	2015		Variance Positive (Negative)	2014
	Budget	Actual		Actual
REVENUES				
Property taxes	\$ 3,490,000	\$ 3,408,719	\$ (81,281)	\$ 3,291,130
Franchises, licenses, permits and fees	5,855,000	7,324,467	1,469,467	5,451,208
Other governments	448,000	419,223	(28,777)	418,627
Fines and forfeitures	340,080	320,303	(19,777)	317,844
Interest income	5,000	6,490	1,490	1,718
Miscellaneous	110,000	121,838	11,838	102,590
Total revenues	<u>10,248,080</u>	<u>11,601,040</u>	<u>1,352,960</u>	<u>9,583,117</u>
EXPENDITURES				
General government				
Council				
Personnel	70,706	67,048	3,658	60,882
Operations	111,852	153,295	(41,443)	93,136
Administration				
Personnel	573,678	687,173	(113,495)	698,308
Operations	157,895	150,783	7,112	150,431
Finance				
Personnel	202,688	202,576	112	203,656
Operations	30,442	36,599	(6,157)	32,642
Planning, building, and technology				
Personnel	762,310	738,770	23,540	673,424
Operations	343,173	336,659	6,514	318,090
Total general government	<u>2,252,744</u>	<u>2,372,903</u>	<u>(120,159)</u>	<u>2,230,569</u>
Public safety				
Personnel	4,455,926	4,175,764	280,162	3,896,516
Operations	547,885	486,736	61,149	462,726
Parks, streets, and sanitation				
Personnel	984,286	1,023,429	(39,143)	984,796
Operations	1,307,238	1,322,793	(15,555)	1,269,366
Total expenditures	<u>9,548,079</u>	<u>9,381,625</u>	<u>166,454</u>	<u>8,843,973</u>
Capital outlay:				
General government	80,525	111,496	(30,971)	281,791
Public safety	304,623	289,073	15,550	314,437
Parks, streets, and sanitation	38,365	42,771	(4,406)	87,158
Total capital outlay	<u>423,513</u>	<u>443,340</u>	<u>(19,827)</u>	<u>683,386</u>
Total expenditures	<u>9,971,592</u>	<u>9,824,965</u>	<u>146,627</u>	<u>9,527,359</u>
Excess (deficiency) of revenues over expenditures	<u>276,488</u>	<u>1,776,075</u>	<u>1,499,587</u>	<u>55,758</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	4,932	4,932	23,337
Transfers in	30,000	-	(30,000)	58,911
Transfers out	(470,193)	(1,844,219)	(1,374,026)	(516,009)
Total other financing source (uses)	<u>(440,193)</u>	<u>(1,839,287)</u>	<u>(1,399,094)</u>	<u>(433,761)</u>
Net change in fund balances	(163,705)	(63,212)	100,493	(378,003)
Fund balances - beginning	3,915,497	3,915,497	-	4,293,500
Fund balances - ending	<u>\$ 3,751,792</u>	<u>\$ 3,852,285</u>	<u>\$ 100,493</u>	<u>\$ 3,915,497</u>

Budgets are adopted on a basis consistent with accounting principals generally accepted in the United States of America

Town of Lexington, South Carolina

**TIF District
Balance Sheet**

June 30, 2015

(With comparative amounts at June 30, 2014)

	TIF DISTRICT	
	2015	2014
ASSETS		
Restricted - cash and temporary investments	\$ 3,989,889	\$ -
Total assets	<u>\$ 3,989,889</u>	<u>\$ -</u>
LIABILITIES		
Due to other funds	\$ 73,421	\$ -
Revenue bonds payable	4,150,000	-
Total liabilities	<u>4,223,421</u>	<u>-</u>
FUND BALANCES (DEFICITS)		
Unassigned	(233,532)	-
Total fund balances (deficits)	<u>(233,532)</u>	<u>-</u>
Total liabilities and fund balances (deficits)	<u>\$ 3,989,889</u>	<u>\$ -</u>

Town of Lexington, South Carolina

TIF District

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2015

(With comparative total amounts for the year ended June 30, 2014)

	2015	2014
REVENUES		
Interest income	\$ 2	\$ -
Total revenues	2	-
 EXPENDITURES		
Current:		
General government	133,092	-
Total expenditures	133,092	-
Excess (deficiency) of revenues over expenditures	(133,090)	-
 OTHER FINANCING SOURCES (USES)		
Other financing sources (uses)	59,671	-
Bond issuance costs	(160,113)	-
Total other financing source (uses)	(100,442)	-
Net change in fund balances	(233,532)	-
Fund balances - beginning	-	-
Fund balances - ending	\$ (233,532)	\$ -

Town of Lexington, South Carolina

**Special Revenue Funds
Combining Balance Sheet**

June 30, 2015

(With comparative total amounts at June 30, 2014)

	Alcohol Permits	Drug Fund	Police Grants	Victims' Assistance	Gateway Beautification	Welcome Signs	Waterline Upgrade
ASSETS							
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ 82,782	\$ -	\$ -
Receivables, net	-	-	-	-	6,500	-	-
Due from other governments	12,151	-	26,513	-	177,293	-	985
Restricted - cash and temporary investments	-	20,936	8,448	3,996	-	-	-
Total assets	<u>\$ 12,151</u>	<u>\$ 20,936</u>	<u>\$ 34,961</u>	<u>\$ 3,996</u>	<u>\$ 266,575</u>	<u>\$ -</u>	<u>\$ 985</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 411	\$ 372	\$ -	\$ -	\$ 482
Accrued payroll liabilities	-	-	-	1,772	-	-	-
Construction payables	-	-	-	-	-	-	-
Due to other funds	77,379	-	26,214	-	266,575	2,000	985
Total liabilities	<u>77,379</u>	<u>-</u>	<u>26,625</u>	<u>2,144</u>	<u>266,575</u>	<u>2,000</u>	<u>1,467</u>
FUND BALANCES (DEFICITS)							
Restricted	(65,228)	20,936	8,336	1,852	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(2,000)	(482)
Total fund balances (deficits)	<u>(65,228)</u>	<u>20,936</u>	<u>8,336</u>	<u>1,852</u>	<u>-</u>	<u>(2,000)</u>	<u>(482)</u>
Total liabilities and fund balances (deficits)	<u>\$ 12,151</u>	<u>\$ 20,936</u>	<u>\$ 34,961</u>	<u>\$ 3,996</u>	<u>\$ 266,575</u>	<u>\$ -</u>	<u>\$ 985</u>

								TOTALS	
14 Mile Creek Trail Grant	Sidewalk Fund	Accommodations Tax	Golden Hills Tax District	Hospitality Tax	Vision Plan	Veterans Monument	Park Improvements	2015	2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,914	\$ -	\$ 8,696	\$ 243,392	\$ 483,653
-	-	-	-	-	-	-	-	6,500	-
-	-	52,713	-	-	-	-	-	269,655	435,058
134,769	96,937	208,972	79,024	139,703	1,121	17,950	9,307	721,163	410,685
<u>\$ 134,769</u>	<u>\$ 96,937</u>	<u>\$ 261,685</u>	<u>\$ 79,024</u>	<u>\$ 139,703</u>	<u>\$ 153,035</u>	<u>\$ 17,950</u>	<u>\$ 18,003</u>	<u>\$ 1,240,710</u>	<u>\$ 1,329,396</u>
\$ -	\$ -	\$ -	\$ 30,709	\$ -	\$ -	\$ -	\$ -	\$ 31,974	\$ 95,889
-	-	-	-	-	-	-	-	1,772	-
-	-	-	38,386	-	-	-	-	38,386	60,554
134,769	-	-	-	-	-	-	-	507,922	734,707
<u>134,769</u>	<u>-</u>	<u>-</u>	<u>69,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,054</u>	<u>891,150</u>
-	96,937	261,685	9,929	139,703	-	17,950	18,003	510,103	933,099
-	-	-	-	-	153,035	-	-	-	37
-	-	-	-	-	-	-	-	153,035	-
-	96,937	261,685	9,929	139,703	153,035	17,950	18,003	(2,482)	(494,890)
<u>\$ 134,769</u>	<u>\$ 96,937</u>	<u>\$ 261,685</u>	<u>\$ 79,024</u>	<u>\$ 139,703</u>	<u>\$ 153,035</u>	<u>\$ 17,950</u>	<u>\$ 18,003</u>	<u>\$ 1,240,710</u>	<u>\$ 1,329,396</u>

Town of Lexington, South Carolina

Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2015

(With comparative total amounts for the year ended June 30, 2014)

	Alcohol Permits	Drug Fund	Police Grants	Victims' Assistance	Gateway Beautification	Welcome Signs	Waterline Upgrade
REVENUES							
Grant revenue	\$ -	\$ -	\$ 112,991	\$ -	\$ -	\$ -	\$ 12,402
Road assessment	-	-	-	-	-	-	-
Alcohol permits	58,600	-	-	-	-	-	-
Fines and forfeitures	-	6,893	-	41,327	-	-	-
Interest income	-	53	26	(27)	-	-	-
Accommodations tax	-	-	-	-	-	-	-
Other income	-	-	16,929	-	-	-	-
Total revenues	58,600	6,946	129,946	41,300	-	-	12,402
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	1,158	124,953	-	-	-	-
Parks, streets and sanitation	-	-	-	-	-	2,000	1,467
Victim's assistance	-	-	-	70,218	-	-	-
Tourism related	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Parks, streets and sanitation	-	-	-	-	(59,052)	-	-
Total expenditures	-	1,158	124,953	70,218	(59,052)	2,000	1,467
Excess (deficiency) of revenues over expenditures	58,600	5,788	4,993	(28,918)	59,052	(2,000)	10,935
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	27,627	122,782	-	-
Transfers out	(34,249)	-	-	-	-	-	-
Total other financing source (uses)	(34,249)	-	-	27,627	122,782	-	-
Net change in fund balances	24,351	5,788	4,993	(1,291)	181,834	(2,000)	10,935
Fund balances - beginning	(89,579)	15,148	3,343	3,143	(181,834)	-	(11,417)
Fund balances - ending	\$ (65,228)	\$ 20,936	\$ 8,336	\$ 1,852	\$ -	\$ (2,000)	\$ (482)

14 Mile Creek Trail Grant	Sidewalk Fund	Accommodations Tax	Golden Hills Tax District	Hospitality Tax	Vision Plan	Veterans Monument	Park Improvements	TOTALS	
								2015	2014
\$ 694	\$ 17,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,617	\$ 847,498
-	-	-	38,305	-	-	-	-	38,305	20,160
-	-	-	-	-	-	-	-	58,600	44,900
-	-	-	-	-	-	-	-	48,220	48,524
-	292	594	156	425	-	60	62	1,641	158,912
-	-	169,386	-	-	-	-	-	169,386	1,704
-	-	-	40,000	-	11,495	-	44,563	112,987	86,062
694	17,822	169,980	78,461	425	11,495	60	44,625	572,756	1,207,760
-	-	-	-	-	40,811	-	-	40,811	67,838
-	-	-	-	-	-	-	-	126,111	284,706
1,971	-	-	-	-	-	-	2,023	7,461	16,398
-	-	-	-	-	-	-	-	70,218	62,515
-	-	83,747	-	-	-	-	-	83,747	117,156
-	-	-	-	-	-	-	-	-	5,284
694	-	-	69,095	-	-	-	47,620	58,357	1,440,371
2,665	-	83,747	69,095	-	40,811	-	49,643	386,705	1,994,268
(1,971)	17,822	86,233	9,366	425	(29,316)	60	(5,018)	186,051	(786,508)
-	-	-	-	-	(236,612)	-	-	(236,612)	236,612
134,769	-	-	100,000	-	25,000	-	-	410,178	194,501
-	-	-	(20,175)	-	(82,783)	-	-	(137,207)	(164,119)
134,769	-	-	79,825	-	(294,395)	-	-	36,359	266,994
132,798	17,822	86,233	89,191	425	(323,711)	60	(5,018)	222,410	(519,514)
(132,798)	79,115	175,452	(79,262)	139,278	476,746	17,890	23,021	438,246	957,760
\$ -	\$ 96,937	\$ 261,685	\$ 9,929	\$ 139,703	\$ 153,035	\$ 17,950	\$ 18,003	\$ 660,656	\$ 438,246

Town of Lexington, South Carolina

**Special Revenue - Victims' Assistance
Budgetary Comparison Schedule**

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 41,000	\$ 41,000	\$ 41,327	\$ 327
Interest income	-	-	(27)	(27)
Total revenues	<u>41,000</u>	<u>41,000</u>	<u>41,300</u>	<u>300</u>
EXPENDITURES				
Victim's assistance	68,627	68,627	70,218	(1,591)
Total expenditures	<u>68,627</u>	<u>68,627</u>	<u>70,218</u>	<u>(1,591)</u>
Excess (deficiency) of revenues over expenditures	<u>(27,627)</u>	<u>(27,627)</u>	<u>(28,918)</u>	<u>(1,291)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	27,627	27,627	27,627	-
Total other financing source (uses)	<u>27,627</u>	<u>27,627</u>	<u>27,627</u>	<u>-</u>
Net change in fund balances	-	-	(1,291)	(1,291)
Fund balances - beginning	3,143	3,143	3,143	-
Fund balances - ending	<u>\$ 3,143</u>	<u>\$ 3,143</u>	<u>\$ 1,852</u>	<u>\$ (1,291)</u>

Budgets are adopted on a basis consistent with accounting principals generally accepted in the United States of America

Town of Lexington, South Carolina

**Debt Service Fund
Balance Sheet**

June 30, 2015

(With comparative amounts at June 30, 2014)

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and temporary investments	\$ 612,540	\$ 806
Restricted - cash and temporary investments	228,322	212,712
Total assets	<u>\$ 840,862</u>	<u>\$ 213,518</u>
LIABILITIES		
Due to other funds	-	806
Total liabilities	<u>-</u>	<u>806</u>
FUND BALANCES		
Restricted	228,322	212,712
Assigned	612,540	-
Total fund balances (deficits)	<u>840,862</u>	<u>212,712</u>
Total liabilities and fund balances (deficits)	<u>\$ 840,862</u>	<u>\$ 213,518</u>

Town of Lexington, South Carolina

**Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual**

For the Year Ended June 30, 2015

(With comparative actual amounts for the year ended June 30, 2014)

	2015		Variance Favorable (Unfavorable)	2014
	Budget	Actual		
REVENUES				
Interest income	\$ -	\$ 4	\$ 4	\$ 6
Total revenues	<u>-</u>	<u>4</u>	<u>4</u>	<u>6</u>
EXPENDITURES				
Administrative charges	-	1,496	(1,496)	1,166
Interest	-	146,950	(146,950)	26,299
Principal retirement	451,816	389,250	62,566	399,250
Total expenditures	<u>451,816</u>	<u>537,696</u>	<u>(85,880)</u>	<u>426,715</u>
Excess (deficiency) of revenues over expenditures	<u>(451,816)</u>	<u>(537,692)</u>	<u>(85,876)</u>	<u>(426,709)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources - BAN issuance	-	2,640,000	(2,640,000)	-
Other financing uses - BAN repayment	-	(3,300,000)	3,300,000	-
Transfers in	451,816	1,825,842	1,374,026	426,716
Total other financing source (uses)	<u>451,816</u>	<u>1,165,842</u>	<u>2,034,026</u>	<u>426,716</u>
Net change in fund balances	-	628,150	1,948,150	7
Fund balances - beginning	212,712	212,712	-	212,705
Fund balances - ending	<u>\$ 212,712</u>	<u>\$ 840,862</u>	<u>\$ 1,948,150</u>	<u>\$ 212,712</u>

Budgets are adopted on a basis consistent with accounting principals generally accepted in the United States of America

Town of Lexington, South Carolina

**Capital Projects Funds
Combining Balance Sheet**

June 30, 2015

(with comparative total amounts at June 30, 2014)

	Streets and Infrastructure	Gibson Pond	Downtown Development	TOTALS	
				2015	2014
ASSETS					
Restricted - cash and temporary investments	\$ 75,714	\$ 1,398	\$ 295,963	\$ 373,075	\$ 759,046
Total assets	<u>\$ 75,714</u>	<u>\$ 1,398</u>	<u>\$ 295,963</u>	<u>\$ 373,075</u>	<u>\$ 759,046</u>
LIABILITIES					
Accounts payable	\$ 54,868	\$ 81	\$ 4,560	\$ 59,509	\$ -
Due to other funds	-	-	-	-	428,061
Construction payables	68,585	-	-	68,585	-
Total liabilities	<u>123,453</u>	<u>81</u>	<u>4,560</u>	<u>128,094</u>	<u>428,061</u>
FUND BALANCES (DEFICITS)					
Restricted	-	1,317	291,403	292,720	759,046
Unassigned	(47,739)	-	-	(47,739)	(428,061)
Total fund balances (deficits)	<u>(47,739)</u>	<u>1,317</u>	<u>291,403</u>	<u>244,981</u>	<u>330,985</u>
Total liabilities and fund balances (deficits)	<u>\$ 75,714</u>	<u>\$ 1,398</u>	<u>\$ 295,963</u>	<u>\$ 373,075</u>	<u>\$ 759,046</u>

Town of Lexington, South Carolina

**Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

For the Year Ended June 30, 2015

(With comparative total amounts for the year ended June 30, 2014)

	Streets and Infrastructure	Gibson Pond	Downtown Development	TOTALS	
				2015	2014
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 29
Other income	-	1,736	-	1,736	17,230
Total revenues	<u>-</u>	<u>1,736</u>	<u>-</u>	<u>1,736</u>	<u>17,259</u>
EXPENDITURES					
Current:					
Parks, streets and sanitation	-	-	1,820	1,820	3,150
Capital outlay:					
Parks, streets and sanitation	129,853	8,259	12,076	150,188	871,939
Total expenditures	<u>129,853</u>	<u>8,259</u>	<u>13,896</u>	<u>152,008</u>	<u>875,089</u>
Excess (deficiency) of revenues over expenditures	<u>(129,853)</u>	<u>(6,523)</u>	<u>(13,896)</u>	<u>(150,272)</u>	<u>(857,830)</u>
OTHER FINANCING SOURCES (USES)					
Other financing source - bond premium	-	-	2,500	2,500	-
Sale of property	-	-	236,612	236,612	-
Bond issue costs	-	-	(55,019)	(55,019)	1,553,132
Transfers in	650,175	-	-	650,175	(1,553,132)
Transfers out	<u>(140,000)</u>	<u>-</u>	<u>(630,000)</u>	<u>(770,000)</u>	<u>-</u>
Total other financing source (uses)	<u>510,175</u>	<u>-</u>	<u>(445,907)</u>	<u>64,268</u>	<u>-</u>
Net change in fund balances	380,322	(6,523)	(459,803)	(86,004)	(857,830)
Fund balances - beginning	(428,061)	7,840	751,206	330,985	1,188,815
Fund balances - ending	<u>\$ (47,739)</u>	<u>\$ 1,317</u>	<u>\$ 291,403</u>	<u>\$ 244,981</u>	<u>\$ 330,985</u>

Town of Lexington, South Carolina

**Waterworks and Sewer Sytem Enterprise Fund
Statement of Net Position**

June 30, 2015

(With comparative amouts at June 30, 2014)

	2015	2014
ASSETS		
Cash and temporary investments	\$ 10,326,700	\$ 7,544,091
Receivables, net	3,916,111	4,154,054
Inventories - supplies	231,272	203,064
Prepaid items	36,494	-
Restricted - cash and temporary investments	6,654,846	11,092,882
Prepaid capital improvements	274,164	-
Land and construction in progress	5,084,539	5,602,603
Buildings, vehicles, equipment and infrastructure	73,960,063	74,250,481
Intangible - capacity reserve	41,580,037	40,434,880
Intangible - retail distribution rights	1,701,895	1,396,739
Total assets	143,766,121	144,678,794
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,805,801	1,435,794
Total deferred outflows of resources	1,805,801	1,435,794
Total assets and deferred outflows of resources	145,571,922	146,114,588
LIABILITIES		
Accounts payable	451,288	1,029,533
Accrued payroll liabilities	101,247	75,958
Construction payables	340,996	936,496
Accrued interest	893,941	911,328
Customer deposits	39,926	37,216
Accrued compensated absences-current portion	125,000	119,175
Current portion contracts payable	263,875	261,394
Bond anticipation notes	10,067,125	10,000,000
Revenue bonds - current	1,065,000	1,090,000
Revenue bonds payable	53,832,691	54,970,095
Contracts payable	822,399	1,086,274
Accrued compensated absences	92,236	87,895
OPEB liability	101,842	80,307
Net pension liability	5,063,107	4,991,542
Total liabilities	73,260,673	75,677,213
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow -- pension related	427,376	-
Total deferred inflows of resources	427,376	-
Total liabilities and deferred inflows of resources	73,688,049	75,677,213
NET POSITION		
Net investment in capital assets	59,324,704	60,161,057
Restricted for:		
Capital projects	189,286	185,344
Debt service	2,692,719	2,585,552
Net position related to pension	(5,023,555)	(4,991,542)
Unrestricted	14,700,719	12,496,964
Total net position	\$ 71,883,873	\$ 70,437,375

Town of Lexington, South Carolina

**Waterworks and Sewer System Enterprise Fund
Statement of Revenues, Expenditures, and Changes in Net Position**

For the Year Ended June 30, 2015

(With comparative amounts for the year ended June 30, 2014)

	2015	2014
OPERATING REVENUES		
Water service	\$ 4,942,763	\$ 4,729,861
Sewer service	8,157,773	7,792,979
Tap and meter fees	93,023	126,810
Other income	430,573	405,801
Total operating revenues	13,624,132	13,055,451
OPERATING EXPENSES		
Salaries and benefits	4,137,749	3,856,877
Water and sewer treatment services	2,260,799	2,778,415
Contractual services	686,885	574,798
Depreciation	2,346,642	1,876,290
Amortization	1,338,732	1,338,362
Other operating expense	1,768,839	1,835,949
Total operating expenses	12,539,646	12,260,691
Operating income (loss)	1,084,486	794,760
NONOPERATING REVENUES (EXPENSES)		
Interest income	52,731	42,670
Other income	(65,697)	-
Interest expense	(2,274,210)	(1,805,668)
Bond issue costs	(118,444)	(260,119)
Transfers to other funds - wetlands mitigation	(134,769)	-
Total nonoperating revenues (expenses)	(2,540,389)	(2,023,117)
Income (loss) before contributions and transfers	(1,455,903)	(1,228,357)
CAPITAL CONTRIBUTIONS		
Capital contribution fees	1,996,100	1,425,782
Developer capital asset contributions	906,301	1,499,347
Total capital contributions	2,902,401	2,925,129
Change in net position	1,446,498	1,696,772
Total net position - beginning (as restated)	70,437,375	73,732,145
Net pension adjustment	-	(4,991,542)
Total net position - ending	\$ 71,883,873	\$ 70,437,375

Town of Lexington, South Carolina
Waterworks and Sewer System Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2015
(With comparative amounts for the year ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 13,590,620	\$ 13,004,532
Payments to employees	(4,085,242)	(3,802,159)
Payments to suppliers	(5,322,975)	(4,746,039)
Net cash provided by operating activities	4,182,403	4,456,334
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	(1,231,447)	(3,633,290)
Purchase of capacity reserve	(2,784,955)	-
Bond issuance costs paid	(118,444)	(260,119)
Principal paid on capital debt	(1,351,323)	(1,537,100)
Interest and fees paid	(2,200,027)	(1,863,250)
Proceeds from bond issuance	-	280,000
Proceeds from capital contribution fees	1,996,101	1,425,782
Gain (loss) on sale of assets	(65,697)	-
Transfer to other fund-wetlands mitigation	(134,769)	-
Net cash (used) by capital and related financing activities	(5,890,561)	(5,587,977)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	-	560,146
Interest received	52,731	42,670
Net cash provided by investing activities	52,731	602,816
Net (decrease) in cash and cash equivalents	(1,655,427)	(528,827)
Balances - beginning of year	18,636,973	19,165,800
Balances - end of the year	\$ 16,981,546	\$ 18,636,973
Reconciliation to the Statement of Net Position		
Cash and temporary investments	10,326,700	7,544,091
Restricted - cash and temporary investments	6,654,846	11,092,882
Total cash and temporary investments	\$ 16,981,546	\$ 18,636,973
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,084,486	\$ 794,760
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,346,642	1,876,290
Amortization	1,338,732	1,338,362
Changes in assets and liabilities:		
Customer receivables	(36,222)	(49,220)
Inventory	(28,207)	46,168
Prepaid items	(20,795)	18,328
Accounts payable - supplier	(578,245)	396,218
Customer deposits	2,710	(1,700)
Compensated absences	10,166	-
Salaries and benefits payable	63,136	37,128
Net cash provided by operating activities	\$ 4,182,403	\$ 4,456,334
Non-Cash Investing, Capital and Financing Supplementary Information		
Revenue bond principal accretion and discount amortization	\$ 2,861	\$ 2,790
Revenue bond premium and deferred amount on refunding amortization	\$ 65,124	\$ 60,675
Contributed capital assets from developers	\$ 906,301	\$ 1,499,347

CAPITAL ASSETS USED IN THE OPERATIONS OF
GOVERNMENTAL FUNDS

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

Town of Lexington, South Carolina

**Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source**

June 30, 2015

(With comparative amounts at June 30, 2014)

	2015	2014
Governmental Funds Capital Assets:		
Land	\$ 6,346,013	\$ 6,336,013
Buildings	11,502,466	10,769,299
Vehicles and equipment	4,499,485	4,315,136
Streets and roadways	11,906,556	11,906,556
Sidewalks	1,933,701	1,933,701
Storm drainage	2,250,814	2,250,814
Construction in progress	377,058	994,273
Total governmental funds capital assets	\$ 38,816,093	\$ 38,505,792
 Investments in Governmental Funds Capital Assets by Source:		
General fund	\$ 12,898,739	\$ 13,331,604
Special revenue funds	3,439,623	3,392,003
Capital projects funds	8,264,315	7,578,769
Donations	14,213,416	14,203,416
Total governmental funds capital assets	\$ 38,816,093	\$ 38,505,792

Town of Lexington, South Carolina

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity**

June 30, 2015

Function and Activity	Land	Buildings and Improvements	Vehicles and Equipment	Streets and Roadways	Sidewalks	Storm Drainage	Construction in Progress	Total
General government:								
Council	\$ -	\$ -	\$ 10,777	\$ -	\$ -	\$ -	\$ -	\$ 10,777
Administration	-	-	40,905	-	-	-	-	40,905
Finance	-	-	-	-	-	-	-	-
Information technology	-	-	461,326	-	-	-	-	461,326
Building department	-	-	119,558	-	-	-	-	119,558
Other-unclassified	4,163,204	6,126,509	56,251	-	-	-	-	10,345,964
Total general government	<u>4,163,204</u>	<u>6,126,509</u>	<u>688,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,978,530</u>
Public safety:								
Police	-	2,687,285	1,876,628	-	-	-	-	4,563,913
Police grants and programs	-	-	1,024,161	-	-	-	-	1,024,161
Total public safety	<u>-</u>	<u>2,687,285</u>	<u>2,900,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,588,074</u>
Parks, streets, and sanitation	<u>2,182,809</u>	<u>1,325,685</u>	<u>909,879</u>	<u>11,906,556</u>	<u>1,933,701</u>	<u>2,250,814</u>	<u>377,058</u>	<u>20,886,502</u>
Tourism related	<u>-</u>	<u>1,362,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,362,987</u>
Total governmental funds capital assets	<u>\$ 6,346,013</u>	<u>\$ 11,502,466</u>	<u>\$ 4,499,485</u>	<u>\$ 11,906,556</u>	<u>\$ 1,933,701</u>	<u>\$ 2,250,814</u>	<u>\$ 377,058</u>	<u>\$ 38,816,093</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, 2015

Function and Activity	Governmental Funds Capital Assets June 30, 2014	Additions	Deductions	Governmental Funds Capital Assets June 30, 2015
General government:				
Council	\$ 10,777	\$ -	\$ -	\$ 10,777
Administration	37,484	20,906	(17,485)	40,905
Finance	6,578		(6,578)	-
Information technology	461,326			461,326
Building department	88,468	31,090		119,558
Other-unclassified	10,345,964			10,345,964
Total general government	<u>10,950,597</u>	<u>51,996</u>	<u>(24,063)</u>	<u>10,978,530</u>
Public safety:				
Police	4,446,389	219,850	(102,326)	4,563,913
Police grants and programs	1,024,161			1,024,161
Total public safety	<u>5,470,550</u>	<u>219,850</u>	<u>(102,326)</u>	<u>5,588,074</u>
Parks, streets, and sanitation	<u>20,721,658</u>	<u>843,563</u>	<u>(678,719)</u>	<u>20,886,502</u>
Tourism related	<u>1,362,987</u>	<u>-</u>	<u>-</u>	<u>1,362,987</u>
Total governmental funds capital assets	<u>\$ 38,505,792</u>	<u>\$ 1,115,409</u>	<u>\$ (805,108)</u>	<u>\$ 38,816,093</u>

VICTIMS' ASSISTANCE

Town of Lexington, South Carolina

Schedule of Court Fines, Assessments and Surcharges

Year Ended June 30, 2015

Court Fines

Court Fines Collected	\$ 320,303
Court Fines Retained	<u>320,303</u>
Court Fines Remitted to State Treasurer	<u>-</u>

Court Assessments

Court Assessments Collected	298,475
Court Assessments Retained by Town	<u>33,713</u>
Court Assessments Remitted to State Treasurer	<u>264,762</u>

Court Surcharges

Court Surcharges Collected	112,719
Court Surcharges Retained by Town	<u>7,614</u>
Court Surcharges Remitted to State Treasurer	<u>105,105</u>

Victims Services

Court Assessments Allocated to Victim Services	33,713
Court Surcharges Allocated to Victim Services	<u>7,614</u>
Funds Allocated to Victim Services	41,327
Victim Services Expenditures	<u>(70,218)</u>
Funds in Excess (Shortage) of Expenditures	(28,891)
Victim's Fund Carryforward Balance from FYE 2014	<u>-</u>

Victim's Fund Ending Balance for FYE 2015

\$ -

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 107 – 112)

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 113 – 124)

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

Debt Capacity (Pages 125 – 129)

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 130 – 133)

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 134– 136)

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 14,776,315	\$ 16,375,272	\$ 17,294,448	\$ 17,391,574	\$ 17,343,697	\$ 18,671,416	\$ 21,138,355	\$ 15,512,819	\$ 22,280,682	\$ 17,780,768
Restricted	1,765,083	1,313,881	856,430	764,871	752,874	646,729	791,947	4,369,475	1,872,027	1,289,726
Net position related to pensions	-	-	-	-	-	-	-	-	-	(8,529,887)
Unrestricted	4,074,923	3,958,676	4,609,765	4,633,354	4,163,918	4,618,694	2,679,714	4,805,256	1,433,504	7,027,556
Total Governmental Activities Net Position	\$ 20,616,321	\$ 21,647,829	\$ 22,760,643	\$ 22,789,799	\$ 22,260,489	\$ 23,936,839	\$ 24,610,016	\$ 24,687,550	\$ 25,586,213	\$ 17,568,163
Business-Type Activities										
Net investment in capital assets	\$ 27,373,745	\$ 32,363,082	\$ 31,365,187	\$ 42,701,133	\$ 47,900,686	\$ 52,046,172	\$ 58,355,456	\$ 62,655,081	\$ 60,161,057	\$ 59,324,704
Restricted	467,675	511,882	10,087,650	1,022,075	2,789,256	1,964,536	2,302,194	2,828,869	2,770,896	2,882,005
Net position related to pensions	-	-	-	-	-	-	-	-	-	(5,023,555)
Unrestricted	15,129,902	19,398,245	24,332,551	22,405,374	14,813,144	14,862,934	11,669,866	10,981,789	12,496,964	14,700,719
Total Business-Type Activities Net Position	\$ 42,971,322	\$ 52,273,209	\$ 65,785,388	\$ 66,128,582	\$ 65,503,086	\$ 68,873,642	\$ 72,327,516	\$ 76,465,739	\$ 75,428,917	\$ 71,883,873
Primary Government										
Net investment in capital assets	\$ 42,150,060	\$ 48,738,354	\$ 48,659,635	\$ 60,092,707	\$ 65,244,383	\$ 70,717,588	\$ 79,493,811	\$ 78,167,900	\$ 82,441,739	\$ 77,105,472
Restricted	2,232,758	1,825,763	10,944,080	1,786,946	3,542,130	2,611,265	3,094,141	7,198,344	4,642,923	4,171,731
Net position related to pensions	-	-	-	-	-	-	-	-	-	(13,553,442)
Unrestricted	19,204,825	23,356,921	28,942,316	27,038,728	18,977,062	19,481,628	14,349,580	15,787,045	13,930,468	21,728,275
Total Primary Government Net Position	\$ 63,587,643	\$ 73,921,038	\$ 88,546,031	\$ 88,918,381	\$ 87,763,575	\$ 92,810,481	\$ 96,937,532	\$ 101,153,289	\$ 101,015,130	\$ 89,452,036

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$ 1,723,654	\$ 1,693,276	\$ 1,932,426	\$ 1,903,122	\$ 1,961,061	\$ 2,101,340	\$ 2,160,110	\$ 2,219,010	\$ 2,452,235	\$ 2,762,611
Public Safety	2,768,585	2,981,243	3,440,468	3,824,185	4,037,119	4,296,328	4,592,481	4,885,709	5,067,670	5,307,208
Parks, Streets, and Sanitation	1,979,016	2,092,395	2,346,278	2,573,999	2,668,500	2,658,291	2,946,943	2,965,844	3,148,892	3,282,748
Victims' Assistance	55,732	61,962	30,792	32,714	37,978	57,155	58,844	64,050	60,586	70,203
Housing Rehabilitation	136,985	-	-	-	-	-	-	-	-	-
Tourism Related	31,448	33,278	52,957	80,041	83,000	114,127	191,767	65,226	117,156	83,747
Interest on Long-Term Debt	252,162	230,334	232,385	214,722	185,219	110,855	68,056	205,715	80,910	412,150
Total Governmental Activities Expenses	<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>	<u>10,927,449</u>	<u>11,918,667</u>
Business-Type Activities:										
Water and Sewer System	9,195,210	9,455,125	10,050,163	11,663,285	11,736,236	11,086,772	10,393,672	12,006,205	14,326,478	14,932,300
Total Business-Type Activities Expenses	<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>	<u>14,326,478</u>	<u>14,932,300</u>
Total Primary Government Expenses	<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>	<u>\$ 25,253,927</u>	<u>\$ 26,850,967</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 304,403	\$ 367,681	\$ 349,718	\$ 292,294	\$ 295,430	\$ 312,813	\$ 317,510	\$ 397,902	\$ 280,736	\$ 328,703
Public Safety	258,831	252,458	297,015	265,117	248,642	270,003	284,140	303,152	330,134	329,874
Parks, Streets, and Sanitation	773,362	827,857	906,815	1,055,776	1,110,959	1,193,982	1,198,980	1,215,474	1,288,368	2,769,945
Victims' Assistance	34,330	29,390	32,289	31,152	31,928	39,201	40,394	41,430	38,361	41,300
Housing Rehabilitation	-	-	-	-	-	-	-	-	-	-
Tourism Related	59,528	98,776	109,419	152,795	148,602	164,572	190,030	162,588	204,867	229,004
Operating Grants and Contributions	278,086	221,899	232,901	183,213	171,504	141,947	348,780	302,618	279,646	149,973
Capital Grants and Contributions	1,193,869	452,296	990,687	223,584	51,067	1,615,008	1,246,751	539,066	1,739,145	114,395
Total Governmental Activities Program Revenues	<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>	<u>4,161,257</u>	<u>3,963,194</u>
Business-Type Activities:										
Charges for Services										
Water and Sewer System	8,506,545	9,479,885	10,453,703	10,383,182	11,207,252	11,705,190	12,272,844	12,761,048	13,055,451	13,624,132
Capital Grants and Contributions	10,425,149	8,371,795	12,161,239	1,127,593	5,826,838	2,566,082	1,512,554	3,350,276	2,925,129	2,902,401
Total Business-Type Activities Program Revenues	<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>	<u>15,980,580</u>	<u>16,526,533</u>
Total Primary Government Program Revenues	<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>	<u>\$ 20,141,837</u>	<u>\$ 20,489,727</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (4,045,173)	\$ (4,842,131)	\$ (5,116,462)	\$ (6,424,852)	\$ (6,914,745)	\$ (5,600,570)	\$ (6,391,616)	\$ (7,443,324)	\$ (6,766,192)	\$ (7,955,473)
Business-Type Activities	9,736,484	8,396,555	12,564,779	(152,510)	5,297,854	3,184,500	3,391,726	4,105,119	1,654,102	1,594,233
Total Primary Government Net (Expense)/Revenue	<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>	<u>\$ (5,112,090)</u>	<u>\$ (6,361,240)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 2,133,809	\$ 2,196,430	\$ 2,322,437	\$ 2,671,139	\$ 2,854,745	\$ 3,110,860	\$ 3,168,186	\$ 3,215,838	\$ 3,290,669	\$ 3,398,405
Business License Tax	2,744,734	2,899,862	3,247,655	3,251,864	3,176,416	3,785,323	3,515,175	3,984,362	4,002,197	4,387,786
Hospitality Tax	47,652	-	-	-	-	-	-	-	-	-
State Aid not Restricted for Specific Purpose	388,904	497,311	504,983	483,458	410,479	373,356	357,512	416,313	418,627	419,223
Unrestricted Investment Earnings	220,046	306,718	183,048	52,873	21,179	14,326	5,436	1,873	1,868	6,616
Miscellaneous	14,062	21,885	4,428	9,146	-	-	-	-	-	62,171
Gain on sale of capital assets	(A)	19,115	20,291	24,268	(54,202)	(104)	18,484	(97,528)	(48,506)	4,932
Transfers	(81,120)	(67,682)	(53,566)	(38,740)	(23,182)	(6,841)	-	-	-	134,769
Total Governmental Activities	<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>	<u>7,664,855</u>	<u>8,413,902</u>
Business-Type Activities:										
Water and Sewer System:										
Unrestricted Investment Earnings	463,061	837,650	893,834	456,964	201,442	179,215	62,148	33,104	42,670	52,731
Transfers	81,120	67,682	53,566	38,740	23,182	6,841	-	-	-	(134,769)
Impairment Loss	-	-	-	-	(6,147,974)	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	(65,697)
Total Business-Type Activities	<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>	<u>42,670</u>	<u>(147,735)</u>
Total Primary Government	<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>	<u>\$ 7,707,525</u>	<u>\$ 8,266,167</u>
Change in Net Position:										
Governmental Activities	\$ 1,422,914	\$ 1,031,508	\$ 1,112,814	\$ 29,156	\$ (529,310)	\$ 1,676,350	\$ 673,177	\$ 77,534	\$ 898,663	\$ 458,429
Business-Type Activities	10,280,665	9,301,887	13,512,179	343,194	(625,496)	3,370,556	3,453,874	4,138,223	1,696,772	1,446,498
Total Primary Government	<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>	<u>\$ 2,595,435</u>	<u>\$ 1,904,927</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 7,651	\$ 3,200	\$ -	\$ -	(A)	(A)	(A)	(A)	(A)	(A)
Unreserved	3,400,828	4,250,125	4,746,154	4,873,531	(A)	(A)	(A)	(A)	(A)	(A)
Total General Fund	<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>	<u>(A)</u>	<u>(A)</u>
All Other Governmental Funds										
Reserved	\$ 327,327	\$ 223,253	\$ 219,498	\$ 214,381	(A)	(A)	(A)	(A)	(A)	(A)
Unreserved, Reported In:										
Special Revenue Funds	1,609,708	680,572	545,986	598,980	(A)	(A)	(A)	(A)	(A)	(A)
Capital Projects	494,133	571,806	274,035	70,625	(A)	(A)	(A)	(A)	(A)	(A)
Total All Other Governmental Funds	<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>	<u>(A)</u>	<u>(A)</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	N/A	N/A	N/A	N/A	\$ -	\$ 802	\$ 464	\$ 133,596	\$ 9,580	\$ 89,549
Restricted	N/A	N/A	N/A	N/A	-	-	-	-	-	-
Committed	N/A	N/A	N/A	N/A	-	580,000	630,000	330,000	330,000	-
Unassigned	N/A	N/A	N/A	N/A	730,000	4,338,139	3,926,382	3,829,904	3,575,917	3,762,736
Total General Fund	<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>	<u>\$ 3,915,497</u>	<u>\$ 3,852,285</u>
TIF District										
Unassigned	<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>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ (233,532)</u>
All Other Governmental Funds										
Special Revenue Funds										
Nonspendable	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	N/A	N/A	N/A	N/A	589,348	630,060	599,771	895,737	933,099	510,103
Committed	N/A	N/A	N/A	N/A	79,129	79,468	79,308	79,495	37	-
Assigned	N/A	N/A	N/A	N/A	-	-	-	22	-	153,035
Unassigned	N/A	N/A	N/A	N/A	(23,417)	(2,215)	(2,046)	(17,496)	(494,890)	(2,482)
Capital Projects and Debt Service										
Nonspendable	N/A	N/A	N/A	N/A	-	-	-	-	-	-
Restricted	N/A	N/A	N/A	N/A	213,332	219,489	223,326	1,401,520	971,758	521,042
Committed	N/A	N/A	N/A	N/A	-	-	-	-	-	-
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	612,540
Unassigned	N/A	N/A	N/A	N/A	(1,545,274)	(1,593,888)	(1,410,346)	-	(428,061)	(47,739)
Total All Other Governmental Funds	<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>	<u>\$ 981,943</u>	<u>\$ 1,746,499</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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes by Source:										
Property Tax	\$ 2,146,307	\$ 2,203,891	\$ 2,330,486	\$ 2,612,358	\$ 2,822,779	\$ 3,160,454	\$ 3,150,728	\$ 3,257,650	\$ 3,291,130	\$ 3,408,719
Hospitality Tax	6,902	-	-	-	-	-	-	-	-	-
Franchises, Licenses, and Permits	3,776,681	4,038,424	4,430,778	4,426,695	4,492,871	5,186,480	4,912,344	5,403,682	5,451,208	7,324,467
Intergovernmental	869,401	838,708	755,401	895,221	613,716	911,619	816,701	765,510	1,331,185	659,745
Fines and Forfeitures	282,805	271,873	321,773	295,252	280,570	309,147	324,577	344,552	366,368	368,523
Interest Income	220,046	306,718	183,046	52,874	21,179	16,897	3,219	3,877	3,457	8,137
Charges for Services	26,263	37,700	52,680	-	-	-	-	-	-	-
Miscellaneous	117,916	145,291	344,486	331,231	257,870	252,388	318,827	308,091	358,310	405,947
Total Revenues	\$ 7,446,321	\$ 7,842,605	\$ 8,418,650	\$ 8,613,631	\$ 8,488,985	\$ 9,836,985	\$ 9,526,396	\$10,083,362	\$10,801,658	\$12,175,538
Expenditures										
Current:										
General Government	\$ 1,528,647	\$ 1,502,701	\$ 1,692,744	\$ 1,691,295	\$ 1,784,460	\$ 1,877,082	\$ 2,051,576	\$ 2,087,405	\$ 2,298,407	\$ 2,546,806
Public Safety	2,544,655	2,758,380	3,163,135	3,540,434	3,675,273	3,898,756	4,178,929	4,460,077	4,643,948	4,788,611
Parks, Streets and Sanitation	1,476,649	1,552,945	1,734,346	2,023,987	2,000,102	2,140,089	2,299,070	2,189,384	2,273,710	2,355,503
Tourism Related	31,448	33,278	52,957	51,363	75,838	82,300	74,224	33,073	117,156	83,747
Housing Rehabilitation	136,985	-	-	-	-	-	-	-	-	-
Victims' Assistance	55,732	61,962	30,792	33,106	38,000	57,457	60,212	61,316	62,515	70,218
Capital Outlay	637,421	1,556,975	1,074,235	754,163	2,313,043	1,056,849	660,059	1,766,513	3,000,980	651,885
Debt Service:										
Principal	424,035	485,522	460,210	437,894	447,091	463,219	352,540	360,000	399,250	389,250
Interest and Other Charges	135,506	121,074	129,365	100,548	89,752	80,508	73,266	107,066	27,465	148,446
Total Expenditures	\$ 6,971,078	\$ 8,072,837	\$ 8,337,784	\$ 8,632,790	\$10,423,559	\$ 9,656,260	\$ 9,749,876	\$11,064,834	\$12,823,431	\$11,034,466
Excess of Revenues Over (Under) Expenditures	\$ 475,243	\$ (230,232)	\$ 80,866	\$ (19,159)	\$ (1,934,574)	\$ 180,725	\$ (223,480)	\$ (981,472)	\$ (2,021,773)	\$ 1,141,072

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Transfers In	487,151	1,339,328	531,469	487,173	651,363	723,719	785,262	842,134	2,233,260	2,886,195
Transfers Out	(568,271)	(1,407,010)	(585,035)	(525,913)	(674,545)	(730,560)	(785,262)	(842,134)	(2,233,260)	(2,751,426)
Proceeds from Capital Lease/Other Obligations	421,885	168,108	-	-	-	-	-	-	-	-
Issuance of Special Source Revenue Bonds	-	-	-	-	-	230,000	-	3,362,602	-	-
Sale of Capital Assets	-	19,115	29,417	29,743	14,451	33,759	18,484	284,680	259,949	4,932
Refunding Bonds Issued	-	-	-	-	-	-	-	(59,892)	6,484	-
Other financing sources- bond premium	-	-	-	-	-	-	-	-	-	62,171
Bond issue costs	-	-	-	-	-	-	-	-	-	(215,132)
Other financing sources- BAN issuance	-	-	-	-	-	-	-	-	-	2,640,000
Other financing sources- BAN repayment	-	-	-	-	-	-	-	-	-	(3,300,000)
Total Other Financing Sources (Uses)	<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>	<u>266,433</u>	<u>(673,260)</u>
Net Change in Fund Balances	<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>	<u>\$ (1,755,340)</u>	<u>\$ 467,812</u>
Capital Asset Expenditures	<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>	<u>\$ 3,000,980</u>	<u>\$ 651,885</u>
Debt Service as a										
Percentage of Noncapital Expenditures	<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>	<u>4.3%</u>	<u>5.2%</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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

(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water Service (Thousands of Gallons)										
In-Town										
Residential	298,705	326,468	356,966	333,774	348,754	367,348	368,588	346,806	324,390	343,623
Commercial	277,912	286,821	329,326	337,983	337,185	358,183	349,748	344,239	329,868	340,914
Total	576,617	613,289	686,292	671,757	685,939	725,531	718,336	691,045	654,258	684,537
Out of Town										
Residential	45,644	64,214	90,539	89,152	90,615	95,835	94,298	92,978	95,131	111,190
Commercial	46,603	46,029	44,487	34,498	36,086	35,328	34,966	31,574	31,688	30,841
Total	92,247	110,243	135,026	123,650	126,701	131,163	129,264	124,552	126,819	142,031
Total Direct Rate	\$ 4.86	\$ 4.96	\$ 4.83	\$ 4.83	\$ 5.12	\$ 5.14	\$ 5.44	\$ 5.67	\$ 6.07	\$ 5.98
Sewer Service (Thousands of Gallons)										
In-Town										
Residential	313,189	339,419	368,868	344,681	364,126	380,713	381,916	359,416	335,846	354,499
Commercial	212,568	216,963	235,984	250,960	250,519	271,947	258,450	263,636	266,636	275,494
Total	525,757	556,382	604,852	595,641	614,645	652,660	640,366	623,052	602,482	629,993
Out of Town										
Residential	250,374	316,477	402,550	375,653	425,739	423,537	436,860	434,392	405,229	470,045
Commercial	49,651	50,746	49,413	50,960	48,873	52,337	56,763	55,603	59,522	51,782
Total	300,025	367,223	451,963	426,613	474,612	475,874	493,623	489,995	464,751	521,827
Total Direct Rate	\$ 5.79	\$ 5.72	\$ 5.55	\$ 5.86	\$ 5.97	\$ 6.06	\$ 6.32	\$ 6.71	\$ 7.30	\$ 7.08

Source: Utility billing records

TOWN OF LEXINGTON, SOUTH CAROLINA

WATER AND SEWER DIRECT RATES
LAST TEN FISCAL YEARS

(Unaudited)

Water Service	2006		2007		2008		2009		2010		2011		2012		2013		2014		2015		
	Monthly Base	Volume																			
In-Town:																					
Residential	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.29	\$ 3.50	\$ 6.48	\$ 3.61	\$ 6.67	\$ 3.72	\$ 6.87	\$ 3.83	\$ 7.08	\$ 3.94	\$ 7.29	\$ 4.06	\$ 7.29	\$ 4.06	
Commercial	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.29	\$ 3.27	\$ 6.48	\$ 3.37	\$ 6.67	\$ 3.47	\$ 6.87	\$ 3.57	\$ 7.08	\$ 3.68	\$ 7.29	\$ 3.79	\$ 7.29	\$ 3.79	
Out of Town:																					
Residential	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.36	\$ 6.55	\$ 10.67	\$ 6.75	\$ 10.99	\$ 6.95	\$ 11.32	\$ 7.16	\$ 11.66	\$ 7.37	\$ 12.01	\$ 7.59	\$ 12.01	\$ 7.59	
Commercial	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.36	\$ 6.14	\$ 10.67	\$ 6.32	\$ 10.99	\$ 6.51	\$ 11.32	\$ 6.71	\$ 11.66	\$ 6.91	\$ 12.01	\$ 7.12	\$ 12.01	\$ 7.12	
Sewer Service																					
In-Town:																					
Residential	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 6.15	\$ 4.26	\$ 6.33	\$ 4.39	\$ 6.52	\$ 4.52	\$ 6.72	\$ 4.66	\$ 6.92	\$ 4.80	\$ 6.92	\$ 4.80	
Commercial	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 5.97	\$ 4.14	\$ 6.15	\$ 4.26	\$ 6.33	\$ 4.39	\$ 6.52	\$ 4.52	\$ 6.72	\$ 4.66	\$ 6.92	\$ 4.80	\$ 6.92	\$ 4.80	
Out of Town:																					
Residential	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 8.18	\$ 7.52	\$ 8.43	\$ 7.75	\$ 8.68	\$ 7.98	\$ 8.94	\$ 8.22	\$ 9.21	\$ 8.47	\$ 9.21	\$ 8.47	
Commercial	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 7.94	\$ 7.30	\$ 8.18	\$ 7.52	\$ 8.43	\$ 7.75	\$ 8.68	\$ 7.98	\$ 8.94	\$ 8.22	\$ 9.21	\$ 8.47	\$ 9.21	\$ 8.47	

Source: Town of Lexington water and sewer rate schedule

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 mete

TOWN OF LEXINGTON, SOUTH CAROLINA
PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

June 30, 2015						
Taxpayer	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County Government	32,572	1	3.94%	31,801	1	2.76%
Apartment Complex	11,648	2	1.41%	8,471	6	0.73%
Apartment Complex	9,836	3	1.19%	9,101	4	0.79%
Apartment Complex	9,290	4	1.12%	8,539	5	0.74%
Apartment Complex	8,244	5	1.00%	8,244	7	0.71%
Apartment Complex	7,641	6	0.92%	-	-	-
Apartment Complex	6,969	7	0.84%	6,969	8	0.60%
School District	6,713	8	0.81%	16,630	2	1.44%
Manufacturer	6,469	9	0.78%	-	-	-
Apartment Complex	6,421	10	0.78%	6,421	10	0.56%
Mobile Home Park	-	-	-	13,153	3	1.14%
Extended Care Facility	-	-	-	6,755	9	0.59%
Totals	<u>105,803</u>		<u>12.80%</u>	<u>116,084</u>		<u>10.06%</u>
Total Consumption	<u>826,586</u>			<u>1,154,031</u>		

June 30, 2014						
Taxpayer	WATER			SEWER		
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County Government	32,777	1	2.51%	28,997	1	2.73%
Apartment Complex	17,508	2	1.34%	17,508	2	1.65%
Apartment Complex	11,415	3	0.88%	10,769	4	1.01%
Apartment Complex	10,224	4	0.78%	8,693	7	0.82%
Apartment Complex	10,021	5	0.77%	8,345	8	0.79%
Apartment Complex	9,540	6	0.73%	9,540	5	0.90%
Apartment Complex	6,708	7	0.51%	-	-	-
Apartment Complex	5,843	8	0.45%	5,843	10	0.55%
Manufacturer	4,560	9	0.35%	-	-	-
Apartment Complex	4,351	10	0.33%	-	-	-
School District	-	-	-	13,795	3	1.30%
Mobile Home Park	-	-	-	9,050	6	0.85%
Extended Care Facility	-	-	-	7,003	9	0.66%
Totals	<u>112,947</u>		<u>8.65%</u>	<u>119,543</u>		<u>11.26%</u>
Total Consumption	<u>1,304,560</u>			<u>1,062,838</u>		

June 30, 2013						
Taxpayer	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>		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

(Continued)

June 30, 2012							June 30, 2011						
WATER			SEWER				WATER			SEWER			
Taxpayer	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Taxpayer	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%	County Government	32,652	1	1.25%	32,164	1	2.85%
Apartment Complex	13,483	2	0.50%	13,483	3	1.19%	Apartment Complex	14,089	2	0.54%	9,068	7	0.80%
Apartment Complex	13,213	3	0.49%	8,964	7	0.79%	Apartment Complex	13,771	3	0.53%	9,502	6	0.84%
Apartment Complex	11,334	5	0.42%	9,562	4	0.85%	Apartment Complex	13,168	4	0.50%	13,168	3	1.17%
Apartment Complex	12,159	4	0.45%	8,754	8	0.77%	Apartment Complex	10,922	5	0.42%	10,922	4	0.97%
Apartment Complex	9,250	7	0.34%	9,250	5	0.82%	Apartment Complex	10,849	6	0.41%	10,613	5	0.94%
Apartment Complex	6,882	10	0.26%	-	-	-	Apartment Complex	8,970	7	0.34%	8,970	8	0.80%
Apartment Complex	8,326	9	0.31%	8,326	9	0.74%	Apartment Complex	7,290	8	0.28%	-	-	-
Medical Center	8,426	8	0.31%	-	-	-	Medical Center	7,083	9	0.27%	-	-	-
Manufacturer	-	-	-	-	-	-	Manufacturer	6,182	10	0.24%	-	-	-
School District	10,671	6	0.40%	18,069	2	1.60%	School District	-	-	-	17,081	2	1.52%
Mobile Home Park	-	-	-	9,097	6	0.80%	Retirement Residence	-	-	-	-	-	-
Extended Care Facility	-	-	-	6,477	10	0.57%	Extended Care Facility	-	-	-	6,306	10	0.56%
	<u>122,760</u>		<u>4.56%</u>	<u>119,702</u>		<u>10.58%</u>	Mobile Home Park	-	-	-	7,864	9	0.70%
							Totals	<u>124,976</u>		<u>4.78%</u>	<u>125,658</u>		<u>11.15%</u>
Total Consumption	<u>2,695,812</u>			<u>1,131,481</u>			Total Consumption	<u>2,620,698</u>			<u>1,127,372</u>		

June 30, 2010							June 30, 2009						
WATER			SEWER				WATER			SEWER			
Taxpayer	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Taxpayer	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%	County Government	26,511	1	1.76%	26,195	1	2.58%
Apartment Complex	14,711	2	0.94%	14,711	3	1.35%	Apartment Complex	14,870	2	0.99%	12,397	4	1.22%
Apartment Complex	14,139	3	0.91%	9,168	6	0.84%	Apartment Complex	14,388	3	0.95%	14,388	3	1.41%
Apartment Complex	13,773	4	0.88%	11,155	4	1.03%	Apartment Complex	11,674	4	0.77%	8,252	7	0.81%
Apartment Complex	11,544	5	0.74%	8,799	7	0.81%	Apartment Complex	10,777	5	0.72%	9,629	5	0.95%
Apartment Complex	10,515	6	0.68%	10,515	5	0.97%	Apartment Complex	8,401	6	0.56%	8,401	6	0.83%
Apartment Complex	6,906	7	0.44%	6,906	8	0.63%	Apartment Complex	7,926	7	0.53%	6,014	10	0.59%
Apartment Complex	6,507	8	0.42%	5,730	10	0.53%	Apartment Complex	-	-	-	-	-	-
Medical Center	6,405	9	0.41%	-	-	-	Medical Center	7,214	8	0.48%	-	-	-
Manufacturer	5,986	10	0.38%	-	-	-	Manufacturer	6,416	9	0.43%	-	-	-
School District	-	-	-	16,518	2	1.52%	School District	4,854	10	0.32%	17,115	2	1.68%
Retirement Residence	-	-	-	-	-	-	Retirement Residence	-	-	-	-	-	-
Extended Care Facility	-	-	-	6,308	9	0.58%	Extended Care Facility	-	-	-	6,040	9	0.59%
Mobile Home Park	-	-	-	-	-	-	Mobile Home Park	-	-	-	6,716	8	0.66%
Totals	<u>118,131</u>		<u>7.58%</u>	<u>117,940</u>		<u>10.85%</u>	Totals	<u>113,031</u>		<u>7.50%</u>	<u>115,147</u>		<u>11.32%</u>
Total Consumption	<u>1,556,813</u>			<u>1,087,663</u>			Total Consumption	<u>1,506,843</u>			<u>1,016,971</u>		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

(Continued)

Taxpayer	June 30, 2008						Taxpayer	June 30, 2007					
	WATER			SEWER				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	28,243	1	1.79%	28,494	1	2.72%	County Government	27,479	1	1.83%	25,620	1	2.79%
Apartment Complex	13,186	2	0.84%	10,413	3	0.99%	Apartment Complex	14,014	2	0.93%	11,279	3	1.23%
Apartment Complex	10,236	3	0.65%	6,565	6	0.63%	Apartment Complex	9,605	3	0.64%	9,605	4	1.05%
Apartment Complex	9,126	4	0.58%	9,126	4	0.87%	Apartment Complex	9,241	4	0.61%	9,241	5	1.01%
Apartment Complex	8,901	5	0.56%	4,513	10	0.43%	Apartment Complex	7,836	5	0.52%	6,260	8	0.68%
Apartment Complex	8,109	6	0.51%	6,366	7	0.61%	Manufacturer	6,129	6	0.41%	-	-	-
Medical Center	7,319	7	0.46%	-	-	-	Manufacturer	5,868	7	0.39%	-	-	-
School District	7,248	8	0.46%	20,181	2	1.92%	Apartment Complex	5,856	8	0.39%	5,856	9	0.64%
Apartment Complex	5,905	9	0.37%	5,905	9	0.56%	Medical Center	6,729	9	0.45%	-	-	-
Manufacturer	5,617	10	0.36%	-	-	-	School District	4,499	10	0.30%	13,922	2	1.52%
Retirement Residence	-	-	-	-	-	-	Extended Care Facility	-	-	-	6,895	7	0.75%
Extended Care Facility	-	-	-	7,002	5	0.67%	Mobile Home Park	-	-	-	7,632	6	0.83%
Mobile Home Park	-	-	-	6,092	8	0.58%	Manufacturer	-	-	-	4,696	10	0.51%
Totals	<u>103,890</u>		<u>6.59%</u>	<u>104,657</u>		<u>9.98%</u>		<u>97,256</u>		<u>6.46%</u>	<u>101,006</u>		<u>11.01%</u>
Total Consumption	<u>1,577,464</u>			<u>1,048,652</u>			Total Consumption	<u>1,504,809</u>			<u>917,551</u>		

Taxpayer	June 30, 2006						
	WATER			SEWER			
Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption		
County Government	19,825	1	2.96%	20,135	1	2.44%	
Apartment Complex	13,654	2	2.04%	13,654	3	1.65%	
Apartment Complex	12,434	3	1.86%	10,251	5	1.24%	
Apartment Complex	10,548	4	1.58%	10,548	6	1.28%	
Apartment Complex	9,101	5	1.36%	7,227	4	0.88%	
Manufacturer	8,498	6	1.27%	-	-	-	
Manufacturer	7,590	7	1.13%	-	-	-	
Apartment Complex	6,651	8	0.99%	6,651	8	0.81%	
Medical Center	6,141	9	0.92%	3,767	10	0.46%	
School District	5,882	10	0.88%	18,122	2	2.19%	
Extended Care Facility	-	-	-	6,887	7	0.83%	
Mobile Home Park	-	-	-	-	-	-	
Manufacturer	-	-	-	-	-	-	
Totals	<u>100,324</u>		<u>14.99%</u>	<u>97,242</u>		<u>11.78%</u>	
Total Consumption	<u>669,045</u>			<u>825,630</u>			

Source: Town of Lexington Billing Records

TOWN OF LEXINGTON, SOUTH CAROLINA

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Tax Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Assessed Value to Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
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%
2014	2013	77,204,480	1,581,452,032	16,073,550	209,417,714	93,278,030	1,790,869,746	35.14	5.21%
2015	2014	\$ 79,307,920	\$ 1,626,547,083	\$ 16,741,790	\$ 219,697,830	\$ 96,049,710	\$ 1,846,244,913	35.14	5.20%

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)

<u>Fiscal Year</u>	<u>Tax Year</u>		<u>Town of Lexington</u>		<u>Lexington</u>		<u>Midlands</u>		<u>Riverbanks Zoo</u>	<u>Mental Health</u>	<u>Total</u>	
			<u>Lexington</u>	<u>County</u>	<u>School District 1</u>	<u>School District 2</u>	<u>Technical College</u>	<u>Recreation Commission</u>			<u>School District 1</u>	<u>School District 2</u>
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
2014	2013		35.14	86.89	349.67	183.12	4.37	15.74	1.89	0.50	494.20	327.65
2015	2014		\$ 35.14	\$ 94.25	\$ 349.51	\$ 176.21	\$ 4.37	\$ 16.74	\$ 2.39	\$ 0.50	\$ 502.90	\$ 329.60

(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	2015			2014			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	(12/31/2014)			(12/31/2013)			(12/31/2012)		
South Carolina Electric & Gas	\$ 2,959,360	1	3.08%	\$ 2,840,070	1	3.04%	\$ 2,561,310	1	2.81%
Lullwater at Saluda Pointe, LLC	969,620	2	1.01%	969,620	2	1.04%	969,620	2	1.06%
Century Mill Partners, LLC	967,250	3	1.01%	966,530	3	1.04%	963,560	3	1.06%
Cedarcrest Village Apartments	870,000	4	0.91%	870,000	4	0.93%	856,030	5	0.94%
Lauren Ridge Apartments, LP	837,000	5	0.87%	837,000	5	0.90%	860,540	4	0.94%
Lowes Home Centers	789,340	6	0.82%	807,880	6	0.87%	762,680	7	0.84%
Morgan Overlook Apartments, LLC	720,000	7	0.75%	720,000	7	0.77%	804,740	6	0.88%
W M Lexington Trust	610,860	8	0.64%	610,850	8	0.65%	610,850	8	0.67%
Home Depot USA	563,150	9	0.59%	562,150	10	0.60%	557,450	10	0.61%
Harman Family Real Estate Company	538,140	10	0.56%	572,650	9	0.61%	572,650	9	0.63%
Baker & Baker Etal	-	-	-	-	-	-	-	-	-
Carlyle Centennial Century Mill	-	-	-	-	-	-	-	-	-
Chimney Ridge Partners	-	-	-	-	-	-	-	-	-
Edens & Avant Financing	-	-	-	-	-	-	-	-	-
Inland Southeast Lexington LLC	-	-	-	-	-	-	-	-	-
Old Mill Apartments/Lexington	-	-	-	-	-	-	-	-	-
RSC Oakleaf Lexington, LLC	-	-	-	-	-	-	-	-	-
Shenandoah Apartments	-	-	-	-	-	-	-	-	-
Target Corporation	-	-	-	-	-	-	-	-	-
Thornhill LP	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 9,824,720</u>		<u>10.23%</u>	<u>\$ 9,756,750</u>		<u>10.46%</u>	<u>\$ 9,519,430</u>		<u>10.45%</u>
Total Assessed Valuations	<u>\$ 96,049,710</u>			<u>\$ 93,278,030</u>			<u>\$ 91,071,390</u>		

Taxpayer	2012			2011			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	(12/31/2011)			(12/31/2010)			(12/31/2009)		
South Carolina Electric & Gas	\$ 2,299,770	1	2.56%	\$ 2,066,320	1	2.38%	\$ 1,690,880	1	2.16%
Lullwater at Saluda Pointe, LLC	969,620	2	1.08%	969,620	2	1.12%	843,150	3	1.08%
Century Mill Partners, LLC	963,150	3	1.07%	962,580	3	1.11%	960,030	2	1.23%
Lauren Ridge Apartments, LP	837,000	4	0.93%	824,860	4	0.95%	-	-	-
Lowes Home Centers	790,210	6	0.88%	804,700	6	0.93%	805,800	4	1.03%
Morgan Overlook Apartments, LLC	804,740	5	0.90%	809,000	5	0.93%	758,200	5	0.97%
W M Lexington Trust	610,850	7	0.68%	610,850	6	0.70%	566,970	7	0.72%
Cedarcrest Village Apartments	586,600	8	0.65%	586,600	8	0.68%	510,090	9	0.65%
Harman Family Real Estate Co L	553,580	10	0.62%	529,260	10	0.61%	558,950	8	0.71%
Target Corporation	-	-	-	-	-	-	-	-	-
Shenandoah Apartments	-	-	-	-	-	-	-	-	-
Inland Southeast Lexington LLC	-	-	-	-	-	-	490,260	10	0.63%
Carlyle Centennial Century Mill	-	-	-	-	-	-	584,240	6	0.75%
Home Depot USA	568,850	9	0.63%	553,580	9	0.64%	-	-	-
RSC Oakleaf Lexington, LLC	-	-	-	-	-	-	-	-	-
Edens & Avant Financing	-	-	-	-	-	-	-	-	-
Thornhill LP	-	-	-	-	-	-	-	-	-
Old Mill Apartments/Lexington	-	-	-	-	-	-	-	-	-
Baker & Baker Etal	-	-	-	-	-	-	-	-	-
Chimney Ridge Partners	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 8,984,370</u>		<u>10.02%</u>	<u>\$ 8,717,370</u>		<u>10.04%</u>	<u>\$ 7,768,570</u>		<u>9.92%</u>
Total Assessed Valuations	<u>\$ 89,692,640</u>			<u>\$ 86,790,810</u>			<u>\$ 78,317,680</u>		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

(Unaudited)

(Continued)

Taxpayer	2009			2008			2007			2006		
	Taxable Assessed Value (12/31/2008)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2007)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2006)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2005)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 1,462,650	1	2.02%	\$ 1,300,120	1	2.03%	\$ 1,224,210	1	2.03%	\$ 1,177,880	1	2.05%
Lullwater at Saluda Pointe, LLC	843,150	3	1.17%	-	-	-	-	-	-	-	-	-
Lowes Home Centers	743,060	4	1.03%	727,930	2	1.13%	682,280	2	1.13%	892,740	2	1.56%
W M Lexington Trust	570,810	6	0.79%	570,810	4	0.89%	570,810	3	0.94%	570,810	4	1.00%
Cedarcrest Village Apartments	510,090	8	0.71%	-	-	-	-	-	-	-	-	-
Harman Family Real Estate Co L	559,470	7	0.77%	-	-	-	-	-	-	-	-	-
Target Corporation	1,299,000	2	1.80%	-	-	-	-	-	-	-	-	-
Shenandoah Apartments	-	-	-	458,560	9	0.71%	458,560	6	0.76%	458,560	7	0.80%
Inland Southeast Lexington LLC	490,260	9	0.68%	490,260	5	0.76%	490,260	4	0.81%	490,260	5	0.85%
Carlyle Centennial Century Mill	622,650	5	0.86%	599,210	3	0.93%	-	-	-	-	-	-
Home Depot USA	-	-	-	459,290	8	0.72%	-	-	-	-	-	-
RSC Oakleaf Lexington, LLC	481,630	10	0.67%	461,940	7	0.72%	368,910	8	0.61%	387,790	9	0.68%
Edens & Avant Financing	-	-	-	472,420	6	0.74%	472,420	5	0.78%	472,420	6	0.82%
Thornhill LP	-	-	-	415,800	10	0.65%	415,800	7	0.69%	415,800	8	0.72%
Old Mill Apartments/Lexington	-	-	-	-	-	-	-	-	-	598,100	3	1.04%
Baker & Baker Etal	-	-	-	-	-	-	331,260	9	0.55%	-	-	-
Chimney Ridge Partners	-	-	-	-	-	-	330,000	10	0.55%	-	-	-
Kohl's Department Store	-	-	-	-	-	-	-	-	-	377,930	10	0.66%
Totals	<u>\$ 7,582,770</u>		<u>10.50%</u>	<u>\$ 5,956,340</u>		<u>9.28%</u>	<u>\$ 5,344,510</u>		<u>8.84%</u>	<u>\$ 5,842,290</u>		<u>10.19%</u>
Total Assessed Valuations	<u>\$ 72,234,740</u>			<u>\$ 64,175,780</u>			<u>\$ 60,434,040</u>			<u>\$ 57,354,370</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)

Fiscal Year	Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	2005	\$ 2,111,678	\$ 2,052,411	97.19%	\$ 58,232	\$ 2,110,643	99.95%
2007	2006	2,190,587	2,117,116	96.65%	72,055	2,189,171	99.94%
2008	2007	2,315,511	2,242,649	96.85%	71,095	2,313,744	99.92%
2009	2008	2,614,467	2,500,176	95.63%	109,102	2,609,278	99.80%
2010	2009	2,830,630	2,680,575	94.70%	142,470	2,823,045	99.73%
2011	2010	3,054,458	2,954,771	96.74%	93,747	3,048,518	99.81%
2012	2011	3,170,465	3,032,842	95.66%	117,247	3,150,089	99.36%
2013	2012	3,224,184	3,105,004	96.30%	82,265	3,187,269	98.86%
2014	2013	3,294,138	3,174,423	96.37%	93,000	3,267,423	99.19%
2015	2014	\$ 3,392,266	\$ 3,274,799	96.54%	N/A	\$ 3,274,799	96.54%

Source: Lexington County Treasurer's Office as of 6/30/15.

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
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
2014	\$ 4,002,197	\$ 1,259,782	\$ 189,229	\$ 5,451,208
2015	\$ 4,387,785	\$ 2,722,790	\$ 213,893	\$ 7,324,467

Source: Town of Lexington Trial Balance

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL BUSINESS LICENSE FILERS

(Unaudited)

Taxpayer	June 30, 2015			June 30, 2014			June 30, 2013		
	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	\$ 90,978	1	2.07%	\$ 90,420	1	2.26%	\$ 88,468	1	2.22%
Pharmacy	68,018	2	1.55%	41,018	2	1.02%	28,985	5	0.73%
Grocery Store	39,693	3	0.90%	37,199	3	0.93%	34,869	2	0.88%
Home Improvement Store	37,009	4	0.84%	35,020	4	0.88%	33,776	3	0.85%
Boat Dealer	34,622	5	0.79%	-	-	-	-	-	-
Automotive Dealer	34,128	6	0.78%	-	-	-	-	-	-
Retail Store	33,971	7	0.77%	33,768	5	0.84%	31,981	4	0.80%
Lawn and Garden Service	32,382	8	0.74%	30,344	6	0.76%	28,704	6	0.72%
Home Improvement Store	24,360	9	0.56%	23,607	7	0.59%	21,556	9	0.54%
Computer Store	22,368	10	0.51%	-	-	-	-	-	-
Retail Store	-	-	-	22,594	8	0.56%	23,226	7	0.58%
Automotive Dealer	-	-	-	22,130	9	0.55%	20,248	10	0.51%
Automotive Dealer	-	-	-	20,805	10	0.52%	23,093	8	0.58%
Totals	<u>\$ 417,529</u>		<u>9.51%</u>	<u>\$ 356,905</u>		<u>8.91%</u>	<u>\$ 334,906</u>		<u>8.41%</u>
Total License Fees	<u>\$ 4,387,785</u>			<u>\$ 4,002,197</u>			<u>\$ 3,984,361</u>		

Taxpayer	June 30, 2012			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	License Fees	Rank	Percentage of Total License Fees
Retail Store	\$ 83,439	1	2.37%	\$ 83,484	1	2.21%	\$ 84,687	1	2.67%	\$ 83,402	1	2.56%
Grocery Store	33,986	2	0.97%	38,841	2	1.03%	36,954	2	1.16%	35,056	3	1.08%
Home Improvement Store	32,605	3	0.93%	33,371	3	0.88%	33,191	3	1.04%	40,983	2	1.26%
Retail Store	31,328	4	0.89%	30,637	4	0.81%	28,974	4	0.91%	27,336	4	0.84%
Health Organization	24,714	6	0.70%	25,720	5	0.68%	16,550	9	0.52%	26,380	5	0.81%
Lawn and Garden Service	23,747	9	0.68%	25,272	6	0.67%	16,711	8	0.53%	-	-	-
Home Improvement Store	20,010	10	0.57%	23,136	7	0.61%	-	-	-	18,988	9	0.58%
Retail Store	24,067	7	0.68%	22,798	8	0.60%	21,974	5	0.69%	20,917	7	0.64%
Automotive Dealer	23,991	8	0.68%	20,777	9	0.55%	-	-	-	20,270	8	0.62%
Retail Store	-	-	-	19,344	10	0.51%	18,302	7	0.58%	18,467	10	0.57%
Health Organization	-	-	-	-	-	-	21,523	6	0.68%	21,430	6	0.66%
Drug Store	-	-	-	-	-	-	16,511	10	0.52%	-	-	-
Manufacturer	29,389	5	0.84%	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 327,276</u>		<u>9.31%</u>	<u>\$ 323,380</u>		<u>8.55%</u>	<u>\$ 295,377</u>		<u>9.30%</u>	<u>\$ 313,229</u>		<u>9.62%</u>
Total License Fees	<u>\$ 3,515,174</u>			<u>\$ 3,785,322</u>			<u>\$ 3,176,416</u>			<u>\$ 3,251,864</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			
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%	144	
2013	1,315,000	3,300,000	1,039,723	-	137,000	5,791,723	0.33%	297	
2014	1,160,000	3,300,000	892,469	-	102,750	5,455,219	0.30%	273	
2015	\$ 1,000,000	\$ 6,790,000	\$ 735,435	\$ -	\$ 68,500	\$ 8,593,935	0.47%	\$ 419	

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			
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%	3,188
2013	55,496,545	10,000,000	1,723,349	-	-	67,219,894	4,621	73,011,617	8.57%	3,739
2014	54,576,512	10,000,000	1,347,669	-	-	65,924,181	4,118	71,379,400	7.78%	3,566
2015	\$ 54,897,691	\$ 10,000,000	\$ 1,086,274	\$ -	\$ -	\$ 65,983,965	\$ 3,961	\$ 74,577,900	7.55%	\$ 3,635

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
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%	74
2013	1,315,000	3,300,000	-	4,615,000	0.3%	236
2014	1,160,000	3,300,000	-	4,460,000	0.2%	223
2015	\$ 1,000,000	\$ 2,640,000	\$ -	\$ 3,640,000	0.2%	\$ 177

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, 2015

(Unaudited)

Political Subdivision	Assessed		Gross General Obligation Debt Outstanding		
	Total	Assessed Value Within the Town	Debt Outstanding	Percentage Applicable to the Town	Town's Share of Debt
Direct:					
Town of Lexington	\$ 96,049,710	\$ 96,049,710	\$ 3,640,000	100.00%	\$ 3,640,000
Overlapping:					
Lexington County	1,183,327,270	96,049,710	45,590,380	8.12%	3,701,939
Lexington County School District One	524,366,690	95,598,880	432,436,000	18.23%	78,833,083
Lexington County School District Two	279,988,590	450,830	31,565,000	0.16%	50,504
Lexington County Recreation Commission	880,734,480	96,049,710	36,480,000	10.91%	3,979,968
Riverbanks Zoo	2,681,731,530	96,049,710	34,760,000	3.58%	1,244,408
Total Overlapping			<u>580,831,380</u>		<u>87,809,902</u>
Total			<u>\$ 584,471,380</u>		<u>\$ 91,449,902</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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 4,588,350	\$ 4,834,723	\$ 5,134,062	\$ 5,778,779	\$ 6,265,414	\$ 6,943,265	\$ 7,175,411	\$ 7,285,711	\$ 7,462,242	\$ 7,683,977
Total Net Debt Applicable to Debt Limit	2,145,134	1,990,000	1,885,000	1,775,000	3,160,000	3,082,037	1,415,000	4,615,000	4,460,000	3,640,000
Legal Debt Margin	<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>	<u>\$ 3,002,242</u>	<u>\$ 4,043,977</u>
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	<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>	<u>59.8%</u>	<u>47.4%</u>

Legal Debt Margin Calculation for Fiscal Year 2015

Total Assessed Value	\$ 96,049,710
Debt Limit (8% of Total Assessed Value)	7,683,977
Amount of Debt Applicable to Debt Limit:	3,640,000
Legal Debt Margin	<u>\$ 4,043,977</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 \$735,435 as of June 30, 2015 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>	
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
2014	14,523,903	9,046,039	5,477,864	995,000	2,303,295	3,298,295	1.66
2015	\$ 15,607,266	\$ 8,854,272	\$ 6,752,994	\$ 1,090,000	\$ 2,295,101	\$ 3,385,101	1.99

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>
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
2009	797,570	-77.00	2014	1,425,782	-13.28
2010	1,717,267	115.31	2015	1,996,101	40.00

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

(Unaudited)

Fiscal Year Ended June 30	Lexington County				
	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
	(1)	(2)	(3)	(4)	(5)
2006	14,547	\$ 484,633,305	\$ 33,315	19,091	5.10%
2007	15,500	534,455,500	34,481	19,705	4.10%
2008	16,500	588,834,156	35,688	20,458	4.70%
2009	17,570	648,981,982	36,937	21,228	8.60%
2010	17,870	683,170,100	38,230	21,756	8.00%
2011	18,585	735,363,366	39,568	22,097	8.80%
2012	19,050	791,547,365	40,953	22,367	7.30%
2013	19,526	852,014,550	42,386	22,935	6.90%
2014	20,014	917,108,338	43,870	23,363	4.80%
2015	20,514	\$ 987,195,510	\$ 45,405	23,953	5.60%

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) Information provided by Office of Research and Statistics through 2003. For Fiscal years 2004 - 2006, amount is estimated based on a 3.5% rate of annual growth.
- (4) Provided by Lexington County School District 1 and includes entire District.
- (5) Provided by SC Labor and Marketing for June 2015.

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS
CURRENT YEAR

(Unaudited)

Employer	2015			2014			2013			2012		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Lexington County	916	1	7.7%	857	1	7.5%	854	1	7.7%	916	1	8.6%
Lexington School District One	513	2	4.3%	493	2	4.3%	472	2	4.3%	513	2	4.8%
Walmart	335	3	2.8%	326	3	2.8%	317	3	2.9%	335	3	3.2%
Lowes Home Centers	150	4	1.3%	135	6	1.2%	135	7	1.2%	150	4	1.4%
Town of Lexington	147	5	1.2%	142	4	1.2%	148	6	1.3%	136	6	1.3%
Target	140	6	1.2%	140	5	1.2%	166	4	1.5%	140	5	1.3%
Avtec	129	7	1.1%	119	8	1.0%	-	-	-	-	-	-
Kohl's Department Stores, Inc.	107	8	0.9%	129	7	1.1%	152	5	1.4%	107	7	1.0%
Food Lion	84	9	0.7%	90	9	0.8%	81	8	0.7%	84	8	0.8%
KMart Stores	75	10	0.6%	-	-	-	78	9	0.7%	75	9	0.7%
Honda Cars of Columbia	-	-	-	80	10	0.7%	75	10	0.7%	70	10	0.7%
Home Depot	-	-	-	-	-	-	-	-	-	-	-	-
Herndon Chevrolet	-	-	-	-	-	-	-	-	-	-	-	-
IHOP	-	-	-	-	-	-	-	-	-	-	-	-
Ryan's Steakhouse	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,596		21.8%	2,511		21.8%	2,478		22.4%	2,526		23.8%
Estimated total employment	11,958.1			11,497.8			11,055.6			10,630.4		

Employer	2011			2010			2009			2008		
	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	813	1	8.0%	819	1	8.3%	864	1	8.9%	870	1	9.6%
Lexington School District One	487	2	4.8%	450	2	4.6%	489	2	5.1%	500	2	5.5%
Walmart	353	3	3.5%	323	3	3.3%	350	3	3.6%	330	3	3.6%
Lowe's Home Centers	140	5	1.4%	144	4	1.5%	130	6	1.3%	150	5	1.7%
Town of Lexington	133	6	1.3%	131	5	1.3%	128	7	1.3%	125	7	1.4%
Target	149	4	1.5%	129	6	1.3%	166	4	1.7%	170	4	1.9%
Kohl's Department Stores, Inc.	118	7	1.2%	107	7	1.1%	137	5	1.4%	140	6	1.5%
Home Depot	-	-	-	98	8	1.0%	87	9	0.9%	94	8	1.0%
Food Lion	88	8	0.9%	75	9	0.8%	90	8	0.9%	90	9	1.0%
KMart Stores	75	10	0.7%	70	10	0.7%	85	10	0.9%	85	10	0.9%
Honda Cars of Columbia	85	9	0.8%	-	-	-	-	-	-	-	-	-
Herndon Chevrolet	-	-	-	-	-	-	-	-	-	-	-	-
IHOP	-	-	-	-	-	-	-	-	-	-	-	-
Ryan's Steakhouse	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,441		23.9%	2,346		24.0%	2,526		26.0%	2,554		28.1%
Estimated total employment	10,221.8			9,828.5			9,663.5			9,075.0		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS
CURRENT YEAR

(Unaudited)

Employer	2007			2006		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Lexington County	860	1	10.1%	525	2	6.6%
Lexington School District One	509	2	6.0%	536	1	6.7%
Walmart	375	3	4.4%	400	3	5.0%
Lowe's Home Centers	140	5	1.6%	154	4	1.9%
Target	-	-	-	-	-	-
Town of Lexington	120	6	1.4%	117	6	1.5%
Kohl's Department Stores, Inc.	160	4	1.9%	130	5	1.6%
Food Lion	82	9	1.0%	95	7	1.2%
KMart Stores	85	8	1.0%	86	9	1.1%
Honda Cars of Columbia	-	-	-	-	-	-
Home Depot	93	7	1.1%	-	-	-
Herndon Chevrolet	-	-	-	87	8	1.1%
IHOP	82	10	1.0%	-	-	-
Ryan's Steakhouse	-	-	-	58	10	0.7%
Totals	<u>2,506</u>		<u>29.5%</u>	<u>2,188</u>		<u>27.4%</u>
Estimated total employment	<u>8,525.0</u>			<u>8,000.0</u>		

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)

Year	Residential Construction (Single & Multi-Family)		Commercial Construction		Other Building Related Permits Permits		Bank Deposits (x 1,000)
	# of Units	Value	# of Units	Value	# of Units	Value	
2006	487	\$ 42,188,362	20	\$ 29,830,368	266	\$ 6,671,881	\$ 897,741
2007	366	26,717,874	41	66,518,910	325	10,822,539	999,770
2008	160	22,828,981	29	19,496,925	349	12,655,833	1,010,748
2009	287	16,791,187	16	14,287,237	383	7,827,039	1,160,141
2010	229	28,459,406	3	2,525,206	392	8,110,774	1,286,281
2011	250	27,227,943	7	8,680,606	381	7,638,674	1,242,023
2012	181	22,189,681	9	5,517,595	586	8,605,737	1,235,615
2013	159	20,450,176	9	6,755,300	755	14,502,984	1,241,592
2014	108	12,774,370	13	6,776,041	758	15,024,718	1,310,754
2015	112	\$ 17,465,322	15	\$ 16,662,921	742	\$ 12,278,172	\$ 1,229,571

Source: Town of Lexington Building & Zoning Department, Lexington

Note: Construction valuations reflect only new construction costs. Other building permits includes all other commercial and residential building related permits including primarily additions, accessories, grading, HVAC, gas, electric, interior and exterior alterations, permanent signs & plumbing.

TOWN OF LEXINGTON, SOUTH CAROLINA

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

(Unaudited)

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
General Government	30.0	33.5	28.5	30.0	39.0	37.0	39.0	40.0	41.0	43.0
Public Safety	37.0	38.0	41.5	43.5	44.5	44.0	45.0	45.0	46.0	48.0
Parks, Streets, and Sanitation	12.0	12.0	14.0	14.0	14.0	13.0	13.0	15.0	15.0	16.0
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	35.5	35.0	39.0	39.0	39.0	39.0	38.0	39.0	39.0	39.0
Total	115.5	119.5	124.0	127.5	137.5	134.0	136.0	140.0	142.0	147.0

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
<u>Building/Zoning</u>										
Building Permits Issued	461	524	522	534	649	577	794	944	880	892
Building Inspections Conducted	2,420	2,898	2,787	2,371	3,527	2,786	3,083	2,975	2,558	2,132
Zoning Permits Issued	291	334	487	480	453	450	492	404	402	468
<u>Information Technology</u>										
Water/Sewer Customers (Online Transactions)	6,935	9,113	11,872	14,772	18,859	24,137	28,422	30,369	36,460	43,152
Fines (Online Transactions)	NA	991	NA	NA						
<u>Finance</u>										
Business Licenses Issued Intown/Renewals	1,590	1,771	1,968	2,163	2,253	2,305	2,944	3,159	3,256	3,572
<u>Parks, Streets and Sanitation</u>										
Residential Solid Waste Customers	4,699	4,850	4,995	5,159	5,390	5,597	5,799	5,987	6,121	6,235
<u>Public Safety - Police</u>										
Physical Arrests	838	1,002	955	1,432	1,182	1,314	1,572	1,854	2,086	1,600
Parking Tickets	110	93	69	68	20	18	22	34	55	53
Traffic Violations	6,921	7,379	7,685	7,266	8,055	8,016	10,035	8,004	8,983	5,900
Business-Type Activities										
<u>Water and Sewer System</u>										
Average Daily Consumption of Water(MGD)	1.833	1.982	2.250	2.179	2.226	2.347	2.322	2.235	2.140	2.265
Average Daily Consumption of Sewer(MGD)	2.262	2.530	2.895	2.801	2.984	3.092	3.107	3.049	2.924	3.156
Capital Contribution Certificates sold	1,838	3,604	833	7	142	10	123	232	219	524
Capital Contribution Certificates Outstanding	4,488	3,213	2,146	2,108	1,898	1,787	1,677	1,439	1,298	1,096

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Town Hall (<i>Approx. Sq. Ft. Used</i>)	60,100	60,100	60,100	60,100	60,100	63,251	63,251	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	37	38	41	43	44	44	45	45	46	48
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	1,000
Parks and Playgrounds	2	2	3	4	4	4	5	6	6	7
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	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	12.46	12.46	12.46	12.46	12.46	12.46	12.46
Water Capacity - all sources (<i>MGD</i>)	4.50	4.50	5.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Water Lines (<i>miles</i>)	186	198	205	209	210	211	212	215	215	216
Sewer Lines (<i>miles</i>)	182	217	257	264	266	272	273	277	284	290

Source: Town of Lexington departmental records

MGD = Million Gallons per Day

THE BRITTINGHAM GROUP, L.L.P.

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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 Mayor and Members of Town Council
Town of Lexington, South Carolina
111 Maiden Lane
Lexington, South Carolina 29072

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, South Carolina (the "Town"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 17, 2015.

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.

The Brittingham Group LLP

West Columbia, South Carolina

December 17, 2015