

**CITY OF LEXINGTON, NEBRASKA**

FINANCIAL STATEMENTS

September 30, 2011

# CITY OF LEXINGTON, NEBRASKA

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# CONTRYMAN ASSOCIATES, P.C.

Certified Public Accountants

615 West 1 <sup>st</sup> Street P.O. Box 700 Grand Island NE 68802 308-382-5720 Fax: 308-382-5945	5807 Osborne Drive West P.O. Box 2026 Hastings NE 68902 402-463-6711 Fax: 402-463-6713	315 West 60 <sup>th</sup> , Suite 500 P.O. Box 1746 Kearney NE 68848 308-237-5930 Fax: 308-234-4410	707 East Pacific P.O. Drawer H Lexington NE 68850 308-324-2368 Fax: 308-324-2360	1001 West 27 <sup>th</sup> Street P.O. Box 2246 Scottsbluff NE 69363 308-635-7705 Fax: 308-635-0599	1611 16 <sup>th</sup> Street P.O. Box 191 Central City NE 68826 308-946-3870 Fax: 308-946-3870	826 G Street Geneva, NE 68361 402-759-3002 Fax: 402-463-6713
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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Council, and  
City Manager  
Lexington, Nebraska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit of the City of Lexington, Nebraska, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, the major funds, and the discretely presented component unit of the City of Lexington, Nebraska, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2012, on our consideration of the City of Lexington, Nebraska's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lexington, Nebraska's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Contripman Associates P.C.*

Certified Public Accountants  
Lexington, Nebraska

March 21, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the city of Lexington, Nebraska presents this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011. This discussion is to be considered in conjunction with the additional information provided in the transactions, events, and conditions reflected in the City's financial statements.

### **FINANCIAL HIGHLIGHTS**

The assets of the City exceeded its liabilities by \$45,806,845 (net assets). Of this amount, \$3,963,065 (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.

The City's total net assets increased by \$2,943,739 in comparison with the previous year. Of this amount, \$3,756,296 was the increase from governmental activities. This increase was due primarily to the additions to Capital Assets such as the Dawson County Opportunity Center, Frontier Street & 283 Improvements, and the Northwest 3<sup>rd</sup> Addition Street Improvement project. Business-type activities net assets decreased \$812,557. Although \$1.1 million in utility projects were booked, annual depreciation and current liabilities at year-end outweighed the additions to the utility plants.

The City's governmental funds reported combined ending fund balances of \$2,453,446; an increase of \$796,211 in comparison with the prior year. This increase is due to higher cash balances and higher receivables at year-end. Of this total fund balance, 34%, or \$833,588 is available for spending at the City's discretion (unassigned fund balance), all of which is in the General Fund.

The City's total long-term debt decreased \$214,005. This decrease is due to debt payments made during the year. The long-term debt balance includes bonded and non-bonded debt.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's basic financial statements are comprised of three components: 1) the government-wide financial statements 2) fund financial statements and 3) notes to the financial statements. In addition to the basic financial statements this report contains a Single Audit Section and supplementary information.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the position of the City is improving or declining.

The *statement of activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the event causing the change occurs,

regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). Governmental activities of the City include general administrative services, planning and zoning, public safety, aging services, library, aquatic, recreation and parks, cemeteries, and streets. Also included are economic development and housing as well as debt service. Business-type activities include electric, water, sewer, sanitation, landfill, and ambulance.

The government-wide financial statements include not only the City of Lexington itself (known as the primary government), but also a legally separate City of Lexington Community Redevelopment Authority for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 15-17 of the report.

#### 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 purposes. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All City funds are divided into three categories: governmental, proprietary, and fiduciary.

#### 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-22 of this report.

#### Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, sanitation, landfill, and ambulance. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health fund and central garage. Because these services benefit both governmental and business-type functions, they have been allocated to the governmental and business-type activities in the government-wide financial statements based on usage.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, sewer, sanitation, landfill, and ambulance; all except the ambulance fund are considered to be major funds of the City. Internal service funds are also presented individually in the proprietary fund financial statement section.

The basic proprietary fund financial statements can be found on pages 23-27 of the report.

#### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Currently, the city of Lexington has no fiduciary funds as defined by the Governmental Accounting Standards Board.

#### NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Notes to the financial statements can be found on pages 28-52 of the report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This analysis requires focus on the current-year results in comparison with the prior year and the positive and negative aspects of this comparison.



As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the city of Lexington, assets exceeded liabilities by \$45,806,845 at September 30, 2011.

By far, the largest portion of the City's net assets (82 percent) reflects its investment in capital assets (e.g., land, buildings, improvements, utility plant, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments 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 capital assets themselves cannot be used to liquidate these liabilities.

City of Lexington  
Condensed Statement of Net Assets  
September 30, 2011

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	5,320,241	3,931,820	6,611,358	6,973,362	11,931,599	10,905,182
Capital Assets	29,853,236	26,787,902	22,089,754	22,938,155	51,942,990	49,726,057
Total Assets	35,173,477	30,719,722	28,701,112	29,911,517	63,874,589	60,631,239
Long-Term Liabilities						
Outstanding	4,716,297	4,505,343	9,148,443	9,696,790	13,864,740	14,202,133
Other Liabilities	2,065,225	1,578,720	2,137,779	1,987,279	4,203,004	3,565,999
Total Liabilities	6,781,522	6,084,063	11,286,222	11,684,069	18,067,744	17,768,132
Net Assets:						
Invested in Capital Assets						
net of related debt	24,448,015	21,714,488	13,225,384	13,527,115	37,673,399	35,241,603
Restricted	669,421	464,320	3,500,960	4,069,640	4,170,381	4,533,960
Unrestricted	3,274,519	2,456,851	688,546	630,693	3,963,065	3,087,544
Total Net Assets	28,391,955	24,635,659	17,414,890	18,227,448	45,806,845	42,863,107

An additional portion of the City's net assets, 9 percent, represents resources that are subject to external restrictions on their use. The remaining balance of unrestricted net assets, 9% (\$3,963,065) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2011, the City is able to report positive balances in all three categories of net assets; for the government as a whole, for its separate governmental and business-type activities.

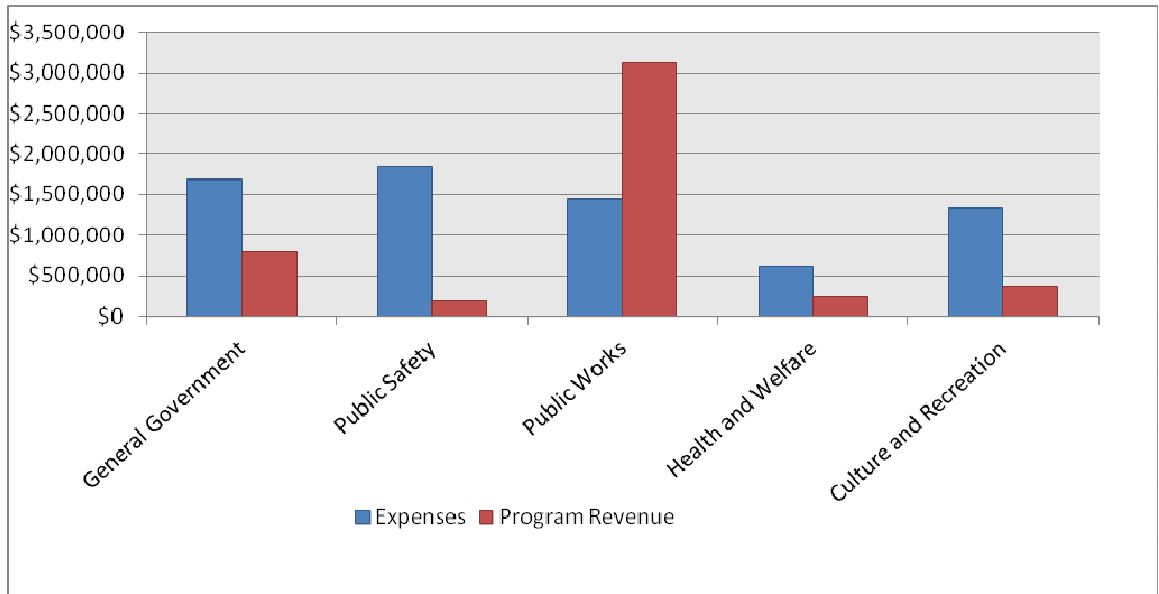
City of Lexington  
Condensed Statement of Activities and Change in Net Assets  
for the Year Ended September 30, 2011

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue:						
Program Revenue:						
Charges for Services	1,276,654	2,316,121	18,103,451	17,197,798	19,380,105	19,513,919
Operating Grants & Contributions	1,581,667	1,035,851	-	-	1,581,667	1,035,851
Capital Grants & Contributions	1,852,659	975,852	259,960	88,201	2,112,619	1,064,053
General Revenue:						
Property and Other Taxes	1,755,036	1,751,778	-	-	1,755,036	1,751,778
Sales and Use Tax	1,766,519	1,295,613	-	-	1,766,519	1,295,613
Franchise Taxes	1,068,610	1,011,465	-	-	1,068,610	1,011,465
Intergovernmental	746,246	295,918	63,555	-	809,801	295,918
Interest	14,937	17,864	15,235	52,053	30,172	69,917
Miscellaneous	363,991	321,845	-	12,652	363,991	334,497
Gain (Loss) on Sale of Assets	102,331	-	-	-	102,331	-
Transfers	150,627	369,269	(150,627)	(369,269)	-	-
Total Revenue	10,679,277	9,391,576	18,291,575	16,981,435	28,970,852	26,373,011
Expenses:						
General Government	1,688,252	1,365,556	-	-	1,688,252	1,365,556
Public Safety	1,850,253	1,711,990	-	-	1,850,253	1,711,990
Public Works	1,440,864	1,856,619	-	-	1,440,864	1,856,619
Health and Welfare Culture and Recreation	605,850	890,239	-	-	605,850	890,239
Utilities / Ambulance	1,337,762	1,275,362	-	-	1,337,762	1,275,362
			19,104,132	17,028,570	19,104,132	17,028,570
Total Expenses	6,922,981	7,099,766	19,104,132	17,028,570	26,027,113	24,128,336
Change In Net Assets	3,756,296	2,291,810	(812,557)	(47,135)	2,943,739	2,244,675
Net Assets 10-01-2010	24,635,659	22,343,849	18,227,447	18,274,582	42,863,106	40,618,431
Net Assets 09-30-2011	28,391,955	24,635,659	17,414,890	18,227,447	45,806,845	42,863,106

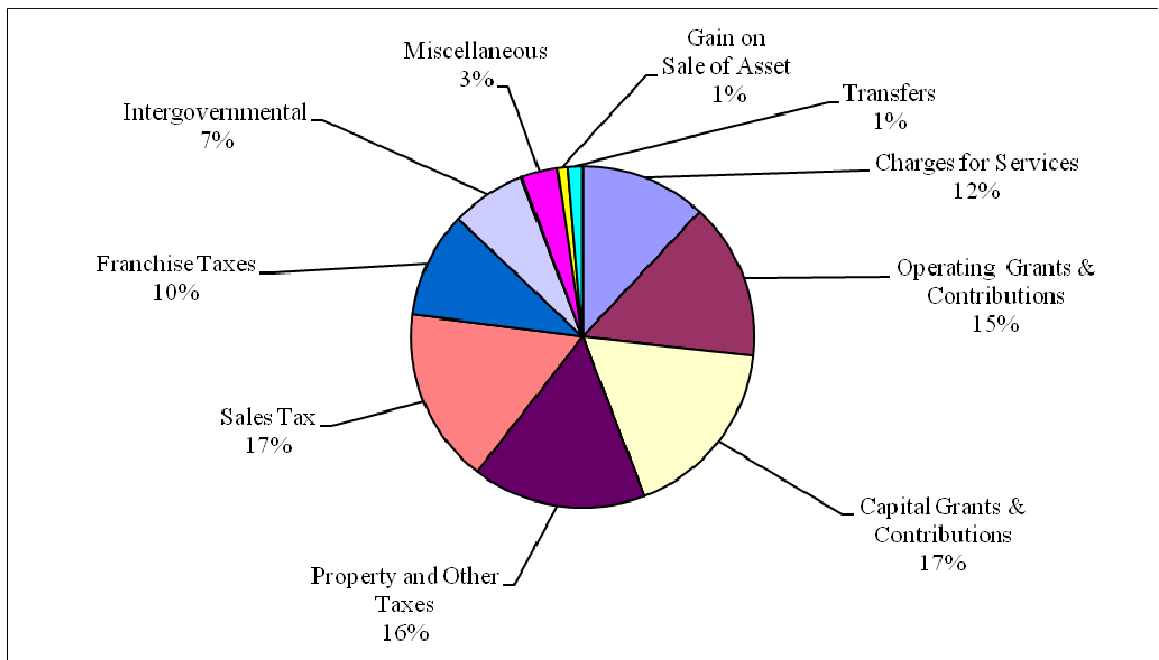
**GOVERNMENTAL ACTIVITIES**

Governmental activities increased the City’s net assets by \$3,756,296; accounting for virtually all of the City’s growth in net assets for fiscal 2011.

**Expense and Program Revenues – Governmental Activities**



**Revenue by Source – Governmental Activities**



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

### **GOVERNMENTAL FUNDS**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City'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 September 30, 2011, the City's governmental funds reported combined ending fund balances of \$2,453,446 an increase of \$796,211 in comparison with the prior year. Of the \$2.4 million, 34 percent constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, 66 percent is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts of the prior period.

The general fund is the chief operating fund of the City. At September 30, 2011, the unassigned fund balance of the general fund was \$833,588 which is the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12 percent of total general fund expenditures.

### **PROPRIETARY FUNDS**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, only in more detail.

Unrestricted net assets in the Proprietary Funds are \$732,033.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Major variances between revenue and expenditures and the adopted budget include the following:

- The General Fund budget revenue variance is a negative 11%, or approximately \$1,161,689. The General Fund budget expenditure variance is a positive 25%, or approximately \$3,261,390. These variances are considered normal timing differences.

## **ALL FUNDS BUDGETARY COMPARISON**

Actual combined revenue for all funds was comparable to the budget. Only an approximate 6% variance exists at year-end. All funds actual combined expenditures were also comparable to the budgeted amounts. Combined expenditures were approximately 12% under budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### CAPITAL ASSETS

The City's capital assets for its government and business-type activities as of September 30, 2011, totals \$51,942,590 (net of accumulated depreciation). These capital assets include land, buildings, improvements, machinery and equipment, streets, bridges, storm sewers, electric plant, and water and sewer plant.

Major capital asset events during 2011 include the following:

- The City completed Phase II and roof repair of the Dawson County Opportunity Center and nearly all of Phase III at slightly under \$1.6 million dollars. Remodeling of City Hall was completed for \$251,514.
- Street projects include Improvement District 09-02 Spruce/Elm, Frontier Street & Hwy 283, Northwest 3<sup>rd</sup> Addition, and various other projects; all totaling approximately \$626,993.
- Electric system projects included circuit replacements, alley conversions, distribution line, and improvements to all five Sub-Stations. These improvements were made for \$762,845.
- The Water department had five projects; Legend Oaks, Ash-Jefferson, Spruce & Elm, 13th Street Improvements, and Northwest Senior Housing totaling \$186,190.
- The Sewer department had three projects; 13<sup>th</sup> Street, Northwest Senior Housing and Legend Oaks for \$140,931. The Waste Water Treatment Plant spent \$11,454 on digester improvements. .

City of Lexington  
Capital Assets (net of depreciation)  
September 30, 2011

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	3,138,530	3,152,856	329,520	329,520	3,468,050	3,482,376
Buildings and Improvements	9,976,346	5,667,527	5,087,091	5,010,940	15,063,437	10,678,467
Machinery and Equipment	1,402,032	1,446,654	711,987	973,085	2,114,019	2,419,739
Infrastructure	12,685,295	11,995,658			12,685,295	11,995,658
Utility Plant			15,587,557	15,537,620	15,587,557	15,537,620
Construction in Progress	2,650,634	4,525,207	373,598	1,086,990	3,024,232	5,612,197
<b>Total</b>	<b>29,852,837</b>	<b>26,787,902</b>	<b>22,089,753</b>	<b>22,938,155</b>	<b>51,942,590</b>	<b>49,726,057</b>

Additional Capital Asset information can be found in Note 5 on pages 41-42 of the report.

## LONG-TERM DEBT

At September 30, 2011, the city of Lexington had total outstanding debt of \$14,270,450. Of this amount, \$2,755,000 is General Obligation bonded debt backed by the full faith and credit of the City. Combined Utilities Revenue bonded debt totaled \$8,830,000. \$2,685,450 represents notes to finance equipment and other contracts approved by the City Council.

City of Lexington  
Total Outstanding Debt  
September 30, 2010 and 2011

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
GO Bonds	2,755,000	3,095,000			2,755,000	3,095,000
Revenue Bonds			8,830,000	9,320,000	8,830,000	9,320,000
Notes Payable	2,651,080	1,978,415	34,370	91,040	2,685,450	2,069,455
Total	<u>5,406,080</u>	<u>5,073,415</u>	<u>8,864,370</u>	<u>9,411,040</u>	<u>14,270,450</u>	<u>14,484,455</u>

The City's total debt decreased \$214,005 during fiscal 2011. Payments to reduce bonded debt as well as non-bonded debt are responsible for this decrease.

State statutes do not limit the amount of general obligation or revenue bond debt a Nebraska city may issue.

Additional long-term debt information can be found in Note 7 on pages 43-46 of the report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Sales tax collections have increased annually by an average 2.83% over the past 15 years.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the City's budget for the 2012 fiscal year.

## **BOND INFORMATION DEPOSITORY**

The following information is included at the request of the City's bond counsel. This data is required to be filed with the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Assess (EMMA) system along with the annual financial report. This document will then include all the information required for submission.

<b>Electric Rates:</b>	<b>Summer</b>	<b>Winter</b>	<b>FY</b>	<b>Industrial:Non-Interruptible:</b>	<b>Summer</b>	<b>Winter</b>	<b>3</b>
<b>Effective Dates:</b>	<b>May-Sept</b>	<b>Oct-April</b>	<b>2011</b>	Base Charge per Month	\$50.00	\$50.00	
<b>Billing Dates:</b>	<b>June-Oct</b>	<b>Nov-May</b>	<b># of</b>	Plus Demand per kW	\$12.75	\$11.00	
<b>Resolution #:</b>	<b>2010-31</b>	<b>2010-31</b>	<b>Users</b>	Plus Energy per kWh	\$0.0410	\$0.0366	
<b>Council Approved:</b>	<b>12/28/2010</b>	<b>12/28/2010</b>		<b>Irrigation:Non-Interruptible</b>	<b>All Year Rate</b>		
<b>Effective Date:</b>	<b>1/1/2011</b>	<b>1/1/2011</b>		Horsepower Charge, per HP	\$64.00	\$64.00	<b>14</b>
<b>Begin Billing Date:</b>	<b>1/1/2011</b>	<b>1/1/2011</b>		Plus all kWh, per kWh	\$0.0612	\$0.0612	
<b>Residential - Basic:</b>	<b>Summer</b>	<b>Winter</b>	<b>2,084</b>	<b>Municipal Street Lights:</b>	<b>All Year Rate</b>		<b>N/A</b>
Base Charge per Month	\$15.00	\$15.00		Base Charge per Month	\$2,500.00	\$2,500.00	
First 500 kWh	\$0.1100	\$0.0980		Plus All kWh, per kWh	\$0.0575	\$0.0575	
Over 500 kWh	\$0.0861	\$0.0500		<b>Municipal Power &amp; Light:</b>	<b>All Year Rate</b>		<b>49</b>
<b>Minimum Bill -</b>	<b>\$15.00</b>	<b>\$15.00</b>		Charge per Month per meter	\$15.00	\$15.00	
<b>Residential - All Electric:</b>	<b>Summer</b>	<b>Winter</b>	<b>1,291</b>	Plus All kWh, per kWh	\$0.0575	\$0.0575	
Base Charge per Month	\$13.00	\$13.00		<b>Yard Light Service:</b>	<b>Unmetered</b>		<b>73</b>
First 500 kWh	\$0.1080	\$0.0870		Charge per Month	\$10.00	\$10.00	
Over 500 kWh	\$0.0835	\$0.0450		<b>High Tension Service:</b>	<b>Summer</b>	<b>Winter</b>	<b>2</b>
<b>Minimum Bill -</b>	<b>\$13.00</b>	<b>\$13.00</b>		<b>Effective Dates:</b>	<b>June-Oct</b>	<b>Nov-May</b>	
<b>Commercial - Small:</b>	<b>Summer</b>	<b>Winter</b>	<b>484</b>	<b>Billing Dates:</b>	<b>July-Nov</b>	<b>Dec-June</b>	
Base Charge per Month	\$15.00	\$15.00		<b>Energy time periods:</b>			
First 1,000 kWh	\$0.1350	\$0.1200		Summer On Peak	Mon - Sat	1001-2200	
Over 1,000 kWh	\$0.0870	\$0.0720		Off-Peak	All Other Hours		
<b>Minimum Bill -</b>	<b>\$15.00</b>	<b>\$15.00</b>		Winter On-Peak	Mon - Sat	0801-2200	
<b>Commercial - Heat:</b>	<b>Summer</b>	<b>Winter</b>	<b>56</b>	Off-Peak	All Other Hours		
Base Charge per Month	\$15.00	\$15.00					
First 1,000 kWh	\$0.1330	\$0.1180					
Next 4,000 kWh	\$0.0870	\$0.0670					
Over 5,000 kWh	\$0.0870	\$0.0502					
<b>Minimum Bill -</b>	<b>\$15.00</b>	<b>\$15.00</b>					
<b>Commercial - Large:</b>	<b>Summer</b>	<b>Winter</b>	<b>33</b>				
Base Charge per Month	\$20.00	\$20.00					
Plus Demand per kW	\$14.00	\$12.20					
Plus Energy per kWh	\$0.0430	\$0.0400					

All hours on New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day shall be considered OFF-Peak hours.

The High Tension rate shall be based upon a cost-plus calculation obtained from real-time metering. The rate shall include the actual cost of wholesale electricity purchased plus a percentage added to cover the required electric utility margin. The High Tension rate will be calculated, charged, and managed buy the City Manager.

**All Rates Are Subject To Change**

## BOND INFORMATION DEPOSITORY

The following information is included at the request of the City's bond counsel. This data is required to be filed with the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Assess (EMMA) system along with the annual financial report. This document will then include all the information required for submission.

<b>Automated Meter Reading Fee</b>			<b>FY</b>	<b>Sanitary Sewer Rates:</b>			<b>FY</b>
<b>Resolution #:</b>	<b>2011-33</b>		<b>2011</b>	<b>Resolution #:</b>	<b>08-24</b>		<b>2011</b>
<b>Council Approved:</b>	<b>9/13/2011</b>		<b># of</b>	<b>Council Approved:</b>	<b>12/9/2008</b>		<b># of</b>
			<b>Users</b>	<b>Effective Date:</b>	<b>1/1/2009</b>		<b>Users</b>
<b>Effective Date:</b>	<b>10/1/2011</b>			<b>Begin Billing Date:</b>	<b>1/1/2009</b>		
<b>Begin Billing Date:</b>	<b>10/1/2011</b>						
<b>Fee is for all electric utility customers @ \$1.00 per meter per month.</b>				<b>Flat Rate Residential</b>	\$23.00	Monthly	<b>3,036</b>
				(Daily usage will be prorated)			
<b>Water Rates:</b>				<b>Flat Rate Commercial</b>	\$23.00	Monthly	<b>All</b>
<b>Resolution #:</b>	<b>2011-24</b>			<b>Commercial Metered</b>	\$2.10	per 1,000	<b>Comm</b>
<b>Council Approved:</b>	<b>6/28/2011</b>					gallons	<b>334</b>
<b>Effective Date:</b>	<b>8/1/2011</b>				\$16.00	minimum	
<b>Begin Billing Date:</b>	<b>8/1/2011</b>				City		
				<b>Industrial</b>	Manager	Determines	<b>3</b>
<b>Residential Metered:</b>	Monthly		<b>2,480</b>				
First 5,000 gallons	\$13.25	minimum					
		per					
Over 5,000 gallons	\$0.90	1,000					
		gallons					
<b>Residential Flat Rate:</b>	\$20.25	per	<b>109</b>				
		dwelling					
		unit					
<b>Multi-Unit Service Fee:</b>	\$7.25		<b>636</b>				
per dwelling unit, with more than one							
dwelling unit served by a single meter							
<b>Commercial Metered:</b>			<b>436</b>				
First 5,000 gallons	\$13.25	minimum					
		per					
Over 5,000 gallons	\$0.90	1,000					
		gallons					
<b>Industrial Metered:</b>	\$0.2334	per	<b>1</b>				
		1,000					
		gallons					
<b>All Rates Subject To Change</b>							

Fiscal Year	2011	2010	2009
Population	10,230	10,011	10,011
Taxable Valuation	272,443,846	268,497,152	267,064,986
# of Employees	85	84	80



## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the city of Lexington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lexington, Office of the Finance Director, 406 East 7<sup>th</sup> Street, Lexington, NE 68850.

# CITY OF LEXINGTON, NEBRASKA

## STATEMENT OF NET ASSETS

September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash	2,368,914	230,666	2,599,580	0
Cash with County Treasurer	53,478	0	53,478	0
Receivables	1,967,281	1,825,436	3,792,717	0
Internal balances	(481,153)	481,153	0	0
Due from other governmental agencies	705,565	38,421	743,986	0
Inventories	0	395,782	395,782	0
Restricted assets:				
Cash	669,421	3,313,647	3,983,068	15,966
Investments	0	187,313	187,313	0
Receivables	0	0	0	233,073
Capital assets				
Nondepreciable	5,789,165	702,322	6,491,487	1,253,678
Depreciable - net	24,064,071	21,387,432	45,451,503	27,701
Deferred charges	36,735	138,940	175,675	0
<b>TOTAL ASSETS</b>	<b>35,173,477</b>	<b>28,701,112</b>	<b>63,874,589</b>	<b>1,530,418</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,078,205	1,421,374	2,499,579	0
Due to other governmental agencies	29,166	0	29,166	0
Long-term liabilities				
Due within one year				
Bonds and notes	688,924	556,835	1,245,759	147,575
Accrued interest	73,032	109,241	182,273	51,064
Compensated absences	195,898	50,329	246,227	0
Due in more than one year				
Bonds and notes	4,716,297	8,307,535	13,023,832	937,449
Due to city	0	0	0	0
Customer deposits	0	179,914	179,914	0
Accrued landfill closure costs	0	660,994	660,994	0
<b>TOTAL LIABILITIES</b>	<b>6,781,522</b>	<b>11,286,222</b>	<b>18,067,744</b>	<b>1,136,088</b>

(Continued on next page)

**CITY OF LEXINGTON, NEBRASKA**

STATEMENT OF NET ASSETS (CONTINUED)

September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
NET ASSETS				
Invested in capital assets, net of related debt	24,448,015	13,225,384	37,673,399	196,355
Restricted for:				
Special revenue	669,421	0	669,421	0
Debt service	0	3,500,960	3,500,960	0
Other purposes	0	0	0	197,975
Unrestricted	3,274,519	688,546	3,963,065	0
 TOTAL NET ASSETS	 28,391,955	 17,414,890	 45,806,845	 394,330

*See accompanying notes.*

CITY OF LEXINGTON, NEBRASKA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Component Units
General government	1,688,252	793,662	0	0	(894,590)		(894,590)	0
Public safety	1,850,253	156,329	34,888	0	(1,659,036)		(1,659,036)	0
Public works	1,440,864	27,255	1,311,779	1,779,866	1,678,036		1,678,036	0
Health and welfare	605,850	43,328	182,065	20,670	(359,787)		(359,787)	0
Culture and recreation	1,337,762	256,080	52,935	52,123	(976,624)		(976,624)	0
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>6,922,981</b>	<b>1,276,654</b>	<b>1,581,667</b>	<b>1,852,659</b>	<b>(2,212,001)</b>		<b>(2,212,001)</b>	<b>0</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>								
Electric	15,133,607	14,628,912	0	210,259		(294,436)	(294,436)	0
Water	1,673,340	1,200,806	0	0		(472,534)	(472,534)	0
Sewer	1,669,828	1,645,110	0	49,701		24,983	24,983	0
Sanitation	460,376	488,479	0	0		28,103	28,103	0
Landfill	2,851	0	0	0		(2,851)	(2,851)	0
Ambulance	164,130	140,144	0	0		(23,986)	(23,986)	0
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>19,104,132</b>	<b>18,103,451</b>	<b>0</b>	<b>259,960</b>		<b>(740,721)</b>	<b>(740,721)</b>	<b>0</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>26,027,113</b>	<b>19,380,105</b>	<b>1,581,667</b>	<b>2,112,619</b>	<b>(2,212,001)</b>	<b>(740,721)</b>	<b>(2,952,722)</b>	<b>0</b>
<b>COMPONENT UNIT:</b>								
Community Redevelopment Authority	366,776	459,824	0	0				93,048
<b>GENERAL REVENUE:</b>								
Taxes:								
Property taxes, levied for general purposes					1,676,613	0	1,676,613	0
Property taxes, levied for specific purposes					78,423	0	78,423	0
Sales taxes					1,766,519	0	1,766,519	0
Franchise taxes					1,068,610	0	1,068,610	0
Intergovernmental					746,246	63,555	809,801	0
Interest income					14,937	15,235	30,172	8,337
Miscellaneous					363,991	0	363,991	0
Special item - gain (loss) on sale of asset					102,331	0	102,331	0
Transfers					150,627	(150,627)	0	0
<b>TOTAL GENERAL REVENUE, SPECIAL ITEMS, AND TRANSFERS</b>					<b>5,968,297</b>	<b>(71,837)</b>	<b>5,896,460</b>	<b>8,337</b>
<b>CHANGE IN NET ASSETS</b>					<b>3,756,296</b>	<b>(812,558)</b>	<b>2,943,738</b>	<b>101,385</b>
Net assets - beginning					24,635,659	18,227,448	42,863,107	292,945
<b>NET ASSETS - ENDING</b>					<b>28,391,955</b>	<b>17,414,890</b>	<b>45,806,845</b>	<b>394,330</b>

See accompanying notes.

**CITY OF LEXINGTON, NEBRASKA**

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2011

	General Fund	Federal Grants	Street Fund	Economic Development	Debt Service Fund	Meals on Wheels Fund	Total Governmental Funds
<b>ASSETS:</b>							
Cash - unrestricted	2,114,786	0	0	237,734	145,523	0	2,498,043
Cash with County Treasurer	49,438	0	0	0	4,040	0	53,478
Receivables (net)	553,939	0	80,897	651,538	338,290	0	1,624,664
Due from other funds	71,212	0	0	0	0	0	71,212
Receivable from other governments	59,860	0	624,897	0	0	0	684,757
Restricted assets:							
Cash	0	313,101	0	50,597	0	67,988	431,686
Receivables (net)	0	342,617	0	0	0	0	342,617
Due from other funds	0	700,714	0	0	0	0	700,714
Receivable from other governments	0	0	0	0	0	20,808	20,808
<b>TOTAL ASSETS</b>	<b>2,849,235</b>	<b>1,356,432</b>	<b>705,794</b>	<b>939,869</b>	<b>487,853</b>	<b>88,796</b>	<b>6,427,979</b>
<b>LIABILITIES:</b>							
Accounts payable	332,998	0	624,897	0	0	6,481	964,376
Due to other funds	1,280,892	0	0	0	18,396	0	1,299,288
Payable to other governments	0	29,166	0	0	0	0	29,166
Deferred revenue	128,448	295,758	0	651,538	330,274	0	1,406,018
Other accrued expenses	273,309	0	0	0	0	2,376	275,685
<b>TOTAL LIABILITIES</b>	<b>2,015,647</b>	<b>324,924</b>	<b>624,897</b>	<b>651,538</b>	<b>348,670</b>	<b>8,857</b>	<b>3,974,533</b>
<b>FUND BALANCES:</b>							
Restricted	0	1,031,508	0	50,597	0	79,939	1,162,044
Committed	0	0	80,897	0	0	0	80,897
Assigned	0	0	0	237,734	0	0	237,734
Unassigned	833,588	0	0	0	139,183	0	972,771
<b>TOTAL FUND BALANCES</b>	<b>833,588</b>	<b>1,031,508</b>	<b>80,897</b>	<b>288,331</b>	<b>139,183</b>	<b>79,939</b>	<b>2,453,446</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>2,849,235</b>	<b>1,356,432</b>	<b>705,794</b>	<b>939,869</b>	<b>487,853</b>	<b>88,796</b>	<b>6,427,979</b>

See accompanying notes.

# CITY OF LEXINGTON, NEBRASKA

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

September 30, 2011

Total fund balance, governmental funds 2,453,446

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 29,853,236

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 1,406,018

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. 120,773

Some liabilities, (such as notes payable, capital lease contract payable, long-term compensated absences, interest payable, and bonds payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. (5,441,518)

Net Assets of Governmental Activities in the Statement of Net Assets 28,391,955

*See accompanying notes.*

**CITY OF LEXINGTON, NEBRASKA**

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

Year Ended September 30, 2011

	<u>General Fund</u>	<u>Federal Grants</u>	<u>Street Fund</u>	<u>Economic Development</u>	<u>Debt Service Fund</u>	<u>Meals on Wheels</u>	<u>Total Governmental Funds</u>
<b>REVENUE:</b>							
Local and county sources:							
Property taxes	1,546,304	0	121,849	0	78,509	0	1,746,662
Sales taxes	1,576,685	0	169,694	0	0	0	1,746,379
Other miscellaneous taxes	1,038,929	0	0	0	0	0	1,038,929
Licenses and permits	13,704	0	0	0	0	0	13,704
Charges for services	1,095,624	0	0	0	0	0	1,095,624
Interest and loan principal	3,791	46,978	0	570	32,397	54	83,790
Miscellaneous	152,293	2,000	0	20,000	0	432	174,725
Donations and private grants	52,414	0	51,500	0	0	87,281	191,195
Rent	73,204	4,400	0	0	0	0	77,604
State sources	1,182,619	0	860,369	0	6,100	0	2,049,088
Federal sources	380,879	0	1,476,680	0	0	95,444	1,953,003
<b>TOTAL REVENUE</b>	<b>7,116,446</b>	<b>53,378</b>	<b>2,680,092</b>	<b>20,570</b>	<b>117,006</b>	<b>183,211</b>	<b>10,170,703</b>
<b>EXPENDITURES:</b>							
Current:							
General government	1,619,256	0	0	0	0	0	1,619,256
Public safety	1,741,926	0	0	0	0	0	1,741,926
Public works	0	0	814,655	0	853	0	815,508
Health and welfare	390,717	19,895	0	0	0	161,056	571,668
Culture and recreation	1,111,439	0	0	0	0	0	1,111,439
Debt service:							
Principal	0	0	0	0	568,182	0	568,182
Interest and other charges	0	0	0	0	172,832	0	172,832
Capital outlay	1,945,989	0	1,980,650	0	0	0	3,926,639
<b>TOTAL EXPENDITURES</b>	<b>6,809,327</b>	<b>19,895</b>	<b>2,795,305</b>	<b>0</b>	<b>741,867</b>	<b>161,056</b>	<b>10,527,450</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>307,119</b>	<b>33,483</b>	<b>(115,213)</b>	<b>20,570</b>	<b>(624,861)</b>	<b>22,155</b>	<b>(356,747)</b>

(Continued on next page.)

**CITY OF LEXINGTON, NEBRASKA**

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUNDS (CONTINUED)

Year Ended September 30, 2011

	<u>General Fund</u>	<u>Federal Grants</u>	<u>Street Fund</u>	<u>Economic Development</u>	<u>Debt Service Fund</u>	<u>Meals on Wheels</u>	<u>Total Governmental Funds</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from long-term debt, net	900,000	0	0	0	0	0	900,000
Sale of capital assets	0	102,331	0	0	0	0	102,331
Transfers in	521,484	0	196,110	167,500	741,025	0	1,626,119
Transfers out	(1,375,491)	0	0	(100,000)	0	0	(1,475,491)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>45,993</u>	<u>102,331</u>	<u>196,110</u>	<u>67,500</u>	<u>741,025</u>	<u>0</u>	<u>1,152,959</u>
<b>REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>							
Fund balances - beginning	480,476	895,694	0	200,261	23,019	57,784	1,657,234
<b>FUND BALANCES - ENDING</b>	<u>833,588</u>	<u>1,031,508</u>	<u>80,897</u>	<u>288,331</u>	<u>139,183</u>	<u>79,939</u>	<u>2,453,446</u>

*See accompanying notes.*



## CITY OF LEXINGTON, NEBRASKA

### RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2011

Net change in fund balances - total governmental funds:	796,212
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays exceeded depreciation in the current period.	3,109,987
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	255,622
The issuance of long-term debt (e.g. bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items as expenses when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(336,104)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Accrued interest not reflected on Governmental funds	(3,739)
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(65,682)
Change in net assets of governmental activities	<u><u>3,756,296</u></u>

*See accompanying notes.*

**CITY OF LEXINGTON, NEBRASKA**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

September 30, 2011

	Electric	Water	Sewer	Sanitation	Landfill	Ambulance	Total Enterprise Funds	Internal Service Funds
<b>CURRENT ASSETS:</b>								
Cash	180,689	0	0	(2,419)	0	52,396	230,666	108,605
Accounts receivable, net	1,146,929	281,908	321,761	113,258	0	0	1,863,856	0
Due from other funds	0	0	0	0	0	0	0	2,722
Inventories	219,927	175,623	232	0	0	0	395,782	0
<b>TOTAL CURRENT ASSETS</b>	<b>1,547,545</b>	<b>457,531</b>	<b>321,993</b>	<b>110,839</b>	<b>0</b>	<b>52,396</b>	<b>2,490,304</b>	<b>111,327</b>
<b>NON-CURRENT ASSETS:</b>								
Restricted assets:								
Cash	2,475,488	296,507	291,603	0	250,049	0	3,313,647	0
Investments	187,313	0	0	0	0	0	187,313	0
Due from other funds	550,983	0	0	0	0	0	550,983	0
Fixed assets (net)	8,714,175	4,460,387	8,672,998	3,401	115,983	122,810	22,089,754	0
Deferred charges	61,018	10,643	67,279	0	0	0	138,940	0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>11,988,977</b>	<b>4,767,537</b>	<b>9,031,880</b>	<b>3,401</b>	<b>366,032</b>	<b>122,810</b>	<b>26,280,637</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>13,536,522</b>	<b>5,225,068</b>	<b>9,353,873</b>	<b>114,240</b>	<b>366,032</b>	<b>175,206</b>	<b>28,770,941</b>	<b>111,327</b>
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES:</b>								
Accounts payable	1,284,047	57,729	41,511	0	0	8,237	1,391,524	23,600
Salaries payable	11,012	6,437	12,400	0	0	0	29,849	1,909
Accrued interest payable	69,951	7,444	29,524	0	0	2,322	109,241	0
Compensated absences	19,479	19,675	11,175	0	0	0	50,329	8,533
Current portion of long-term debt	158,908	57,387	323,705	0	0	16,835	556,835	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,543,397</b>	<b>148,672</b>	<b>418,315</b>	<b>0</b>	<b>0</b>	<b>27,394</b>	<b>2,137,778</b>	<b>34,042</b>
<b>NON-CURRENT LIABILITIES:</b>								
Customer deposits	179,914	0	0	0	0	0	179,914	0
Due to other funds	0	1,046	25,297	0	0	0	26,343	0
Bonds, notes and loans payable	3,529,608	592,613	4,167,779	0	0	17,535	8,307,535	0
Accrued landfill closure costs	0	0	0	0	660,994	0	660,994	0
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,709,522</b>	<b>593,659</b>	<b>4,193,076</b>	<b>0</b>	<b>660,994</b>	<b>17,535</b>	<b>9,174,786</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>5,252,919</b>	<b>742,331</b>	<b>4,611,391</b>	<b>0</b>	<b>660,994</b>	<b>44,929</b>	<b>11,312,564</b>	<b>34,042</b>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	5,025,659	3,810,387	4,181,514	3,401	115,983	88,440	13,225,384	0
Restricted for debt service	2,662,801	296,507	291,603	0	250,049	0	3,500,960	0
Unrestricted	595,143	375,843	269,365	110,839	(660,994)	41,837	732,033	77,285
<b>TOTAL NET ASSETS</b>	<b>8,283,603</b>	<b>4,482,737</b>	<b>4,742,482</b>	<b>114,240</b>	<b>(294,962)</b>	<b>130,277</b>	<b>17,458,377</b>	<b>77,285</b>

See accompanying notes.

**CITY OF LEXINGTON, NEBRASKA**

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS

Year Ended September 30, 2011

	Electric	Water	Sewer	Sanitation	Landfill	Ambulance	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUE:</b>								
Charges for services	14,472,044	1,166,782	1,593,724	488,479	0	140,144	17,861,173	282,451
Reimbursements from other funds	0	0	0	0	0	0	0	508,531
Miscellaneous	156,869	34,024	51,386	0	0	0	242,279	692
<b>TOTAL OPERATING REVENUE</b>	<b>14,628,913</b>	<b>1,200,806</b>	<b>1,645,110</b>	<b>488,479</b>	<b>0</b>	<b>140,144</b>	<b>18,103,452</b>	<b>791,674</b>
<b>OPERATING EXPENSES:</b>								
Operating expenses	14,007,745	1,131,514	783,615	460,317	2,851	135,891	16,521,933	268,600
Supplies	0	0	28,986	59	0	0	29,045	0
Medical expenses	0	0	0	0	0	0	0	568,139
Depreciation and amortization	948,288	519,086	704,005	0	0	25,792	2,197,171	0
<b>TOTAL OPERATING EXPENSES</b>	<b>14,956,033</b>	<b>1,650,600</b>	<b>1,516,606</b>	<b>460,376</b>	<b>2,851</b>	<b>161,683</b>	<b>18,748,149</b>	<b>836,739</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(327,120)</b>	<b>(449,794)</b>	<b>128,504</b>	<b>28,103</b>	<b>(2,851)</b>	<b>(21,539)</b>	<b>(644,697)</b>	<b>(45,065)</b>
<b>NON-OPERATING REVENUE (EXPENSES):</b>								
Interest income	4,032	3,927	6,760	19	400	91	15,229	77
Capital grants	0	0	49,701	0	0	0	49,701	0
Operating grants and contributions	272,082	1,732	0	0	0	0	273,814	0
Interest expense	(173,132)	(14,881)	(148,973)	0	0	(2,448)	(339,434)	0
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>102,982</b>	<b>(9,222)</b>	<b>(92,512)</b>	<b>19</b>	<b>400</b>	<b>(2,357)</b>	<b>(690)</b>	<b>77</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(224,138)</b>	<b>(459,016)</b>	<b>35,992</b>	<b>28,122</b>	<b>(2,451)</b>	<b>(23,896)</b>	<b>(645,387)</b>	<b>(44,988)</b>
Transfers in	0	0	0	0	39,308	0	39,308	0
Transfers out	(150,000)	(30,000)	0	(9,936)	0	0	(189,936)	0
<b>NET INCOME (LOSS)</b>	<b>(374,138)</b>	<b>(489,016)</b>	<b>35,992</b>	<b>18,186</b>	<b>36,857</b>	<b>(23,896)</b>	<b>(796,015)</b>	<b>(44,988)</b>
Net assets - beginning	8,657,741	4,971,753	4,706,490	96,054	(331,819)	154,173	18,254,392	122,273
<b>NET ASSETS - ENDING</b>	<b>8,283,603</b>	<b>4,482,737</b>	<b>4,742,482</b>	<b>114,240</b>	<b>(294,962)</b>	<b>130,277</b>	<b>17,458,377</b>	<b>77,285</b>

See accompanying notes.

## CITY OF LEXINGTON, NEBRASKA

### RECONCILIATION OF STATEMENT OF NET ASSETS OF PROPRIETARY FUNDS TO STATEMENT OF NET ASSETS OF BUSINESS-TYPE ACTIVITIES

September 30, 2011

Total net assets - Utility Funds 17,458,377

Amounts reported for business-type activities in the statement of net assets are different because:

Certain Internal Service Fund assets and liabilities are included with  
business-type activities (43,487)

Net assets of business-type activities 17,414,890

### RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS OF PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES OF BUSINESS-TYPE ACTIVITIES

Year Ended September 30, 2011

Net change in fund net assets - Utility Funds (796,015)

Amounts reported for business-type activities in the statement of activities are different because:

Net revenue (expense) of certain Internal Service Funds are reported with  
business-type activities (16,543)

Change in net assets of business-type activities (812,558)

*See accompanying notes.*

CITY OF LEXINGTON, NEBRASKA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended September 30, 2011

	Electric	Water	Sewer	Sanitation	Landfill	Ambulance	Total Enterprise Funds	Internal Service Fund
<b>OPERATING ACTIVITIES:</b>								
Receipts from customers	13,919,150	1,127,127	1,569,405	474,081	0	140,144	17,229,907	0
Receipts from Interfund Services	431,917	8,976	11,040	0	0	0	451,933	791,674
Miscellaneous revenue	156,869	34,024	51,386	0	0	0	242,279	0
Payments to suppliers	(12,468,595)	(644,071)	(481,451)	(460,375)	(29,723)	(133,621)	(14,217,836)	(787,040)
Payments to employees	(225,110)	(209,681)	(241,801)	0	0	0	(676,592)	(39,982)
Payments for franchise taxes to City	(715,648)	(52,613)	0	0	0	0	(768,261)	0
Payments for Interfund Services	(423,349)	(249,270)	(115,029)	0	0	0	(787,648)	0
Receipts of customer meter deposits	73,134	0	0	0	0	0	73,134	0
Refunds of customer meter deposits	(57,809)	0	0	0	0	0	(57,809)	0
<b>NET OPERATING ACTIVITIES</b>	<b>690,559</b>	<b>14,492</b>	<b>793,550</b>	<b>13,706</b>	<b>(29,723)</b>	<b>6,523</b>	<b>1,489,107</b>	<b>(35,348)</b>
<b>NONCAPITAL FINANCING ACTIVITIES:</b>								
Net change in due to (from) other funds	(101)	0	0	(6,207)	0	0	(6,308)	(25,655)
Federal sources	272,082	1,732	0	0	0	0	273,814	0
Capital contributions	0	0	49,701	0	0	0	49,701	0
Transfers to other funds	(150,000)	(30,000)	0	(9,936)	39,308	0	(150,628)	0
<b>NET NONCAPITAL FINANCING ACTIVITIES</b>	<b>121,981</b>	<b>(28,268)</b>	<b>49,701</b>	<b>(16,143)</b>	<b>39,308</b>	<b>0</b>	<b>166,579</b>	<b>(25,655)</b>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
<b>Payments:</b>								
Bonds	(144,743)	(85,000)	(1,910,257)	0	0	0	(2,140,000)	0
Notes	0	0	(40,584)	0	0	(16,086)	(56,670)	0
<b>Proceeds:</b>								
Bonds	0	0	1,650,000	0	0	0	1,650,000	0
Bond issuance costs	0	0	(25,655)	0	0	0	(25,655)	0
Acquisition and construction of capital assets	(854,602)	(257,143)	(206,685)	0	0	0	(1,318,430)	0
Interest paid on bonds and notes	(174,651)	(18,258)	(152,445)	0	0	(2,266)	(347,620)	0
<b>NET CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,173,996)</b>	<b>(360,401)</b>	<b>(685,626)</b>	<b>0</b>	<b>0</b>	<b>(18,352)</b>	<b>(2,238,375)</b>	<b>0</b>
<b>INVESTING ACTIVITIES:</b>								
Interest received	4,032	3,927	6,760	18	400	91	15,228	78
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(357,424)</b>	<b>(370,250)</b>	<b>164,385</b>	<b>(2,419)</b>	<b>9,985</b>	<b>(11,738)</b>	<b>(567,461)</b>	<b>(60,925)</b>
Cash - beginning of year	3,200,914	666,757	127,218	0	240,064	64,134	4,299,087	169,530
<b>CASH - END OF YEAR</b>	<b>2,843,490</b>	<b>296,507</b>	<b>291,603</b>	<b>(2,419)</b>	<b>250,049</b>	<b>52,396</b>	<b>3,731,626</b>	<b>108,605</b>

(Continued on next page)

**CITY OF LEXINGTON, NEBRASKA**

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)

Year Ended September 30, 2011

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Landfill</u>	<u>Ambulance</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
RECONCILIATION OF OPERATING INCOME TO								
NET OPERATING ACTIVITIES:								
Operating income (loss)	(327,120)	(449,794)	128,504	28,103	(2,851)	(21,539)	(644,697)	(45,065)
Items not requiring cash:								
Depreciation and amortization	948,288	519,086	704,005	0	0	25,792	2,197,171	0
(Increase) decrease in assets:								
Receivables	(120,977)	(30,679)	(13,279)	(14,397)	0	0	(179,332)	0
Inventories	15,593	(56,519)	(119)	0	0	0	(41,045)	0
Increase (decrease) in liabilities:								
Accounts payable and other accrued expenses	159,450	32,398	(25,561)	0	0	2,270	168,557	9,717
Accrued landfill closure costs	0	0	0	0	(26,872)	0	(26,872)	0
Customer deposits	15,325	0	0	0	0	0	15,325	0
NET OPERATING ACTIVITIES	<u>690,559</u>	<u>14,492</u>	<u>793,550</u>	<u>13,706</u>	<u>(29,723)</u>	<u>6,523</u>	<u>1,489,107</u>	<u>(35,348)</u>
CASH RECONCILIATION:								
Unrestricted	180,689	0	0	(2,419)	0	52,396	230,666	108,605
Restricted	2,662,801	296,507	291,603	0	250,049	0	3,500,960	0
CASH TOTAL	<u>2,843,490</u>	<u>296,507</u>	<u>291,603</u>	<u>(2,419)</u>	<u>250,049</u>	<u>52,396</u>	<u>3,731,626</u>	<u>108,605</u>

See accompanying notes.

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2011

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Government

The City of Lexington, Nebraska is a municipality located in Dawson County in the south central portion of Nebraska. It operates a City Manager form of government. Citizens elect five (5) council members at large who appoint the mayor.

The financial statements of the City are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### Reporting Entity

The basic financial statements report on the government as a whole. They include the City of Lexington and its component unit. The discretely presented component unit reflects the financial information of the Community Redevelopment Authority (CRA). All of the board members of the CRA are appointed by the City Council. Its purpose is to develop, finance, and maintain business property.

#### Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole and report using the economic resources measurement focus on the accrual basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services

In the Statement of Net Assets, both the governmental and business-type activities are presented on a consolidated basis which recognizes all long-term assets, receivables, and long-term debt and obligations. The City's net assets are reported in three categories – invested in capital assets net of related debt; restricted net assets; and unrestricted net assets.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Government-Wide Financial Statements Continued

The Statement of Activities reports both the gross and net cost of each of the City's governmental functions and business-type activities. The net costs of each governmental function are also supported by general government revenues (taxes and certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or business-type activity.

Discretely Presented Component Unit – The CRA reports using the economic resources measurement focus on the accrual basis of accounting.

#### Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its asset, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The governmental funds financial statements use the current financial resources measurement focus on the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the accrual basis of accounting when the related liability is incurred except for principal and interest on general obligation bonds, which are reported as expenditures when paid.

The following fund types are used by the City:

#### Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

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

*(Continued on next page)*



# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Financial Statements Continued

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or designated by management to expenditures for specific purposes.

Debt Service Funds are used to account for the accumulation of funds for the payment of principal, interest, and related costs on general long-term debt.

#### Proprietary Fund Types

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds are required to be used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governments on a cost-reimbursement basis. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service funds have been allocated to the governmental fund activities columns when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria for the determination of major funds. Some funds may have been reclassified as major from the prior year.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Financial Statements Continued

The following funds are considered major funds:

#### Governmental Funds

General Fund as previously described

Federal Grant Funds is a special revenue fund that accounts for revenues and expenditures for the grants for community development.

Street Fund is a special revenue fund that accounts for revenues and expenditures for the maintenance, construction, and improvements of the streets of the City.

Economic Development Funds account for revenues and expenditures for community economic development.

Debt Service Fund accounts for the accumulation of funds for the payment of principal, interest, and related costs on long-term debt.

Meals on Wheels Fund accounts for revenue and expenditures related to the senior citizens meal and other related programs.

#### Proprietary Funds (Enterprise)

Utility Funds account for the activities of the City's utility operation. (Electric, Water, Sewer, Sanitation, and Landfill)

Ambulance Fund accounts for activities of the City's ambulance services.

#### Financial Statement Amounts:

##### Cash

The City has defined cash to include cash on hand, cash in banks and certificates of deposit (valued at cost plus accrued interest to September 30, 2011).

##### Investments

Investments consist of U. S. Treasury notes and are reported at fair market value.

*(Continued on next page)*

**CITY OF LEXINGTON, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Amounts Continued

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, franchise taxes, grants, and interest.

Business-type activities report utilities including unbilled utilities, and interest as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals for property taxes, sales and use taxes, franchise taxes, grants and other similar intergovernmental revenues since they are usually measurable and available in 60 days. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but are not deferred in the government-wide financial statements in accordance with the accrual basis.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. At September 30, 2011, the balances of the allowance for doubtful accounts are:

General Fund	\$	10,000
Electric Fund		10,000
Water Fund		3,000
Sewer Fund		5,000
Sanitation Fund		2,000
Total	\$	<u>30,000</u>

Inventory Valuation

Proprietary Fund inventories are recorded at the lower of cost (average cost) or market, using the first-in first-out method.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Statement Amounts Continued

##### Capital Assets

The City's policy is to capitalize purchased or donated capital assets, including improvements to capital assets that significantly extend the life of the assets, that have an estimated life of more than one year and a cost of \$5,000 or more. Cost includes original actual cost, estimated historical cost or the fair value at the date received of donated assets. Estimated historical cost was used to value the majority of the assets acquired prior to October 1, 2002 in the governmental activities.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided using the straight-line method of depreciation over the estimated useful lives as follows:

Buildings	20 – 50 years
Improvements	10 – 20 years
Electric, water and sewer plants	30 – 50 years
Machinery and equipment	5 – 10 years
Infrastructure	10 - 50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

##### Deferred Debt Expense and Bond Discount

In the fund financial statements, bond discounts and issuance costs are recognized in the current period by governmental fund types. In proprietary fund types and government-wide financial statements, bond issuance costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Statement Amounts Continued

##### Long-Term Debt

Long-term debt is reported in the government-wide statements and the proprietary fund statements. The long-term debt consists of notes payable, revenue bonds and general obligation bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

##### Compensated Absences

The liability for compensated absences is recorded as current in other accrued expenses. In the fund financial statements, governmental funds report only the liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

##### Government-Wide Equity

In the government-wide statements, equity is classified as net assets and displayed in three components.

- 1) Invested in capital assets net of related debt – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net assets – Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Statement Amounts Continued

##### Fund Statements – Fund Equity

The City of Lexington, Nebraska has implemented *GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the governmental fund statements, fund balances are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- 1) Nonspendable fund balance – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact. As of September 30, 2011, the nonspendable fund balance was \$0.
- 2) Restricted fund balance – amounts that can be spent only for specific purposes because of constraints imposed by creditors, grantors, contributors, constitutional provisions, enabling legislation or by laws and regulations. As of September 30, 2011, the restricted fund balance of \$1,162,044 is restricted for the following purposes:

Fund	Purpose	Amount
Federal Grant	Grant reuse and housing monies for community development projects	1,031,508
Economic Development	Sales tax monies designated for community economic development	50,597
Meals on Wheels	Grant monies and local contributions designated for the senior citizen meal program	79,939

(Continued on next page)

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Statement Amounts Continued

- 3) Committed fund balance - amounts that can be spent only for specific purposes determined by formal action of the City of Lexington, Nebraska's City Council which is the highest level of authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council. As of September 30, 2011, the committed fund balance was \$80,897 committed for street maintenance and construction.
- 4) Assigned fund balance – amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Under the City of Lexington, Nebraska, only the City Council may assign amounts. As of September 30, 2011, the fund balance of \$237,734 is assigned for the Economic Development Fund to cover community development expenses.
- 5) Unassigned fund balance – all other spendable amounts.

When an expenditure is incurred for purposes for which restricted, committed, assigned, or unassigned fund balances are available, the City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to deter the use of these other classified funds.

Proprietary fund equity is classified the same as in the government-wide statements.

#### Revenues

Substantially all governmental fund revenues are accrued in the government-wide financial statements. Dawson County bills and collects property taxes and remits to the City monthly. These taxes are deemed to be received by the City when collected by the County Treasurer.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Statement Amounts Continued

Operating revenues for proprietary funds are those that result from providing goods and services. Subsidies and grants, which finance capital items, and other revenues, are reported as nonoperating revenue.

#### Expenditures

Expenditures are classified by function for both governmental and business-type activities in the government-wide financial statements. In the fund financial statements, expenditures are classified by character (current, capital outlay, and debt service) in the governmental funds, and as operating and nonoperating in the proprietary funds. Proprietary fund inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

#### Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*(Continued on next page)*



# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 2: CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City maintains a cash and certificate of deposit pool that is available for use by all funds except those required to maintain separate accounts. Each fund type's portion of these pools is displayed on the balance sheet/statement of net assets as "Cash" under each fund's caption. State law requires that all funds held in depositories be fully insured or collateralized.

Investment pools are under the custody of the City Treasurer. Investing is performed in accordance with investment policies complying with State Statutes. Pooled funds may be invested in certificates of deposits, time certificates, and in any securities in which the state investment officer is authorized to invest pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council currently effective. Investments during the year were substantially the same as those at year-end.

NOTE 3: RESTRICTED CASH

Revenue Bond Funds

Under the terms of the revenue bond ordinances, all income and revenue from operation of the Enterprise Funds may be used only for specified purposes. Priorities are as follows:

Bond Payment Subaccount

The Enterprise Funds are required to deposit monthly an amount equal to one-sixth of the amount of interest and one-twelfth of the amount of principal due on the next payment date. The amount restricted is \$447,914 at September 30, 2011.

Operating and Maintenance Account

The Enterprise Funds are required to set aside monthly an amount sufficient for the operation and maintenance of its combined utilities. The expenses of maintenance and operations of these utilities will be paid out of this account.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

### NOTE 3: RESTRICTED CASH (CONTINUED)

#### Bond Reserve Account

The Enterprise Funds are required to maintain in this account a specified sum based on the principal outstanding (\$874,760 at September 30, 2011). Funds in these accounts may be used at any time there is insufficient money available in the Bond Payment Subaccount to pay either principal or interest on the revenue bonds as they become due.

#### Surplus Account

After providing for payment into all of the above accounts, all remaining funds shall be transferred into the Surplus Account to be used as follows:

- (a) To replace any deficiency in the above accounts.
- (b) To declare in-lieu-of tax payment - so long as no deficiency exists in required payments to the above accounts, the utilities may declare an in-lieu-of tax payment to the City, which can be used for any purpose authorized by law.
- (c) To retire bonds prior to maturity and also includes cash from bond issue. The amount restricted is \$1,928,236.

#### Other Funds

In addition to the funds and accounts created by the revenue bond ordinances, the Enterprise Fund maintains the following special funds:

- (1) Landfill Closure-This account is used to set aside funds for the estimated post-closure costs at the landfill. The amount restricted is \$250,049.

#### Grant Funds

Under the terms of the grant agreements, certain special revenue funds are restricted as follows:

- (1) Community Development Block Grants and reuse monies. The amount restricted is \$313,101.
- (2) Meals on Wheels-Meal program and outreach for the elderly. The amount restricted is \$67,988.
- (3) Economic Development – The amount restricted is \$288,331.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

**NOTE 3: RESTRICTED CASH (CONTINUED)**

**Component Unit (CRA)**

The amount restricted is \$15,966 for the component unit (CRA).

**NOTE 4: RECEIVABLES**

The receivables (net of allowances) for the City of Lexington are composed of the following:

	<u>General</u>	<u>Federal Grants</u>	<u>Street</u>	<u>Economic Development</u>	<u>Debt Service</u>	<u>Enterprise</u>	<u>Component Unit</u>
Trade	18,679	0	0	0	0	528,615	0
Unbilled services	0	0	0	0	0	1,296,820	0
Property/sales taxes	425,841	0	0	0	9,353	0	0
Occupation taxes	41,515	0	0	0	0	0	0
Franchise taxes	57,476	0	0	0	0	0	0
Interest	0	14,002	0	0	1,678	0	13,430
Special assessments	0	0	0	0	327,259	0	0
Other	10,427	0	0	0	0	0	0
Loans	0	328,615	80,897	651,538	0	0	219,643
<b>Totals</b>	<b>553,939</b>	<b>342,617</b>	<b>80,897</b>	<b>651,538</b>	<b>338,290</b>	<b>1,825,435</b>	<b>233,073</b>

The funds to pay for special assessment projects are generated through the levy of an assessment on individual property owners benefited by the project and through property taxes provided by the City to pay for the project's benefit to the general public. The assessments receivable from property owners reflected on the fund statement balance sheet are payable in annual installments of principal and interest over periods up to 10 years. The City is obligated to provide for the funding of any deficiency in the financing of these projects through the levy of property taxes. Delinquent special assessment receivables at September 30, 2011 were \$29,832.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 5: CAPITAL ASSETS

The following is a summary of the capital assets for the year ended September 30, 2011:

	<u>Beginning Balance</u>	<u>Additions and Reclassifications</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Land	3,152,856	35,947	50,273	3,138,530
Buildings and improvements	7,463,350	4,505,558	0	11,968,908
Machinery and equipment	3,374,193	195,981	34,360	3,535,814
Infrastructure	33,714,110	1,073,790	0	34,787,900
Construction in progress	4,525,207	3,986,939	5,861,512	2,650,634
Totals	<u>52,229,716</u>	<u>9,798,215</u>	<u>5,946,145</u>	<u>56,081,786</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	1,795,823	196,739	0	1,992,562
Machinery and equipment	1,927,539	240,603	0	2,133,782
Infrastructure	21,718,452	384,152	0	22,102,605
Totals	<u>25,441,814</u>	<u>821,494</u>	<u>0</u>	<u>26,228,949</u>
Net	<u>26,787,902</u>	<u>8,976,721</u>	<u>5,946,145</u>	<u>29,852,837</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Land	329,520	0	0	329,520
Buildings and improvements	8,434,372	376,062	0	8,810,434
Vehicles and equipment	2,538,934	79,149	0	2,618,084
Utility systems	37,615,634	1,576,610	0	39,192,244
Construction in progress	1,086,990	1,183,963	1,897,355	373,598
Totals	<u>50,005,450</u>	<u>3,215,784</u>	<u>1,897,355</u>	<u>51,323,879</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	3,423,432	299,911	0	3,723,343
Vehicles and equipment	1,565,849	340,248	0	1,906,097
Utility systems	22,078,014	1,526,672	0	23,604,686
Totals	<u>27,067,295</u>	<u>2,166,831</u>	<u>0</u>	<u>29,234,126</u>
Net	<u>22,938,155</u>	<u>1,048,953</u>	<u>1,897,355</u>	<u>22,089,753</u>
<b>Component Unit:</b>				
Land	1,203,678	50,000	0	1,253,678
Building	32,895	0	0	32,895
Totals	<u>1,236,573</u>	<u>50,000</u>	<u>0</u>	<u>1,286,573</u>
Less accumulated depreciation	3,462	1,732	0	5,194
Net	<u>1,233,111</u>	<u>48,268</u>	<u>0</u>	<u>1,281,379</u>

(Continued on next page)

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows for the year ended September 30, 2011:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Component Unit</u>
General government	14,790	0	1,732
Public safety	82,497	0	0
Public works	460,999	0	0
Health and welfare	29,332	0	0
Culture and recreation	229,028	0	0
Electric	0	945,912	0
Water	0	517,694	0
Sewer	0	677,432	0
Ambulance	0	25,792	0
Totals	816,646	2,166,830	1,732

NOTE 6: COMPENSATED ABSENCES

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities	178,586	8,780	0	195,898	195,898
Business-type activities	61,656	0	11,327	50,329	50,329

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

**NOTE 7: LONG-TERM DEBT**

The City is in compliance with all significant requirements of various bonds. The following is a summary of transactions for indebtedness for the year ended September 30, 2011:

General Obligation Bonds Payable – Governmental Activities

<u>Issue Date</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due within one year</u>
6/15/2008	6/15/2016	2.00% to 3.65%	1,825,000	0	275,000	1,550,000	295,000
3/30/2010	4/15/2025	.7% to 4.0%	1,270,000	0	65,000	1,205,000	75,000
	<b>Total</b>		<b>3,095,000</b>	<b>0</b>	<b>340,000</b>	<b>2,755,000</b>	<b>370,000</b>

Notes Payable – Governmental Activities (secured by equipment and land)

<u>Issue Date</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due within one year</u>
11/14/2005	11/14/2010	3.98%	48,612	0	48,612	0	0
10/14/2008	10/14/2020	3.98%	456,420	0	33,784	422,636	35,147
1/12/2006	1/12/2014	4.25%	162,639	0	38,126	124,513	39,768
4/29/2008	5/1/2023	4.51%	450,929		26,386	424,544	27,447
11/19/2008	1/2/2013	6.25%	19,442	0	6,081	13,361	6,472
5/30/2008	6/1/2018	4.50%	340,373	0	36,146	304,227	37,778
7/15/2010	1/15/2016	3.25%	500,000	0	39,059	460,941	96,627
5/02/11			0	900,000	0	900,000	75,685
	<b>Total</b>		<b>1,978,415</b>	<b>900,000</b>	<b>228,194</b>	<b>2,650,222</b>	<b>318,924</b>
Total Governmental Activities			<b>5,073,415</b>	<b>900,000</b>	<b>568,194</b>	<b>5,405,222</b>	<b>688,924</b>

(Continued on next page)

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 7: LONG-TERM DEBT (CONTINUED)

Revenue Bonds Payable – Business-Type Activities

<u>Issue Date</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due within one year</u>
9/28/2004	9/15/2024	1.65% to 4.85%	1,695,000	0	1,695,000	0	0
9/26/2008	10/15/2028	2.30% to 5.00%	3,425,000	0	120,000	3,305,000	130,000
5/12/2009	12/15/2023	1.00% to 4.50%	4,200,000	0	295,000	3,905,000	300,000
6/1/2011	9/15/2024	.35% to 4.00%	0	1,650,000	30,000	1,620,000	110,000
Total			<u>9,320,000</u>	<u>1,650,000</u>	<u>2,140,000</u>	<u>8,830,000</u>	<u>540,000</u>

Notes Payable – Business-Type Activities (secured by equipment and land)

<u>Issue Date</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due within one year</u>
12/15/2005	12/15/2010	4.125%	40,584	0	40,584	0	0
8/15/2007	10/15/2012	4.43%	50,456	0	16,086	34,370	16,835
Total			<u>91,040</u>	<u>0</u>	<u>56,670</u>	<u>34,370</u>	<u>16,835</u>

Total Business –Type Activities 9,411,040 1,650,000 2,196,670 8,864,370 556,835

General Obligation Bonds Payable – Component Unit

<u>Issue Date</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due within one year</u>
10/9/2001	12/1/2016	3.00%	29,884	0	4,230	25,654	4,358
11/1/2004	12/1/2020	7.00%	75,695	0	5,089	70,606	5,451
1/15/2010	12/31/2025	3.00%	233,000	0	0	233,000	0
Total			<u>338,579</u>	<u>0</u>	<u>9,319</u>	<u>329,260</u>	<u>9,809</u>

(Continued on next page)

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 7: LONG-TERM DEBT (CONTINUED)

Notes Payable – Component Unit (secured by building and land)

<u>Issue Date</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due within one year</u>
8/23/1999	12/1/2015	4.25%	125,306	0	13,457	111,849	36,226
1/11/2008	1/1/2018	7.00%	680,135	0	66,221	613,914	71,540
10/1/2007		0.00%	30,000	0	0	30,000	30,000
	Total		835,441	0	79,678	755,763	137,766
Total Component Unit			1,174,020	0	88,997	1,085,023	147,575
GRAND TOTALS			15,658,475	2,550,000	2,853,861	15,480,615	1,393,334

Interest expense was charged to functions/programs as follows:

Governmental activities:	Health and welfare	7,008
	Public safety	17,079
	Public works	148,745
Business-type activities:	Electric	173,132
	Water	14,881
	Sewer	148,973
	Ambulance	2,448
Component unit:	CRA	54,200

Maturities during the next five years and thereafter for the above bond and note categories are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	688,924	187,407	566,705	315,775	1,758,811
2013	701,632	165,409	577,535	304,672	1,749,248
2014	727,464	141,951	565,000	291,400	1,725,815
2015	700,493	117,178	575,000	276,585	1,669,256
2016	666,627	92,581	590,000	259,761	1,608,969
2017-2021	1,442,970	250,636	2,900,000	997,279	5,590,885
2022-2026	477,111	37,477	2,355,000	412,175	3,281,763
2027-2031	0	0	745,000	57,124	802,124
	5,405,221	992,639	8,864,370	2,914,771	18,186,871

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**CITY OF LEXINGTON, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 7: LONG-TERM DEBT (CONTINUED)

Component Unit:

	Bonds		Notes		Total
	Principal	Interest	Principal	Interest	
2012	9,809	22,668	137,766	53,208	223,451
2013	10,329	12,056	92,139	40,873	155,397
2014	10,880	11,504	98,167	34,846	155,397
2015	11,466	10,919	104,598	28,414	155,397
2016	12,087	10,298	111,462	21,550	155,397
2016-2021	41,689	48,158	211,632	21,236	322,715
2022-2026	233,000	32,029	0	0	265,029
	<u>329,260</u>	<u>147,632</u>	<u>755,764</u>	<u>200,127</u>	<u>1,432,783</u>

NOTE 8: INTERFUND BALANCES AND ACTIVITY

Due to and due from balances are used to record loans between funds for various cash flow purposes. The City estimates that those balances exceeding \$500,000 will not be paid back within one year.

Balances due to and from other funds:	Fund Statement	
	Due from	Due to
General	71,212	1,280,892
Federal Grants	700,714	0
Debt Service	0	18,397
Electric	550,984	0
Water	0	1,046
Sewer	0	25,297
Internal Service	2,722	0
Totals	<u>1,325,632</u>	<u>1,325,632</u>

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**CITY OF LEXINGTON, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 9: INTERFUND BALANCES AND ACTIVITY (CONTINUED)

Transfers are used to move revenues between the funds. The transfers below are routine in nature.

	<u>Transfer In</u>	<u>Transfer Out</u>
General	521,484	1,375,491
Economic Development	167,500	100,000
Street	196,110	0
Debt Service	741,025	0
Electric	0	150,000
Water	0	30,000
Sanitation	0	9,936
Landfill	39,308	0
Totals	2,024,971	2,024,971

NOTE 10: MAJOR CUSTOMERS

The City's Enterprise Funds have two major customer having sales of 10% or more of charges for utility services. The service charges to these customers during the year were \$7,513,114 or 41.3% of total utility service charges.

NOTE 11: RETIREMENT COMMITMENTS

Defined Contribution Plan

All City employees except policemen, after meeting one year of service, have the option to participate in a defined contribution plan, with all plan contributions held and invested by the First National Bank of Omaha. Employees covered by the plan may contribute 3% to 6% of their salary to the plan, which is matched by the City up to 6%. Vesting provisions for City contributions provide for a period of up to 7 years to become fully vested. The City and employees each contributed \$94,156 for the year ended September 30, 2011.

The City's police officers employed after January 1, 1984, are covered under a defined contribution plan, with all funds held and invested in the American Funds by Benefit Plans. Employees covered by the plan contribute 6% of their salary to the plan, which is matched by the City. After the completion of four years of service, the vesting percentage increases by 10% for each additional completed year of service, up to 100%. The City and employees each contributed \$42,059 to the police officers' plan for the year ended September 30, 2011.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 11: RETIREMENT COMMITMENTS

Deferred Compensation

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan assets are held in trust and all are solely the property and rights of the plan. They are not subject to the general creditors of the City. Thus, they are not included in these financial statements.

NOTE 12: LANDFILL CLOSURE COSTS

State and federal laws and regulations required the City to place a final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$660,994 reported as postclosure care liability at September 30, 2011, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. The City closed the landfill in May, 1997. Actual post closure costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to finance postclosure care. The City is in compliance with these requirements, and, at September 30, 2011, cash and investments of \$250,049 are held for these purposes. The City expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined, these costs may need to be covered by additional contributions from the City.

NOTE 13: CONTINGENCIES

Federal and State Grants – In the normal course of operations, the City receives grant funds from various federal and state 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 liabilities for reimbursement which may arise as the result of these audits are not believed to be material.

The City is participating in grants (Special Revenue Funds) that have made loans to others for various purposes. These loans have forgivable clauses as follows:

- (a) The City has owner-occupied housing with forgivable clauses totaling \$91,613. These clauses expire in 2022.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 14: ECONOMIC DEPENDENCY

The City of Lexington's Electric Department purchases all of its electricity for resale to customers from Nebraska Public Power District.

NOTE 15: FRANCHISE FEES

The Lexington Utilities System (Enterprise Funds) pays franchise fees based on sales to the General Fund. The following is a list of franchise fees paid.

Electric	\$721,619
Water	\$53,327

NOTE 16: PROPERTY TAXES

Real estate taxes are levied December 1 of each year and become a lien on January 1 of the next year. Personal property taxes on owned or leased property are assessed as of January 1 of each year and become a lien on all personal property owned as of December 31 of that year. The first half of both taxes is delinquent May 1 and the second half delinquent September 1 of the following year. Taxes not paid by the due dates become delinquent and interest is assessed at 14%.

NOTE 17: RISK MANAGEMENT

On August 1, 1982, the City established a self-funded health care plan for the benefit of eligible City employees and their eligible dependents. The plan provides reimbursement for covered charges incurred as a result of medically necessary treatment for illness or injury up to a \$1,000,000 lifetime maximum. The City purchases commercial insurance for claims in excess of coverage provided by the Fund. At September 30, 2011, the City's maximum liability was \$35,000 per employee annually under the Plan.

The City makes monthly payments equal to the payments for claims. The Plan's assets are maintained in a local bank and administered by Corporate Benefit Services of America, Inc. The balance, at September 30, 2011, is \$95,546. An additional amount is maintained by the City totaling \$17,758 at September 30, 2011.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for general liability, public official's liability, property coverage, workers' compensation coverage, commercial excess liability coverage, and crime and blanket bond coverage to minimize the effects of possible exposure to these risks. There have been no significant reductions in insurance coverage from coverage in the prior year. During the past three fiscal years, there have been no settlements exceeding the amount of the City's insurance coverage.

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 18: AGREEMENTS

Management Agreement

The City has an agreement with Lexington Public Schools and Lexington Community Facilities Agency regarding the use, operation, maintenance, and lease of facilities jointly shared and constructed by above parties. The Schools are required to maintain the property. The City's original contribution towards construction constitutes sufficient consideration to cover future use of the facility by the City.

Communication Center Agreement

The City has an agreement with Dawson County, Nebraska, regarding a combined communication center to cover police and fire services on a 24-hour basis. The City pays an agreed-upon fee determined annually to the County.

Rural Fire District Agreement

The City has an agreement with the Lexington Rural Fire District for the City to provide fire and rescue protection for said District. The District reimburses the City for its share of costs.

Nebraska Public Power District

The City of Lexington has an agreement with Nebraska Public Power District for the maintenance, operation, and capital improvements for their electric system. Total fees paid to Nebraska Public Power District for the year ended September 30, 2011 were approximately \$1,604,000.

NOTE 19: COMMITMENTS

The City has various construction commitments with respect to projects as of September 30, 2011 totaling approximately \$104,000.

Subsequent to September 30, 2011, the City awarded construction projects totaling approximately \$908,000.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 20: OTHER REQUIRED DISCLOSURES

At September 30, 2011, the following funds had deficit fund balances/net assets:

	<u>Deficit Amount</u>
Central Garage Fund – Internal Service	18,475
Landfill Fund – major fund	294,962

Central Garage will increase their revenue/funding from other departments. On the Landfill Fund – the City will fund as needed for actual expenses.

NOTE 21: TRANSACTIONS WITH COMPONENT UNIT

The following transactions occurred between the City and its component unit (CRA):

<u>From Component Unit</u>	<u>To City</u>
Note payable – housing	30,000
Bond payable	329,260
Notes payable	111,849
Interest payable	11,656
Interest expense	6,049

NOTE 21: ENVIRONMENTAL REMEDIATION

The City is subject to laws and regulations relating to the protection of the environment. The City's policy is to accrue environmental and cleanup related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential impact of the City's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the City.

NOTE 22: POST RETIREMENT BENEFITS

The City has post retirement benefits to cover health insurance for employees between the ages of 62 and full retirement age for Social Security. The current year expenditures were \$13,524 for one participant.

*(Continued on next page)*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 23: LEASES

The Company leases several copiers and a mailing machine under operating leases expiring at various dates through August, 2015. Total lease expense in 2011 for all operating leases was approximately \$25,621. The following is a schedule of future minimum lease payments:

2012	24,425
2013	24,425
2014	12,982
2015	9,165

REQUIRED SUPPLEMENTARY INFORMATION



# CITY OF LEXINGTON, NEBRASKA

## BUDGETARY COMPARISON SCHEDULE - (BUDGET AND ACTUAL)

### CASH BASIS - ALL FUNDS

Year Ended September 30, 2011

	<u>Budget (Original &amp; Final)</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE:</b>			
Local and county sources:			
Property and other taxes	947,035	2,692,332	1,745,297
Sales taxes	1,752,000	1,561,257	(190,743)
Charges and fees for services	26,121,042	19,543,829	(6,577,213)
Interest income	0	122,152	122,152
Miscellaneous	0	1,077,089	1,077,089
Donations and private grants	0	240,896	240,896
Intergovernmental	5,186,319	4,326,821	(859,498)
Bond/note proceeds	0	2,550,000	2,550,000
Transfers in	1,177,240	1,786,642	609,402
<b>TOTAL REVENUE</b>	<u>35,183,636</u>	<u>33,901,018</u>	<u>(1,282,618)</u>
<b>EXPENDITURES:</b>			
Governmental:			
General government	469,403	1,615,567	(1,146,164)
Public safety	2,477,334	1,727,975	749,359
Public works	830,465	807,213	23,252
Health and welfare	76,671	929,966	(853,295)
Culture and recreation	1,448,900	1,108,413	340,487
Community development and miscellaneous	3,020,290	1,192,066	1,828,224
Business-Type:			
Electric	13,497,826	13,890,511	(392,685)
Water	1,060,897	1,155,635	(94,738)
Sewer	736,235	838,281	(102,046)
Sanitation and landfill	699,905	490,098	209,807
Ambulance	1,520,207	133,621	1,386,586
Capital outlay	8,665,700	5,510,985	3,154,715
Debt service	1,611,181	3,405,166	(1,793,985)
Transfers out	1,177,240	1,412,543	(235,303)
<b>TOTAL EXPENDITURES</b>	<u>37,292,254</u>	<u>34,218,040</u>	<u>3,074,214</u>
<b>REVENUE OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<u>(2,108,618)</u>	<u>(317,022)</u>	<u>1,791,596</u>

*See accompanying notes to Budgetary Comparison Schedule.*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2011

NOTE 1: BUDGET AND BUDGETARY ACCOUNTING

In compliance with Nebraska State Statutes, the City adopts a unified budget that encompasses all governmental funds, proprietary funds, and discretely presented component unit (CRA). It is prepared on the cash basis which differs from that used to present the financial statements in accordance with generally accepted accounting principles (GAAP). Such differences and their effect are summarized as follows:

Revenue over (under) expenditures and other financing sources uses (budgetary basis)	(25,479)
Adjustments:	
Adjust revenue for receivable accruals and deferrals	(1,651,992)
Adjust expenditures for payables	<u>1,734,065</u>
Revenue over (under) expenditures and other financing sources uses (GAAP basis)	<u>56,594</u>

**SINGLE AUDIT SECTION**

**CITY OF LEXINGTON, NEBRASKA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Development:			
Community Development Block Grant/State's Program		14.228	<u>65,074</u>
<u>U. S. Department of Justice</u>			
Direct Program:			
Bulletproof Vest Partnership Program		16.607	3,324
Officer Wages and Benefits	2010 UMWX 0190	16.710	18,329
Secure Our Schools	2009CKWX0710	16.710	13,236
Total			<u>34,889</u>
<u>U.S. Department of Transportation:</u>			
Passed through Nebraska Department of Roads:			
Highway Planning and Construction	STPB-24 (37)	20.205	4,312
Highway Planning and Construction	STP-283-2 (102)	20.205	221,325
Highway Planning and Construction - ARRA	STPAA-6556(4)	20.205	1,358,457
Highway Planning and Construction	URB-6561(2)	20.205	61,917
Highway Planning and Construction	URB-6558(1)	20.205	9,613
Total			<u>1,655,624</u>
<u>National Foundation on the Arts and the Humanities:</u>			
Passed through Nebraska Library System:			
State Library Program		45.310	<u>1,998</u>
<u>U.S. Department of Energy</u>			
Passed through Dawson County, Nebraska			
Energy Efficiency and Conservation Grant - ARRA	09/10-E089	81.128	<u>250,000</u>
<u>U.S. Department of Health and Human Services:</u>			
Passed through West Central Nebraska Area Agency on Aging:			
Special Programs for Aging		93.044	15,182
Special Programs for Aging		93.045	43,225
Passed through West Central Nebraska Area Agency on Aging:			
Nutrition Services Incentive Program		93.053	15,468
Meal Program Cluster Total			<u>73,875</u>
Passed through Nebraska Department of Health and Human Services:			
Social Services Block Grant		93.667	31,059
Total			<u>104,934</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u><u>2,112,519</u></u>

*See accompanying notes to schedule of expenditures of federal awards*

# CITY OF LEXINGTON, NEBRASKA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2011

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Lexington, Nebraska under programs of the federal government for the year ended September 30, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reports on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE C: PASS THROUGH AWARDS

The City receives certain federal awards in the form of pass-through awards from the State of Nebraska and other various agencies. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE D: CONTINGENCIES

The City receives funds under various federal grant programs, and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all material aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.



# CONTRYMAN ASSOCIATES, P.C.

Certified Public Accountants

615 West 1 <sup>st</sup> Street P.O. Box 700 Grand Island NE 68802 308-382-5720 Fax: 308-382-5945	5807 Osborne Drive West P.O. Box 2026 Hastings NE 68902 402-463-6711 Fax: 402-463-6713	315 West 60 <sup>th</sup> , Suite 500 P.O. Box 1746 Kearney NE 68848 308-237-5930 Fax: 308-234-4410	707 East Pacific P.O. Drawer H Lexington NE 68850 308-324-2368 Fax: 308-324-2360	1001 West 27 <sup>th</sup> Street P.O. Box 2246 Scottsbluff NE 69363 308-635-7705 Fax: 308-635-0599	1611 16 <sup>th</sup> Street P.O. Box 191 Central City NE 68826 308-946-3870 Fax: 308-946-3870	826 G Street Geneva, NE 68361 402-759-3002 Fax: 402-463-6713
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## 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*

Honorable Mayor, City Council, and  
City Manager  
Lexington, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lexington, Nebraska as of and for the year ended September 30, 2011, which collectively comprise the City of Lexington, Nebraska’s basic financial statements and have issued our report thereon dated March 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

Compliance and Other Matters

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

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

*Contryman Associates P.C.*

Certified Public Accountants  
Lexington, Nebraska

March 21, 2012

**CITY OF LEXINGTON, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2011

**SECTION I-SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
• Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Low risk auditee? No



**CITY OF LEXINGTON, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year Ended September 30, 2011

**SECTION II-FINANCIAL STATEMENT FINDINGS**

None

**SECTION III-FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None



# CONTRYMAN ASSOCIATES, P.C.

Certified Public Accountants

615 West 1 <sup>st</sup> Street P.O. Box 700 Grand Island NE 68802 308-382-5720 Fax: 308-382-5945	5807 Osborne Drive West P.O. Box 2026 Hastings NE 68902 402-463-6711 Fax: 402-463-6713	315 West 60 <sup>th</sup> , Suite 500 P.O. Box 1746 Kearney NE 68848 308-237-5930 Fax: 308-234-4410	707 East Pacific P.O. Drawer H Lexington NE 68850 308-324-2368 Fax: 308-324-2360	1001 West 27 <sup>th</sup> Street P.O. Box 2246 Scottsbluff NE 69363 308-635-7705 Fax: 308-635-0599	1611 16 <sup>th</sup> Street P.O. Box 191 Central City NE 68826 308-946-3870 Fax: 308-946-3870	826 G Street Geneva, NE 68361 402-759-3002 Fax: 402-463-6713
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## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Council, and  
City Manager  
Lexington, Nebraska

#### Compliance

We have audited the City of Lexington, Nebraska's compliance with the types of compliance requirements described in the *OMBCircular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Lexington, Nebraska's major federal program for the year ended September 30, 2011. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Lexington, Nebraska's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Lexington, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Lexington, Nebraska's compliance with those requirements.

In our opinion, City of Lexington, Nebraska complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2011.

## Internal Control Over Compliance

Management of the City of Lexington, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lexington, Nebraska's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lexington, Nebraska's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses. We did not identify an deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Contryman Associates P.C.*

Certified Public Accountants  
Lexington, Nebraska

March 21, 2012

# CITY OF LEXINGTON, NEBRASKA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended September 30, 2011

### Finding 2010-1

Condition – Communication between department heads at certain times is not sufficient as well as timely calculation of year end amounts for adjustments. Thus, entries were necessary to prevent material misstatement of the City of Lexington’s financial statements in the following areas:

City governmental funds:	Grant & Other Receivables Deferred revenue Retainage payable
Proprietary funds:	Accounts payable Interest payable
Component unit:	Interest receivable Loans receivable Interest payable Bonds payable

Status – The City has developed procedures to obtain the necessary information to record transactions for the City’s financial statements.

## **ADDITIONAL INFORMATION**

**CITY OF LEXINGTON, NEBRASKA**

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**CITY OF LEXINGTON, NEBRASKA**

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**CITY OF LEXINGTON, NEBRASKA**

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# CONTRYMAN ASSOCIATES, P.C.

Certified Public Accountants

615 West 1 <sup>st</sup> Street P.O. Box 700 Grand Island NE 68802 308-382-5720 Fax: 308-382-5945	5807 Osborne Drive West P.O. Box 2026 Hastings NE 68902 402-463-6711 Fax: 402-463-6713	315 West 60 <sup>th</sup> , Suite 500 P.O. Box 1746 Kearney NE 68848 308-237-5930 Fax: 308-234-4410	707 East Pacific P.O. Drawer H Lexington NE 68850 308-324-2368 Fax: 308-324-2360	1001 West 27 <sup>th</sup> Street P.O. Box 2246 Scottsbluff NE 69363 308-635-7705 Fax: 308-635-0599	1611 16 <sup>th</sup> Street P.O. Box 191 Central City NE 68826 308-946-3870 Fax: 308-946-3870	826 G Street Geneva, NE 68361 402-759-3002 Fax: 402-463-6713
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## INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

Honorable Mayor, City Council, and  
City Manager  
Lexington, Nebraska

Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Lexington, Nebraska, taken as a whole for the year ended September 30, 2011. The accompanying additional information listed in the Additional Information Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Certain supplementary information includes comparisons of budget and actual operating data. However, the "budget" information included in this supplementary information has been presented using the legally prescribed budgetary basis of accounting (which differs materially from generally accepted accounting principles), while the "actual" information has been presented on a basis in accordance with generally accepted accounting principles. Accordingly, these comparisons may not be meaningful to users of the supplementary information.

*Contryman Associates P.C.*

Certified Public Accountants  
Lexington, Nebraska

March 21, 2012

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### COMBINING BALANCE SHEET

September 30, 2011

#### ASSETS

	<u>General Fund</u>	<u>Cemetery Memorial</u>	<u>Total</u>
ASSETS:			
Cash	2,114,786	0	2,114,786
Cash with County Treasurer	49,438	0	49,438
Restricted cash:			
Sales tax	0	0	0
Other	0	0	0
Receivables (net)	634,836	0	634,836
Due from other governments	684,757	0	684,757
Due from other funds	<u>71,212</u>	<u>0</u>	<u>71,212</u>
 TOTAL ASSETS	 <u><u>3,555,029</u></u>	 <u><u>0</u></u>	 <u><u>3,555,029</u></u>

#### LIABILITIES AND FUND BALANCE

LIABILITIES:			
Accounts payable and other accrued expenses	1,231,204	0	1,231,204
Due to other funds	1,280,892	0	1,280,892
Deferred revenue	<u>128,448</u>	<u>0</u>	<u>128,448</u>
TOTAL LIABILITIES	<u>2,640,544</u>	<u>0</u>	<u>2,640,544</u>
 FUND BALANCE	 <u>914,485</u>	 <u>0</u>	 <u>914,485</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>3,555,029</u></u>	 <u><u>0</u></u>	 <u><u>3,555,029</u></u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended September 30, 2011

	General <u>Fund</u>	Cemetery <u>Memorial</u>	<u>Total</u>
REVENUE:			
Property tax	1,668,154	0	1,668,154
Franchise tax	846,418	0	846,418
Occupation tax	192,512	0	192,512
Permits and licenses	13,704	0	13,704
Charges for services	888,173	0	888,173
Program receipts	207,451	0	207,451
Interest income	3,787	3	3,790
Local grants and donations	133,077	0	133,077
Sales	111,077	0	111,077
Contracts and rent	73,204	0	73,204
State revenue	2,070,206	0	2,070,206
Sales tax	1,746,379	0	1,746,379
Federal sources	1,830,341	0	1,830,341
Miscellaneous	12,051	0	12,051
TOTAL REVENUE	<u>9,796,534</u>	<u>3</u>	<u>9,796,537</u>
EXPENDITURES:			
Administration	3,425,871	0	3,425,871
Engineering	274,743	0	274,743
Fire Department	207,181	0	207,181
Police Department	1,347,085	0	1,347,085
Library	397,078	0	397,078
Park Department	421,582	0	421,582
Recreation Department	94,136	0	94,136
Aquatic Center	250,935	0	250,935
Grand Generation Center	295,598	0	295,598
Street maintenance	2,795,305	0	2,795,305
Cemetery	95,118	0	95,118
TOTAL EXPENDITURES	<u>9,604,632</u>	<u>0</u>	<u>9,604,632</u>

(Continued on next page)

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)

Year Ended September 30, 2011

	<u>General Fund</u>	<u>Cemetery Memorial</u>	<u>Total</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>191,902</u>	<u>3</u>	<u>191,905</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	900,000	0	900,000
Transfers in	717,594	0	717,594
Transfers out	<u>(1,336,207)</u>	<u>(39,284)</u>	<u>(1,375,491)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>281,387</u>	<u>(39,284)</u>	<u>242,103</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	473,289	(39,281)	434,008
Fund balance - beginning of year	<u>441,196</u>	<u>39,281</u>	<u>480,477</u>
FUND BALANCE - END OF YEAR	<u><u>914,485</u></u>	<u><u>0</u></u>	<u><u>914,485</u></u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### BALANCE SHEET

September 30, 2011

#### ASSETS

##### ASSETS:

Cash	2,114,786
Cash with County Treasurer	49,438
Receivables (net)	634,836
Due from other governments	684,757
Due from other funds	<u>71,212</u>
TOTAL ASSETS	<u><u>3,555,029</u></u>

#### LIABILITIES AND FUND BALANCE

##### LIABILITIES:

Accounts payable and other accrued expenses	1,231,204
Due to other funds	1,280,892
Deferred revenue	<u>128,448</u>
TOTAL LIABILITIES	<u>2,640,544</u>
FUND BALANCE	<u>914,485</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>3,555,029</u></u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE:</b>			
Property tax	1,758,879	1,668,154	(90,725)
Franchise tax	771,250	846,418	75,168
Occupation tax	214,300	192,512	(21,788)
Permits and licenses	20,400	13,704	(6,696)
Charges for services	859,276	888,173	28,897
Program receipts	155,500	207,451	51,951
Interest income	18,000	3,787	(14,213)
Local grants and donations	393,000	133,077	(259,923)
Sales	187,000	111,077	(75,923)
Contracts and rent	315,300	73,204	(242,096)
State revenue	1,477,449	2,070,206	592,757
Sales tax	1,752,000	1,746,379	(5,621)
Federal sources	3,025,870	1,830,341	(1,195,529)
Miscellaneous	10,000	12,051	2,051
<b>TOTAL REVENUE</b>	<b>10,958,224</b>	<b>9,796,534</b>	<b>(1,161,690)</b>
<b>EXPENDITURES:</b>			
Administration	4,913,018	3,425,871	1,487,147
Engineering	276,788	274,743	2,045
Fire Department	167,341	207,181	(39,840)
Police Department	1,387,639	1,347,085	40,554
Library	400,188	397,078	3,110
Park Department	756,064	421,582	334,482
Recreation Department	149,357	94,136	55,221
Aquatic Center	245,335	250,935	(5,600)
Grand Generation Center	291,156	295,598	(4,442)
Street maintenance	4,182,465	2,795,305	1,387,160
Cemetery	96,671	95,118	1,553
<b>TOTAL EXPENDITURES</b>	<b>12,866,022</b>	<b>9,604,632</b>	<b>3,261,390</b>

(Continued on next page)

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(1,907,798)</u>	<u>191,902</u>	<u>2,099,700</u>
OTHER FINANCING SOURCES (USES):			.
Loan proceeds	1,405,000	900,000	(505,000)
Transfers in	422,199	717,594	295,395
Transfers out	<u>(755,041)</u>	<u>(1,336,207)</u>	<u>(581,166)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,072,158</u>	<u>281,387</u>	<u>(790,771)</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u><u>(835,640)</u></u>	473,289	<u><u>1,308,929</u></u>
Fund balance - beginning of year		<u>441,196</u>	
FUND BALANCE - END OF YEAR		<u><u>914,485</u></u>	

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET - ADMINISTRATION

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	294,170	304,235	(10,065)
Benefits	81,499	85,429	(3,930)
Utilities	61,000	52,699	8,301
Insurance and employee bond	173,000	160,534	12,466
School, travel, and promotion	778,646	49,682	728,964
Contractual expense	1,668,203	888,285	779,918
Publication expense	10,300	7,429	2,871
Building repairs	3,000	6,455	(3,455)
Grounds maintenance	3,000	2,328	672
Vehicle operation	8,200	5,302	2,898
Equipment repair	0	2,409	(2,409)
Operating supplies	22,000	54,469	(32,469)
Capital outlay	1,810,000	1,806,615	3,385
TOTAL EXPENDITURES	<u>4,913,018</u>	<u>3,425,871</u>	<u>1,487,147</u>



**CITY OF LEXINGTON, NEBRASKA**

**GENERAL FUND**

**STATEMENT OF EXPENDITURES COMPARED TO BUDGET - ENGINEERING**

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	115,817	118,649	(2,832)
Benefits	51,471	60,501	(9,030)
School, travel, and promotion	15,500	17,654	(2,154)
Contractual expense	80,000	45,124	34,876
Publication expense	2,000	6,000	(4,000)
Vehicle operation	4,000	4,149	(149)
Equipment repair	1,000	0	1,000
Operating supplies	7,000	12,521	(5,521)
Capital outlay	0	10,145	(10,145)
TOTAL EXPENDITURES	<u>276,788</u>	<u>274,743</u>	<u>2,045</u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET - FIRE DEPARTMENT

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	20,150	20,238	(88)
Benefits	19,541	27,038	(7,497)
Utilities	19,000	15,917	3,083
Insurance and employee bond	18,000	27,688	(9,688)
School, travel, and promotion	15,150	10,682	4,468
Contractual expense	19,000	18,404	596
Building repairs	3,000	1,039	1,961
Vehicle operation	8,500	8,445	55
Equipment repair	35,000	33,993	1,007
Operating supplies	10,000	16,107	(6,107)
Capital outlay	0	27,630	(27,630)
TOTAL EXPENDITURES	<u>167,341</u>	<u>207,181</u>	<u>(39,840)</u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET - POLICE DEPARTMENT

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	788,429	780,812	7,617
Benefits	343,200	313,822	29,378
Utilities	1,000	574	426
School, travel, and promotion	4,010	7,680	(3,670)
Publication expense	113,000	114,684	(1,684)
Building repairs	1,000	823	177
Vehicle operation	40,000	41,019	(1,019)
Equipment repair	16,000	5,650	10,350
Operating supplies	26,000	32,712	(6,712)
Capital outlay	55,000	49,309	5,691
TOTAL EXPENDITURES	<u>1,387,639</u>	<u>1,347,085</u>	<u>40,554</u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET - LIBRARY

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	185,119	188,333	(3,214)
Benefits	68,469	65,938	2,531
Utilities	23,000	25,818	(2,818)
School, travel, and promotion	4,600	1,938	2,662
Contractual expense	35,000	29,880	5,120
Publication expense	1,000	94	906
Building repairs	3,000	2,854	146
Vehicle operation	0	19	(19)
Equipment repair	5,000	1,551	3,449
Operating supplies	75,000	80,653	(5,653)
TOTAL EXPENDITURES	<u>400,188</u>	<u>397,078</u>	<u>3,110</u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET - PARK DEPARTMENT

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	148,317	150,281	(1,964)
Benefits	59,747	58,135	1,612
Utilities	29,000	32,125	(3,125)
School, travel, and promotion	500	0	500
Contractual expense	11,000	11,846	(846)
Building repairs	40,000	35,737	4,263
Grounds maintenance	47,000	41,110	5,890
Vehicle operation	9,000	11,623	(2,623)
Equipment repair	25,000	26,059	(1,059)
Operating supplies	0	2,376	(2,376)
Capital outlay	386,500	52,290	334,210
TOTAL EXPENDITURES	<u>756,064</u>	<u>421,582</u>	<u>334,482</u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET RECREATION DEPARTMENT

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	65,096	44,465	20,631
Benefits	7,361	6,716	645
School, travel, and promotion	1,900	754	1,146
Contractual expense	16,000	1,941	14,059
Publication expense	4,000	1,763	2,237
Grounds maintenance	0	52	(52)
Vehicle operation	3,000	2,901	99
Equipment repair	2,000	5,126	(3,126)
Operating supplies	50,000	30,418	19,582
TOTAL EXPENDITURES	<u>149,357</u>	<u>94,136</u>	<u>55,221</u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET - AQUATIC CENTER

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	126,430	140,108	(13,678)
Benefits	10,005	10,718	(713)
Utilities	14,000	14,558	(558)
School, travel, and promotion	2,900	2,795	105
Contractual expense	13,000	17,913	(4,913)
Publication expense	1,000	500	500
Building repairs	4,000	1,560	2,440
Grounds maintenance	7,000	5,491	1,509
Vehicle operation	0	42	(42)
Equipment repair	12,000	19,767	(7,767)
Operating supplies	45,000	37,483	7,517
Capital outlay	10,000	0	10,000
TOTAL EXPENDITURES	<u>245,335</u>	<u>250,935</u>	<u>(5,600)</u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET - GRAND GENERATION CENTER

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES:			
Current:			
Salaries	152,850	172,065	(19,215)
Benefits	73,406	78,128	(4,722)
Utilities	9,000	10,295	(1,295)
School, travel, and promotion	1,900	398	1,502
Contractual expense	24,000	25,042	(1,042)
Building repairs	4,000	520	3,480
Grounds maintenance	10,000	0	10,000
Vehicle operation	1,000	1,334	(334)
Equipment repair	9,000	3,536	5,464
Operating supplies	6,000	4,280	1,720
TOTAL EXPENDITURES	<u>291,156</u>	<u>295,598</u>	<u>(4,442)</u>



# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET - STREET MAINTENANCE

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	285,883	281,396	4,487
Benefits	116,582	100,237	16,345
Utilities	87,000	89,055	(2,055)
School, travel, and promotion	4,000	533	3,467
Contractual expense	50,000	34,422	15,578
Publication expense	1,000	0	1,000
Building repairs	5,000	3,666	1,334
Grounds maintenance	1,000	3,937	(2,937)
Vehicle operation	70,000	77,216	(7,216)
Equipment repair	60,000	63,855	(3,855)
Operating supplies	150,000	160,338	(10,338)
Capital outlay	<u>3,352,000</u>	<u>1,980,650</u>	<u>1,371,350</u>
TOTAL EXPENDITURES	<u><u>4,182,465</u></u>	<u><u>2,795,305</u></u>	<u><u>1,387,160</u></u>

# CITY OF LEXINGTON, NEBRASKA

## GENERAL FUND

### STATEMENT OF EXPENDITURES COMPARED TO BUDGET - CEMETERY

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current:			
Salaries	40,880	60,157	(19,277)
Benefits	4,591	6,174	(1,583)
Utilities	1,200	771	429
Contractual expense	3,000	1,500	1,500
Building repairs	1,000	728	272
Grounds maintenance	5,000	4,164	836
Vehicle operation	4,000	2,543	1,457
Equipment repair	14,000	10,722	3,278
Operating supplies	3,000	8,359	(5,359)
Capital outlay	20,000	0	20,000
TOTAL EXPENDITURES	<u>96,671</u>	<u>95,118</u>	<u>1,553</u>

# CITY OF LEXINGTON, NEBRASKA

## SPECIAL REVENUE FUNDS

### COMBINING BALANCE SHEET

September 30, 2011

#### ASSETS

	<u>Federal Grants</u>	<u>Meals on Wheels</u>	<u>Economic Development</u>	<u>Totals</u>
ASSETS:				
Restricted cash:				
Cash and investments	313,101	67,988	288,331	669,420
Receivables (net)	342,617	0	651,538	994,155
Due from other governments	0	20,808	0	20,808
Due from other funds	<u>700,714</u>	<u>0</u>	<u>0</u>	<u>700,714</u>
<b>TOTAL ASSETS</b>	<u><u>1,356,432</u></u>	<u><u>88,796</u></u>	<u><u>939,869</u></u>	<u><u>2,385,097</u></u>

#### LIABILITIES AND FUND BALANCES

##### LIABILITIES:

Accounts payable and other accrued expenses	0	8,857	0	8,857
Due to other governments	29,166	0	0	29,166
Due to other funds	0	0	0	0
Deferred revenue	<u>295,758</u>	<u>0</u>	<u>651,538</u>	<u>947,296</u>
<b>TOTAL LIABILITIES</b>	<u>324,924</u>	<u>8,857</u>	<u>651,538</u>	<u>985,319</u>
<b>FUND BALANCES</b>	<u>1,031,508</u>	<u>79,939</u>	<u>288,331</u>	<u>1,399,778</u>
<b>TOTAL LIABILITIES AND   FUND BALANCES</b>	<u><u>1,356,432</u></u>	<u><u>88,796</u></u>	<u><u>939,869</u></u>	<u><u>2,385,097</u></u>

# CITY OF LEXINGTON, NEBRASKA

## SPECIAL REVENUE FUNDS

### COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2011

	Federal Grants	Meals on Wheels	Economic Development	Totals
REVENUE:				
Interest and loan payments	46,977	54	570	47,601
Awards, donations, and miscellaneous	6,400	87,712	0	94,112
Rent	0	0	20,000	20,000
Federal sources	0	95,444	0	95,444
TOTAL REVENUE	53,377	183,210	20,570	257,157
EXPENDITURES:				
Current:				
Contract/grant expenditures	19,894	161,055	0	180,949
REVENUE OVER (UNDER) EXPENDITURES	33,483	22,155	20,570	76,208
OTHER FINANCING SOURCES (USES):				
Sale of land	102,331	0	0	102,331
Transfers in	0	0	167,500	167,500
Transfers out	0	0	(100,000)	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	102,331	0	67,500	169,831
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	135,814	22,155	88,070	246,039
Fund balances - beginning of year	895,694	57,784	200,261	1,153,739
FUND BALANCES - END OF YEAR	1,031,508	79,939	288,331	1,399,778

# CITY OF LEXINGTON, NEBRASKA

## SPECIAL REVENUE FUNDS FEDERAL GRANTS

### BALANCE SHEET

September 30, 2011

#### ASSETS:

Restricted cash:	
Cash and investments	313,101
Receivables (net)	342,617
Due from other funds	<u>700,714</u>
 TOTAL ASSETS	 <u><u>1,356,432</u></u>

#### LIABILITIES:

Due to other governments	29,166
Deferred revenue	<u>295,758</u>
TOTAL LIABILITIES	<u>324,924</u>

FUND BALANCE	<u>1,031,508</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>1,356,432</u></u>
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**CITY OF LEXINGTON, NEBRASKA**

SPECIAL REVENUE FUNDS  
FEDERAL GRANTS

STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>
REVENUE:			
Interest and loan repayments	197,958	46,977	(150,981)
Awards and donations	<u>0</u>	<u>6,400</u>	<u>6,400</u>
TOTAL REVENUE	<u>197,958</u>	<u>53,377</u>	<u>(144,581)</u>
EXPENDITURES:			
Current:			
Grant expenditures	<u>325,311</u>	<u>19,894</u>	<u>305,417</u>
REVENUE OVER (UNDER) EXPENDITURES	(127,353)	33,483	160,836
OTHER FINANCING SOURCES (USES):			
Sale of land	<u>110,000</u>	<u>102,331</u>	<u>(7,669)</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(17,353)</u>	135,814	<u>153,167</u>
Fund balance - beginning of year		<u>895,694</u>	
FUND BALANCE - END OF YEAR		<u><u>1,031,508</u></u>	

# CITY OF LEXINGTON, NEBRASKA

## SPECIAL REVENUE FUNDS MEALS ON WHEELS

### BALANCE SHEET

September 30, 2011

#### ASSETS:

##### Restricted cash:

Cash and investments

67,988

Due from other government

20,808

TOTAL ASSETS

88,796

#### LIABILITIES:

Accounts payable and accrued expenses

8,857

FUND BALANCE

79,939

TOTAL LIABILITIES AND FUND BALANCE

88,796

**CITY OF LEXINGTON, NEBRASKA**

SPECIAL REVENUE FUNDS  
MEALS ON WHEELS

STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUE:			
Federal sources	83,000	95,444	12,444
Interest	0	54	54
Meal donations and other	82,000	87,712	5,712
TOTAL REVENUE	<u>165,000</u>	<u>183,210</u>	<u>18,210</u>
EXPENDITURES:			
Current:			
Salaries	15,191	14,799	392
Benefits	1,165	1,129	36
Utilities	12,000	7,821	4,179
School, travel, and promotion	4,000	2,079	1,921
Contractual services and other	59,000	52,527	6,473
Meal preparation supplies	95,000	82,700	12,300
TOTAL EXPENDITURES	<u>186,356</u>	<u>161,055</u>	<u>25,301</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(21,356)</u>	22,155	<u>43,511</u>
Fund balance - beginning of year		<u>57,784</u>	
FUND BALANCE - END OF YEAR		<u><u>79,939</u></u>	



**CITY OF LEXINGTON, NEBRASKA**

**SPECIAL REVENUE FUNDS  
ECONOMIC DEVELOPMENT**

**BALANCE SHEET**

September 30, 2011

ASSETS:

Restricted cash:

Cash and investments

288,331

Receivables (net)

651,538

TOTAL ASSETS

939,869

LIABILITIES:

Deferred revenue

651,538

FUND BALANCE

288,331

TOTAL LIABILITIES AND FUND BALANCE

939,869

**CITY OF LEXINGTON, NEBRASKA**

SPECIAL REVENUE FUNDS  
ECONOMIC DEVELOPMENT

STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUE:			
Interest income	1,500	570	(930)
Rent income	20,000	20,000	0
TOTAL REVENUE	<u>21,500</u>	<u>20,570</u>	<u>(930)</u>
EXPENDITURES:			
Current:			
Contract expenses	12,000	0	12,000
Capital outlay	227,316	0	227,316
TOTAL EXPENDITURES	<u>239,316</u>	<u>0</u>	<u>239,316</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(217,816)</u>	<u>20,570</u>	<u>238,386</u>
OTHER FINANCING SOURCES:			
Transfers in	167,500	167,500	0
Transfers out	(150,000)	(100,000)	50,000
TOTAL OTHER FINANCING SOURCES	<u>17,500</u>	<u>67,500</u>	<u>50,000</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>(200,316)</u>	88,070	<u>238,386</u>
Fund balance - beginning of year		<u>200,261</u>	
FUND BALANCE - END OF YEAR		<u>288,331</u>	

# CITY OF LEXINGTON, NEBRASKA

## DEBT SERVICE FUND

### BALANCE SHEET

September 30, 2011

#### ASSETS:

Cash	145,523
Cash with County Treasurer	4,040
Restricted assets:	
Receivables (net)	<u>338,290</u>

TOTAL ASSETS	<u><u>487,853</u></u>
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#### LIABILITIES:

Due to other funds	18,396
Deferred revenue	<u>330,274</u>
TOTAL LIABILITIES	348,670

FUND BALANCE	<u>139,183</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>487,853</u></u>
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# CITY OF LEXINGTON, NEBRASKA

## DEBT SERVICE FUND

### STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGET AND ACTUAL)

Year Ended September 30, 2011

	Budget	Actual	Favorable (Unfavorable) Variance
REVENUE:			
Property taxes	82,517	78,509	(4,008)
Interest income	40,000	32,395	(7,605)
State sources	0	6,100	6,100
TOTAL REVENUE	122,517	117,004	(5,513)
EXPENDITURES:			
Debt service:			
Principal	517,567	568,182	(50,615)
Interest	172,353	173,683	(1,330)
TOTAL EXPENDITURES	689,920	741,865	(51,945)
REVENUE OVER (UNDER) EXPENDITURES	(567,403)	(624,861)	(57,458)
OTHER FINANCING SOURCES:			
Transfers in	587,541	741,025	153,484
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	20,138	116,164	96,026
Fund balance - beginning of year		23,019	
FUND BALANCE - END OF YEAR		139,183	

**CITY OF LEXINGTON, NEBRASKA**

DEBT SERVICE FUND

SCHEDULE OF DEBT SERVICE RECEIVABLE

September 30, 2011

<u>Date Levied</u>	<u>District Number</u>	<u>Nature of Assets</u>	<u>Cash</u>	<u>Amount Paid by City</u>	<u>Amount Paid by Owner</u>	<u>Balance Outstanding</u>
May 17, 2003	02-1	Improvements	14,753	0	14,753	3,993
July 22, 2003		Demolition	24,404	0	24,404	24,404
September 26, 2006	06-01	Improvements	38,706	0	38,706	11,527
June 1, 2011	09-02	Improvements	314,833	0	314,833	287,335
TOTALS			<u>392,696</u>	<u>0</u>	<u>392,696</u>	<u>327,259</u>

SCHEDULE OF NOTES PAYABLE OUTSTANDING

<u>Date Issued</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>
Note Dated January 12, 2006			
Due as follows:	January 12, 2012	4.25%	39,768
	January 12, 2013		41,472
	January 12, 2014		43,273
			<u>124,513</u>
Note Dated November 19, 2008			
Due as follows:	January 2, 2012	6.25%	6,472
	January 2, 2013		6,889
			<u>13,361</u>
Note Dated October 14, 2005			
Due as follows:	October 14, 2011	3.98%	35,147
	October 14, 2012		36,523
	October 14, 2013		38,039
	October 14, 2014		39,574
	October 14, 2015		41,171
	October 14, 2016		42,807
	October 14, 2017		44,560
	October 14, 2018		46,358
	October 14, 2019		48,229
	October 14, 2020		50,228
			<u>422,636</u>

*(Continued on next page)*

**CITY OF LEXINGTON, NEBRASKA**

DEBT SERVICE FUND

SCHEDULE OF NOTES PAYABLE OUTSTANDING (CONTINUED)

September 30, 2011

<u>Date Issued</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>
Note Dated April 29, 2008			
Due as follows:			
	May 1, 2012	4.51%	27,447
	May 1, 2013		28,685
	May 1, 2014		29,979
	May 1, 2015		31,331
	May 1, 2016		32,744
	May 1, 2017		34,220
	May 1, 2018		35,764
	May 1, 2019		37,377
	May 1, 2020		39,062
	May 1, 2021		40,824
	May 1, 2022		42,665
	May 1, 2023		44,445
			<u>424,543</u>
Note Dated May 30, 2008			
Due as follows:			
	December 1, 2011	4.50%	18,675
	June 1, 2012		19,103
	December 1, 2012		19,540
	June 1, 2013		20,017
	December 1, 2013		20,444
	June 1, 2014		20,938
	December 1, 2014		21,391
	June 1, 2015		21,901
	December 1, 2015		22,381
	June 1, 2016		22,893
	December 1, 2016		23,417
	June 1, 2017		23,962
	December 1, 2017		24,501
	June 1, 2018		25,064
			<u>304,227</u>

(Continued on next page)

**CITY OF LEXINGTON, NEBRASKA**

DEBT SERVICE FUND

SCHEDULE OF NOTES PAYABLE OUTSTANDING (CONTINUED)

September 30, 2011

<u>Date Issued</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>
Note dated July 15, 2010			
Due as follows:			
	January 15, 2012	3.25%	47,878
	July 15, 2012		48,748
	January 15, 2013		49,483
	July 15, 2013		50,391
	January 15, 2014		51,142
	July 15, 2014		52,050
	January 15, 2015		52,857
	July 15, 2015		53,764
	January 15, 2016		54,628
			<u>460,941</u>
Note dated June 2, 2011			
Due as follows:			
	May 2, 2012	3.72%	75,685
	May 2, 2013		78,633
	May 2, 2014		81,598
	May 2, 2015		84,676
	May 2, 2016		87,810
	May 2, 2017		91,182
	May 2, 2018		94,621
	May 2, 2019		98,189
	May 2, 2020		101,871
	May 2, 2021		105,735
			<u>900,000</u>
TOTAL NOTES			<u><u>2,650,221</u></u>

**CITY OF LEXINGTON, NEBRASKA**

**DEBT SERVICE FUND**

**SCHEDULE OF VARIOUS PURPOSE BONDS OUTSTANDING**

September 30, 2011

<u>Date Issued</u>	<u>Due Date</u>	<u>Rate</u>	<u>Principal</u>
Bonds Dated June 15, 2008			
Due as follows:	December 15, 2011	2.70%	145,000
	June 15, 2012	2.85%	150,000
Callable June 15, 2013			
	December 15, 2012	2.95%	145,000
	June 15, 2013	3.05%	150,000
	December 15, 2013	3.15%	155,000
	June 15, 2014	3.25%	160,000
	December 15, 2014	3.35%	155,000
	June 15, 2015	3.45%	165,000
	December 15, 2015	3.55%	165,000
	June 15, 2016	3.65%	160,000
	TOTAL		<u>1,550,000</u>
Bonds Dated March 30, 2010			
Due as follows:	October 15, 2011	1.05%	75,000
	October 15, 2012	1.40%	75,000
Callable October 15, 2015			
	October 15, 2013	1.65%	75,000
	October 15, 2014	2.00%	75,000
	October 15, 2015	2.40%	80,000
	October 15, 2016	2.75%	85,000
	October 15, 2017	3.00%	80,000
	October 15, 2018	3.30%	85,000
	October 15, 2019	3.50%	90,000
	October 15, 2020	3.60%	95,000
	October 15, 2021	3.70%	90,000
	October 15, 2022	3.80%	95,000
	October 15, 2023	3.90%	100,000
	October 15, 2024	4.00%	105,000
	TOTAL		<u>1,205,000</u>
TOTAL BONDS			<u><u>2,755,000</u></u>



**CITY OF LEXINGTON, NEBRASKA**

INTERNAL SERVICE FUND

COMBINING BALANCE SHEETS

September 30, 2011

	Central Garage	Employee Health Fund	Totals
ASSETS:			
Cash	(4,699)	113,304	108,605
Due from other funds	<u>2,722</u>	<u>0</u>	<u>2,722</u>
<b>TOTAL ASSETS</b>	<b><u>(1,977)</u></b>	<b><u>113,304</u></b>	<b><u>111,327</u></b>
LIABILITIES:			
Accounts payable and other accrued expenses	16,498	17,544	34,042
<b>FUND BALANCE</b>	<b><u>(18,475)</u></b>	<b><u>95,760</u></b>	<b><u>77,285</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>(1,977)</u></b>	<b><u>113,304</u></b>	<b><u>111,327</u></b>

# CITY OF LEXINGTON, NEBRASKA

## INTERNAL SERVICE FUND

### COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended September 30, 2011

	<u>Central Garage</u>	<u>Employee Health Fund</u>	<u>Totals</u>
<b>REVENUE:</b>			
Services	283,143	0	283,143
Reimbursements from other funds	0	508,531	508,531
Interest income	0	77	77
<b>TOTAL REVENUE</b>	<u>283,143</u>	<u>508,608</u>	<u>791,751</u>
<b>EXPENDITURES:</b>			
Current:			
Salaries	42,333	0	42,333
Benefits	18,242	0	18,242
Communication	5,967	0	5,967
Vehicle operation	2,224	0	2,224
Equipment repair	265	0	265
Operating supplies	199,569	0	199,569
Medical costs	0	568,139	568,139
<b>TOTAL EXPENDITURES</b>	<u>268,600</u>	<u>568,139</u>	<u>836,739</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	14,543	(59,531)	(44,988)
Fund balances - beginning of year	<u>(33,018)</u>	<u>155,291</u>	<u>122,273</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>(18,475)</u>	<u>95,760</u>	<u>77,285</u>

**CITY OF LEXINGTON, NEBRASKA**

INTERNAL SERVICE FUND  
CENTRAL GARAGE

BALANCE SHEET

September 30, 2011

ASSETS:

Cash	(4,699)
Due from other funds	<u>2,722</u>

TOTAL ASSETS	<u><u>(1,977)</u></u>
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LIABILITIES:

Accounts payable and other accrued expenses	16,498
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FUND BALANCE	<u>(18,475)</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>(1,977)</u></u>
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# CITY OF LEXINGTON, NEBRASKA

## INTERNAL SERVICE FUND CENTRAL GARAGE

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

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE:			
Services	<u>266,000</u>	<u>283,143</u>	<u>17,143</u>
EXPENDITURES:			
Current:			
Salaries	41,557	42,333	(776)
Benefits	19,547	18,242	1,305
Communication	11,000	5,967	5,033
Vehicle operation	2,000	2,224	(224)
Equipment repair	500	265	235
Operating supplies	<u>182,052</u>	<u>199,569</u>	<u>(17,517)</u>
TOTAL EXPENDITURES	<u>256,656</u>	<u>268,600</u>	<u>(11,944)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>9,344</u>	14,543	<u>5,199</u>
Fund balance - beginning of year		<u>(33,018)</u>	
FUND BALANCE - END OF YEAR		<u>(18,475)</u>	

# CITY OF LEXINGTON, NEBRASKA

## INTERNAL SERVICE FUND EMPLOYEE HEALTH INSURANCE FUND

### BALANCE SHEET

September 30, 2011

ASSETS:		
Cash	113,304	<u><u>113,304</u></u>
LIABILITIES:		
Accounts payable and other accrued expenses	17,544	
FUND BALANCE	95,760	<u>95,760</u>
TOTAL LIABILITIES AND FUND BALANCE	113,304	<u><u>113,304</u></u>

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

Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE:			
Reimbursements from other funds	700,000	508,531	(191,469)
Interest income	<u>500</u>	<u>77</u>	<u>(423)</u>
TOTAL REVENUE	700,500	508,608	(191,892)
EXPENDITURES:			
Current:			
Medical costs	<u>748,000</u>	<u>568,139</u>	<u>179,861</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(47,500)</u>	(59,531)	<u>(12,031)</u>
Fund balance - beginning of year		<u>155,291</u>	
FUND BALANCE - END OF YEAR		<u><u>95,760</u></u>	

**CITY OF LEXINGTON, NEBRASKA**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

September 30, 2011

	<u>ASSETS</u>						Total
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Landfill</u>	<u>Ambulance</u>	<u>Business-type</u> <u>Activities</u>
<b>CURRENT ASSETS:</b>							
Cash - unrestricted	180,689	0	0	(2,419)	0	52,396	230,666
Receivables, net:							
Accounts - consumer	348,609	75,858	71,948	32,200	0	0	528,615
Unbilled receivables	759,899	206,050	249,814	81,057	0	0	1,296,820
Due from other funds	550,983	0	0	0	0	0	550,983
Due from other governments	38,421	0	0	0	0	0	38,421
Inventory	219,927	175,623	232	0	0	0	395,782
<b>TOTAL CURRENT ASSETS</b>	<u>2,098,528</u>	<u>457,531</u>	<u>321,994</u>	<u>110,838</u>	<u>0</u>	<u>52,396</u>	<u>3,041,287</u>
<b>RESTRICTED ASSETS:</b>							
Landfill closure	0	0	0	0	250,049	0	250,049
Revenue bond account	215,018	49,301	183,595	0	0	0	447,914
Bond reserve account	322,796	83,498	468,466	0	0	0	874,760
Surplus accounts	2,124,987	163,707	(360,458)	0	0	0	1,928,236
<b>TOTAL RESTRICTED ASSETS</b>	<u>2,662,801</u>	<u>296,506</u>	<u>291,603</u>	<u>0</u>	<u>250,049</u>	<u>0</u>	<u>3,500,959</u>
<b>OTHER ASSETS:</b>							
Deferred bond issuance costs	61,018	10,643	67,279	0	0	0	138,940
<b>UTILITY PLANT:</b>							
Utility plant in service	22,410,753	9,291,720	18,878,020	3,401	115,983	250,408	50,950,285
Accumulated depreciation	(13,772,558)	(4,993,807)	(10,340,162)	0	0	(127,597)	(29,234,124)
Net Utility Plant in Service	8,638,195	4,297,913	8,537,858	3,401	115,983	122,811	21,716,161
Construction in Progress	75,980	162,476	135,141	0	0	0	373,597
<b>TOTAL UTILITY PLANT</b>	<u>8,714,175</u>	<u>4,460,389</u>	<u>8,672,999</u>	<u>3,401</u>	<u>115,983</u>	<u>122,811</u>	<u>22,089,758</u>
<b>TOTAL ASSETS</b>	<u>13,536,522</u>	<u>5,225,069</u>	<u>9,353,875</u>	<u>114,239</u>	<u>366,032</u>	<u>175,207</u>	<u>28,770,944</u>

(Continued on next page)

CITY OF LEXINGTON, NEBRASKA

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (CONTINUED)

September 30, 2011

	<u>LIABILITIES</u>						Total Business-type Activities
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Landfill</u>	<u>Ambulance</u>	
<b>CURRENT LIABILITIES:</b>							
Accounts payable and other accrued expenses	1,384,490	91,285	94,611	0	0	10,558	1,580,944
Current portion of long-term debt	158,908	57,387	323,705	0	0	16,835	556,835
Due to other funds	0	1,046	25,297	0	0	0	26,343
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,543,398</u>	<u>149,718</u>	<u>443,613</u>	<u>0</u>	<u>0</u>	<u>27,393</u>	<u>2,164,122</u>
<b>LONG-TERM DEBT (NET OF CURRENT PORTION):</b>							
Customer deposits	179,914	0	0	0	0	0	179,914
Accrued landfill closure costs	0	0	0	0	660,994	0	660,994
Note payable	0	0	0	0	0	17,535	17,535
Revenue and refunding bonds	3,529,608	592,613	4,167,779	0	0	0	8,290,000
<b>TOTAL LONG-TERM DEBT</b>	<u>3,709,522</u>	<u>592,613</u>	<u>4,167,779</u>	<u>0</u>	<u>660,994</u>	<u>17,535</u>	<u>9,148,443</u>
<b>TOTAL LIABILITIES</b>	<u>5,252,920</u>	<u>742,331</u>	<u>4,611,392</u>	<u>0</u>	<u>660,994</u>	<u>44,928</u>	<u>11,312,565</u>
<b>NET ASSETS:</b>							
Invested in capital assets, net of related debt	5,025,659	3,810,389	4,181,515	3,401	115,983	88,441	13,225,388
Restricted for:							
Debt services	2,662,801	296,506	291,603	0	0	0	3,250,910
Unrestricted	595,142	375,843	269,365	110,838	(410,945)	41,838	982,081
<b>NET ASSETS</b>	<u>8,283,602</u>	<u>4,482,738</u>	<u>4,742,483</u>	<u>114,239</u>	<u>(294,962)</u>	<u>130,279</u>	<u>17,458,379</u>

**CITY OF LEXINGTON, NEBRASKA**

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS

Year Ended September 30, 2011

	Electric	Water	Sewer	Sanitation	Landfill	Ambulance	Total Business-type Activities
<b>OPERATING REVENUE:</b>							
Sales:							
Residential	4,352,902	635,753	869,637	0	0	140,144	5,998,436
Commercial	2,763,788	200,491	204,834	0	0	0	3,169,113
Industrial	6,964,128	330,537	519,253	0	0	0	7,813,918
Municipal	391,226	0	0	0	0	0	391,226
Sanitation	0	0	0	488,479	0	0	488,479
Jobbed and contract work	28,601	8,433	3,905	0	0	0	40,939
Miscellaneous income	128,268	25,593	47,481	0	0	0	201,342
<b>TOTAL OPERATING REVENUE</b>	<b>14,628,913</b>	<b>1,200,807</b>	<b>1,645,110</b>	<b>488,479</b>	<b>0</b>	<b>140,144</b>	<b>18,103,453</b>
<b>OPERATING EXPENSES:</b>							
Power/Service purchased	11,347,956	181,258	0	457,482	0	0	11,986,696
Distribution expense	891,089	264,600	384,112	0	0	0	1,539,801
Customer accounts expense	10,374	726	0	0	0	0	11,100
Administrative and general expense	1,682,994	681,111	421,199	59	2,851	135,889	2,924,103
Bad debts and miscellaneous expense	75,333	3,819	7,290	2,836	0	0	89,278
<b>TOTAL OPERATING EXPENSES</b>	<b>14,007,746</b>	<b>1,131,514</b>	<b>812,601</b>	<b>460,377</b>	<b>2,851</b>	<b>135,889</b>	<b>16,550,978</b>
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>621,167</b>	<b>69,293</b>	<b>832,509</b>	<b>28,102</b>	<b>(2,851)</b>	<b>4,255</b>	<b>1,552,475</b>
Less Depreciation	945,912	517,694	677,432	0	0	25,792	2,166,830
Less Amortization	2,376	1,392	26,572	0	0	0	30,340
<b>OPERATING INCOME</b>	<b>(327,121)</b>	<b>(449,793)</b>	<b>128,505</b>	<b>28,102</b>	<b>(2,851)</b>	<b>(21,537)</b>	<b>(644,695)</b>
<b>NONOPERATING REVENUE (EXPENSES):</b>							
Interest income	4,032	3,927	6,760	19	400	91	15,229
Bond and note interest expense	(173,132)	(14,881)	(148,973)	0	0	(2,448)	(339,434)
Transfers in	0	0	0	0	39,308	0	39,308
Transfers out	(150,000)	(30,000)	0	(9,936)	0	0	(189,936)
Aid in construction	222,400	0	49,701	0	0	0	272,101
Federal sources	49,682	1,732	0	0	0	0	51,414
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>(47,018)</b>	<b>(39,222)</b>	<b>(92,512)</b>	<b>(9,917)</b>	<b>39,708</b>	<b>(2,357)</b>	<b>(151,318)</b>
<b>NET INCOME (LOSS)</b>	<b>(374,139)</b>	<b>(489,015)</b>	<b>35,993</b>	<b>18,185</b>	<b>36,857</b>	<b>(23,894)</b>	<b>(796,013)</b>
Net assets - beginning of year	8,657,741	4,971,753	4,706,490	96,054	(331,819)	154,173	18,254,392
<b>NET ASSETS - END OF YEAR</b>	<b>8,283,602</b>	<b>4,482,738</b>	<b>4,742,483</b>	<b>114,239</b>	<b>(294,962)</b>	<b>130,279</b>	<b>17,458,379</b>



CITY OF LEXINGTON, NEBRASKA

ENTERPRISE FUNDS - LEXINGTON UTILITY SYSTEM

SCHEDULE OF EXPENSES

Year Ended September 30, 2011

	Electric	Water	Sewer	Sanitation	Landfill	Ambulance	Total Business-type Activities
<b>DISTRIBUTION EXPENSES:</b>							
Station expenses	11,626	2,428	0	0	0	0	14,054
Customer installation	0	2,180	0	0	0	0	2,180
<b>Maintenance:</b>							
Station expenses	651	47,030	6,980	0	0	0	54,661
Overhead lines	7,824	0	0	0	0	0	7,824
Underground lines	1,066	0	0	0	0	0	1,066
Line transformers	30,791	0	0	0	0	0	30,791
Street lighting and signal system	12,622	0	0	0	0	0	12,622
Meters	2,532	31,665	0	0	0	0	34,197
General	822,757	53,281	167,221	0	0	0	1,043,259
Pumping equipment	0	30,619	0	0	0	0	30,619
Standpipe	0	11,584	0	0	0	0	11,584
Mains and hydrants	0	35,891	0	0	0	0	35,891
Services	1,220	49,922	0	0	0	0	51,142
Sewer line expense	0	0	6,697	0	0	0	6,697
Utilities	0	0	158,395	0	0	0	158,395
Supplies and miscellaneous	0	0	44,819	0	0	0	44,819
<b>TOTAL DISTRIBUTION EXPENSES</b>	<b>891,089</b>	<b>264,600</b>	<b>384,112</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,539,801</b>
<b>CUSTOMER ACCOUNTS EXPENSE:</b>							
Meter reading	7,380	726	0	0	0	0	8,106
Customer records	2,994	0	0	0	0	0	2,994
<b>TOTAL CUSTOMER ACCOUNTS EXPENSES</b>	<b>10,374</b>	<b>726</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,100</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSES:</b>							
Business development	49,402	10,644	0	0	0	0	60,046
Electric rebates	75,158	0	0	0	0	0	75,158
Administrative salaries	413,950	166,719	84,715	0	0	0	665,384
Other salaries	302,337	315,829	312,099	0	0	0	930,265
Office supplies and data processing expense	95,986	19,931	11,408	59	0	45,897	173,281
Outside services	9,607	19,269	6,111	0	2,851	0	37,838
Property insurance	0	0	0	0	0	3,705	3,705
Employee pension and benefits	0	0	0	0	0	72,782	72,782
Franchise fees	715,648	52,613	0	0	0	0	768,261
Maintenance of general plant	464	94,410	1,158	0	0	0	96,032
Miscellaneous	20,442	1,696	5,708	0	0	13,505	41,351
<b>TOTAL ADMINISTRATIVE AND GENERAL EXPENSES</b>	<b>1,682,994</b>	<b>681,111</b>	<b>421,199</b>	<b>59</b>	<b>2,851</b>	<b>135,889</b>	<b>2,924,103</b>

CITY OF LEXINGTON, NEBRASKA

ENTERPRISE FUNDS - LEXINGTON UTILITY SYSTEM

SCHEDULE OF UTILITY PLANT IN SERVICE

September 30, 2011

	Electric	Water	Sewer	Sanitation	Landfill	Ambulance	Total Business-type Activities
<b>TRANSMISSION PLANT:</b>							
Land and land rights	9,700	0	184,839	0	0	0	194,539
Structures and improvements	14,787	0	8,365,457	0	0	0	8,380,244
Station equipment	149,488	0	0	0	0	0	149,488
Poles, towers, and fixtures	196,665	0	0	0	0	0	196,665
Overhead conductors and devices	220,143	0	0	0	0	0	220,143
Tools and work equipment	0	0	67,935	0	0	0	67,935
Engineering	0	0	96,436	0	0	0	96,436
Lift stations	0	0	357,615	0	0	0	357,615
Sewer lines	0	0	3,539,741	0	0	0	3,539,741
Pumping equipment	0	0	5,838,938	0	0	0	5,838,938
EPA equipment	0	0	174,280	0	0	0	174,280
<b>TOTAL TRANSMISSION PLANT</b>	<b>590,783</b>	<b>0</b>	<b>18,625,241</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,216,024</b>
<b>DISTRIBUTION PLANT:</b>							
Land rights	10,741	1,257	0	0	0	0	11,998
Structures and improvements	132,196	22,240	0	0	0	0	154,436
Station equipment	4,918,663	0	0	0	0	0	4,918,663
Poles, towers, and fixtures	1,871,005	0	0	0	0	0	1,871,005
Overhead conductors	2,951,283	0	0	0	0	0	2,951,283
Underground conduit	2,142,978	0	0	0	0	0	2,142,978
Transformers	5,640,006	0	0	0	0	0	5,640,006
Standpipe	0	910,969	0	0	0	0	910,969
Wells and pumping equipment	0	1,305,551	0	0	0	0	1,305,551
SCADA equipment	0	180,730	0	0	0	0	180,730
Mains and accessories	0	4,787,173	0	0	0	0	4,787,173
Valves	0	48,901	0	0	0	0	48,901
Hydrants	0	79,100	0	0	0	0	79,100
Services	508,821	578,439	0	0	0	0	1,087,260
Meters and meter reading equipment	462,842	830,068	0	0	0	0	1,292,910
Installation on customers premises	28,586	0	0	0	0	0	28,586
Street lights and signal systems	966,609	0	0	0	0	0	966,609
Load management	225,676	0	0	0	0	0	225,676
Electrical plant purchased	331,026	0	0	0	0	0	331,026
<b>TOTAL DISTRIBUTION PLANT</b>	<b>20,190,432</b>	<b>8,744,428</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,934,860</b>

(Continued on next page)

CITY OF LEXINGTON, NEBRASKA

ENTERPRISE FUNDS - LEXINGTON UTILITY SYSTEM

SCHEDULE OF UTILITY PLANT IN SERVICE (CONTINUED)

September 30, 2011

	Electric	Water	Sewer	Sanitation	Landfill	Ambulance	Total Business-type Activities
GENERAL PLANT:							
Land and land rights	7,001	0	0	0	115,983	0	122,984
Structures and improvements	275,754	0	0	0	0	0	275,754
Office furniture and equipment	295,909	14,797	0	0	0	0	310,706
Data processing equipment	264,121	17,418	15,542	0	0	0	297,081
Load management equipment	45,418	0	0	0	0	0	45,418
Store equipment	92,458	0	0	0	0	0	92,458
Shop tools and garage equipment	128,343	307,983	0	0	0	0	436,326
Laboratory equipment	4,855	0	3,493	0	0	0	8,348
Communication equipment	24,990	3,192	0	0	0	0	28,182
Transportation equipment	228,939	125,020	67,072	0	0	250,408	671,439
Miscellaneous equipment	261,748	78,882	166,672	3,401	0	0	510,703
TOTAL GENERAL PLANT	<u>1,629,536</u>	<u>547,292</u>	<u>252,779</u>	<u>3,401</u>	<u>115,983</u>	<u>250,408</u>	<u>2,799,399</u>
TOTAL UTILITY PLANT IN SERVICE	22,410,751	9,291,720	18,878,020	3,401	115,983	250,408	50,950,283
Less accumulated depreciation	<u>(13,772,558)</u>	<u>(4,993,807)</u>	<u>(10,340,162)</u>	<u>0</u>	<u>0</u>	<u>(127,597)</u>	<u>(29,234,124)</u>
NET UTILITY PLANT IN SERVICE	8,638,193	4,297,913	8,537,858	3,401	115,983	122,811	21,716,159
Construction in progress	<u>75,980</u>	<u>162,476</u>	<u>135,141</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>373,597</u>
TOTAL UTILITY PLANT	<u><u>8,714,173</u></u>	<u><u>4,460,389</u></u>	<u><u>8,672,999</u></u>	<u><u>3,401</u></u>	<u><u>115,983</u></u>	<u><u>122,811</u></u>	<u><u>22,089,756</u></u>

# CITY OF LEXINGTON, NEBRASKA

## SCHEDULE OF DEBT SERVICE

### ENTERPRISE FUNDS

Year Ended September 30, 2011

#### COMBINED UTILITIES REVENUE AND REFUNDING BONDS

Bond dated September 26, 2008	<u>Maturity</u>		<u>Principal</u>
Due as follows:	2012	2.85%	130,000
	2013	3.05%	140,000
Callable 10/15/2013	2014	3.30%	140,000
	2015	3.50%	145,000
	2016	3.65%	150,000
	2017	3.80%	155,000
	2018	4.00%	160,000
	2019	4.15%	165,000
	2020	4.35%	170,000
	2021	4.50%	180,000
	2022	4.60%	185,000
	2023	4.70%	195,000
	2024	4.75%	205,000
	2025	5.00%	215,000
	2026	5.00%	225,000
	2027	5.00%	235,000
	2028	5.00%	250,000
	2029	5.00%	260,000
	<b>TOTAL</b>		<u><b>3,305,000</b></u>

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**CITY OF LEXINGTON, NEBRASKA**

SCHEDULE OF DEBT SERVICE (CONTINUED)

ENTERPRISE FUNDS

Year Ended September 30, 2011

COMBINED UTILITIES REVENUE AND REFUNDING BONDS

Bond dated May 12, 2009	<u>Maturity</u>		<u>Principal</u>
Due as follows:	2012	1.70%	300,000
	2013	2.00%	305,000
Callable 12/15/2014	2014	2.45%	310,000
	2015	2.85%	320,000
	2016	3.15%	325,000
	2017	3.35%	345,000
	2018	3.55%	310,000
	2019	3.75%	255,000
	2020	3.95%	260,000
	2021	1.05%	270,000
	2022	4.20%	280,000
	2023	4.35%	295,000
	2024	4.50%	330,000
	TOTAL		<u>3,905,000</u>

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**CITY OF LEXINGTON, NEBRASKA**

SCHEDULE OF DEBT SERVICE (CONTINUED)

ENTERPRISE FUNDS

Year Ended September 30, 2011

COMBINED UTILITIES REVENUE AND REFUNDING BONDS

Bond dated September 15, 2011	<u>Maturity</u>		<u>Principal</u>
Due as follows:	2012	0.70%	110,000
	2013	1.05%	115,000
Callable 9/15/2016	2014	1.40%	115,000
	2015	1.70%	110,000
	2016	2.10%	115,000
	2017	2.45%	120,000
	2018	2.75%	120,000
	2019	3.10%	125,000
	2020	3.30%	130,000
	2021	3.50%	135,000
	2022	3.65%	140,000
	2023	3.85%	145,000
	2024	4.00%	140,000
	TOTAL		<u>1,620,000</u>
TOTAL BONDS			<u><u>8,830,000</u></u>

SCHEDULE OF NOTES PAYABLE

	<u>Fiscal Year of Maturity</u>	<u>Interest Rate</u>	<u>Principal</u>
Note Dated August 15, 2007			
Due as follows:	October 15, 2011	4.43%	16,835
	October 15, 2012		17,500
			<u>34,335</u>

# CITY OF LEXINGTON, NEBRASKA

## SCHEDULE OF INSURANCE

Year Ended September 30, 2011

<u>Policy/Policy Coverage</u>	<u>Coverage Amounts</u>	<u>Expiration Date</u>
Oak River Insurance Co.:		
Commercial Property	27,201,367	10/1/2011
Liability	1,000,000	10/1/2011
Inland Marine	1,082,841	10/1/2011
Autos	1,000,000	10/1/2011
Public Employee Dishonesty	2,000-250,000	10/1/2011
Employee Benefits Liability	1,000,000	10/1/2011
Herbicide, Pesticide, Fertilizer Draft	25,000	10/1/2011
Errors and Omissions	1,000,000	10/1/2011
Umbrella Policy	5,000,000	10/1/2011
Travelers Insurance:		
	included above in commercial property	
Boiler and Machinery		10/1/2011
Union Insurance Co.:		
Employee Dishonesty Bonds	262,000	10/1/2011
Redwood Fire & Casualty Co.:		
Workmen's' Compensation	100,000	10/1/2011
Fire Department Coverage (Continental Western Insurance):		
Commercial Property	921,000	10/1/2011
Liability	10,000,000	10/1/2011
	No Limit - Guaranteed Replacement	
Inland Marine	Cost	10/1/2011
Vehicles	5,000,000	10/1/2011
Workmen's Compensation	100,000	10/1/2011
Group Term Life	25,000	10/1/2011