

## OFFICIAL STATEMENT

NEW ISSUE; BOOK-ENTRY ONLY

**RATING: Moody's: MIG 1**  
(See "MISCELLANEOUS - Rating")

**DAC Bond®**

*In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel, under existing law and assuming compliance by the Town and the Issuer with certain covenants described herein, interest on the Series 2023 BANs is excludable from gross income for federal and South Carolina income tax purposes. Bond Counsel is of the further opinion that interest on the Series 2023 BANs is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Series 2023 BANs. See "LEGAL MATTERS - Tax Exemption" herein for additional information regarding the tax status of interest on the Series 2023 BANs.*

**\$3,680,000**  
**SAXE GOTH-LEXINGTON PUBLIC FACILITIES CORPORATION**  
**REVENUE BOND ANTICIPATION NOTES**  
**SERIES 2023**  
**(CORLEY MILL REDEVELOPMENT PROJECT AREA)**

Dated: Date of Delivery  
Interest Rate: 4.50%

Maturity Date: March 15, 2024  
CUSIP No. 805547 AP1

The Revenue Bond Anticipation Notes, Series 2023 (Corley Mill Redevelopment Project Area) (the "Series 2023 BANs") are being issued by Saxe Gotha-Lexington Public Facilities Corporation (the "Issuer") for the purpose of providing funds (i) to provide interim financing pending the issuance of the Issuer's Revenue Bonds for the acquisition by the Issuer of the Town of Lexington, South Carolina (the "Town") Corley Mill Redevelopment Project Area Tax Increment Bond, Series 2018, the proceeds of which will be used by the Town to defray a portion of the costs of certain redevelopment projects with respect to the Corley Mill Redevelopment Project Area; and (ii) to finance the costs of issuance of the Series 2023 BANs. See "PLAN OF FINANCING" herein.

The Series 2023 BANs will be issued as fully-registered notes in denominations of \$5,000 or any integral multiple thereof, and will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as a securities depository for the Series 2023 BANs. The Series 2023 BANs will be available to purchasers under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC participants. Purchasers will not be entitled to receive physical delivery of the Series 2023 BANs. For so long as any purchaser is the beneficial owner of a Series 2023 BAN, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Series 2023 BAN. See "THE SERIES 2023 BANs – Book-Entry Only System" herein and "Appendix E – DTC and Book-Entry Only System."

**THE SERIES 2023 BANs ARE PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE PROCEEDS TO BE DERIVED FROM THE SALE OF REVENUE BONDS TO BE ISSUED BY THE ISSUER OR, IF THE REVENUE BONDS ARE NOT ISSUED PRIOR TO THE MATURITY OF THE SERIES 2023 BANs, FROM THE SALE OF AN ISSUE OF RENEWAL OR REFUNDING BOND ANTICIPATION NOTES. THE SERIES 2023 BANs DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE TOWN OF LEXINGTON OR A PLEDGE OF THE FAITH, CREDIT, OR TAXING POWERS OF EITHER THE TOWN OR THE STATE OF SOUTH CAROLINA. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BANs" HEREIN.**

The Series 2023 BANs mature on the Maturity Date set forth above. Interest on the Series 2023 BANs will be payable on the Maturity Date at the interest rate set forth above. The Series 2023 BANs are not subject to redemption prior to their maturity.

Investment in the Series 2023 BANs involves certain risks and investment considerations. See "RISKS AND INVESTMENT CONSIDERATIONS" herein.

This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2023 BANs are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and subject to the approving opinion as to legality of Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed on for the Issuer by its counsel, Howell Linkous & Nettles, LLC; and for the Town by its counsel, Brad Cunningham, Esq., Town Attorney. Municipal Advisors Group of Boston, Inc. has served as independent financial advisor to the Town. It is expected that the Series 2023 BANs in definitive form will be available for delivery through the facilities of DTC on or about March 17, 2023.

**OPPENHEIMER & CO.**

Dated: March 8, 2023

No dealer, broker, salesman, or other person has been authorised to give any information or to make any representations, other than those contained in this Official Statement and, if given or made, such other information or representations may not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2023 BANs by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Information in this Official Statement has been obtained by Oppenheimer & Co. Inc., Philadelphia, Pennsylvania (the "Underwriter") from the Town, the Issuer, and other sources believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

U.S. Bank Trust Company, National Association, Columbia, South Carolina, as Paying Agent and Registrar has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Series 2023 BANs; or (iii) the tax exempt status of the interest on the Series 2023 BANs.

IN CONNEXION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2023 BANS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is not to be construed as a contract or agreement between the Town, the Issuer, and the purchasers or owners of any of the Series 2023 BANs.

The Series 2023 BANs will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2023 BANs for sale.

CERTAIN INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT MAY HAVE BEEN OBTAINED FROM SOURCES OTHER THAN RECORDS OF THE TOWN OR THE ISSUER AND, WHILE BELIEVED TO BE RELIABLE, IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE TOWN OR THE ISSUER SINCE THE DATE THEREOF.

Reference herein to laws, rules, regulations, agreements, reports, and other documents, do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made therein. Where full texts have not been included as appendices to the Official Statement, they will be furnished upon request made to the Underwriter.

CAUTIONARY STATEMENTS REGARDING  
FORWARD-LOOKING STATEMENTS IN  
THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the use of the future tense or by terms such as “may,” “intend,” “will,” “expect,” “forecast,” “facility,” “anticipate,” “estimate,” “plan,” “budget,” “believe,” “should,” “strategy,” “position,” or the negative of such terms or variations of such words or similar expressions. Such forward-looking statements are included in, among other portions of this Official Statement, “FINANCIAL INFORMATION – Budget Summary” herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE TOWN DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO ITS EXPECTATIONS, OR EVENTS, CONDITIONS, OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

Although the Issuer and the Town believe that any such forward-looking statement, and its expectations are based on assumptions considered reasonable by the Issuer and the Town, any such forward-looking statement involves uncertainties and is qualified in its entirety by reference to factors both identified within this Official Statement and publicly available regarding financial conditions that could cause the actual results of the Town to differ materially and adversely from those contemplated in such forward-looking statements.

Any forward-looking statement speaks only as of the date such statement is made, and neither the Issuer nor the Town undertakes any obligation to update any forward-looking statement in this Official Statement to reflect events or circumstances after the date of this Official Statement or to reflect the occurrence of unanticipated events. New factors arise or emerge from time to time and it is not possible for either the Issuer or the Town to predict all of such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially and adversely from those contained in any forward-looking statement.

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## TABLE OF CONTENTS

	<u>Page</u>
SUMMARY STATEMENT .....	iii
INTRODUCTION .....	1
General .....	1
The Issuer .....	1
The Town .....	1
The Paying Agent and the Registrar .....	2
Purpose of the Series 2023 BANS .....	2
Security and Sources of Payment for the Series 2023 BANS .....	2
Description of Series 2023 BANS.....	2
Book-Entry Only System.....	2
No Optional Redemption.....	3
Tax Status of Interest on Series 2023 BANS.....	3
Authorisation .....	3
Terms of Offering and Custodial Depository.....	3
Parties and Professionals to the Transaction.....	3
Continuing Disclosure .....	4
Miscellaneous .....	4
RISKS AND INVESTMENT CONSIDERATIONS .....	4
Introduction .....	4
Failure to Issue Revenue Bonds .....	4
Bond Proceeds or Proceeds of Renewal BANS as Sole Security .....	4
Remedies under Nonappropriation .....	4
PLAN OF FINANCING.....	5
Redevelopment Projects .....	5
Plan of Financing.....	6
Terms of the TIF Bond .....	6
Estimated Sources and Uses of Funds .....	7
THE ISSUER.....	8
Organisation and Corporate Powers .....	8
Governing Body .....	8
Legal Authority.....	8
Prior Financings by the Issuer .....	8
THE SERIES 2023 BANS .....	9
Description .....	9
No Optional Redemption.....	9
Book-Entry Only System.....	9
Miscellaneous .....	9
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BANS.....	9
Special Limited Obligations .....	9
Security for and Conditions to the Issuance of Revenue Bonds .....	10
Revenue Bonds are Limited Obligations .....	11
Funds and Accounts Under the Trust Agreement .....	11
Enforceability of Remedies .....	11
DESCRIPTION OF THE TOWN OF LEXINGTON.....	12
General Description.....	12
Annexation .....	13
Population.....	13
Per Capita Income .....	14
Retail Sales .....	14
Building Permits and Bank Deposits.....	15
Education.....	16
Higher Education.....	16
Transportation.....	16
Utilities .....	16
Medical Services.....	17
News Media.....	17
Recreational and Cultural Facilities.....	17
Business Disruption Risk; COVID-19 (CoronaVirus).....	18

GOVERNMENT STRUCTURE .....	18
Government of the Town .....	18
Services Provided .....	19
Utility Services .....	19
FINANCIAL INFORMATION .....	19
Financial Overview.....	19
Budgetary Process and Controls.....	22
Budget Summary .....	23
Historical Revenues and Expenses .....	24
Independent Audits .....	25
Ratings.....	26
Retirement Plan .....	26
Other Post Employment Benefits .....	27
Insurance.....	27
Assessment of Property for Property Tax Purposes .....	27
Homestead Exemption.....	29
Property Tax Reform .....	29
Exemptions and Limitations for Certain Industries .....	30
Assessed Value.....	31
Assessed Value of Taxable Properties in the Town.....	32
Method by which Tax Levy is Made .....	33
Property Tax Collection Record .....	33
Millage Levied Within the Town .....	34
Largest Taxpayers .....	35
Tax Exemption for New Industries .....	35
American Recovery Plan Act of 2021 Funding.....	35
TOWN DEBT STRUCTURE.....	36
Outstanding Debt.....	36
Annual Debt Service Requirements.....	38
Overlapping Debt .....	38
Overlapping Debt Limits .....	38
Anticipated Capital Needs and Future Borrowings .....	38
Additional General Obligation Debt Now Permitted.....	39
Miscellaneous Debt Information .....	39
INDEPENDENT FINANCIAL ADVISOR .....	40
LEGAL MATTERS .....	40
Litigation .....	40
United States Bankruptcy Code.....	40
Legal Proceedings.....	41
Tax Exemption .....	41
South Carolina Tax Limitations.....	42
Limitations on Bond Counsel Opinion .....	42
Original Issue Premium .....	43
CONTINGENT FEES; OTHER RELATIONSHIPS .....	43
MISCELLANEOUS .....	43
Underwriting.....	43
Continuing Disclosure .....	43
CUSIP Numbers .....	44
Rating .....	45
Conclusion.....	46
Appendix A - Audited Financial Statements of the Town for Fiscal Year Ended June 30, 2022.	
Appendix B - Definitions and Summaries of Principal Documents.	
Appendix C - Form of Opinion of Bond Counsel.	
Appendix D - Form of Disclosure Dissemination Agreement.	
Appendix E - DTC and Book-Entry Only System.	
Appendix F - Additional Debt Information.	

## SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Official Statement and the Appendices hereto (collectively, the “Official Statement”). Unless otherwise defined in this Official Statement, all capitalized terms shall have those meanings ascribed to them in the Trust Agreement (hereinafter defined) and in “Appendix B – Definitions and Summaries of Principal Documents.” No person is authorised to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	Saxe Gotha-Lexington Public Facilities Corporation (the “Issuer”), a South Carolina non-member public benefit nonprofit corporation. See “THE ISSUER” herein for additional information regarding the Issuer.
The Town	The Town of Lexington, South Carolina (the “Town”) was incorporated in 1861 pursuant to South Carolina law and is governed by a Mayor and a six-member Town Council who are elected for four-year terms. See “DESCRIPTION OF TOWN OF LEXINGTON,” “GOVERNMENT STRUCTURE,” “FINANCIAL INFORMATION,” and “TOWN DEBT STRUCTURE” herein and “Appendix A – Audited Financial Statements of the Town for Fiscal Year Ended June 30, 2022” for additional information regarding the Town.
The Series 2023 BANs	\$3,680,000 Saxe Gotha-Lexington Public Facilities Corporation Revenue Bond Anticipation Notes, Series 2023 (Corley Mill Redevelopment Project Area), are being issued as fully-registered notes and are initially issued in book-entry only form. See “THE SERIES 2023 BANS” for a description of the terms of the Series 2023 BANs.
Purpose of the Issue	The proceeds of the Series 2023 BANs will be used (i) to provide interim financing pending the issuance of the Issuer’s Revenue Bonds for the acquisition by the Issuer of the Town of Lexington, South Carolina (the “Town”) Corley Mill Redevelopment Project Area Tax Increment Bond, Series 2018, the proceeds of which will be used by the Town to defray a portion of the costs of certain redevelopment projects with respect to the Corley Mill Redevelopment Project Area; and (ii) to finance the costs of issuance of the Series 2023 BANs.
Date of Issue and Delivery	The Series 2023 BANs will be dated their date of delivery. It is expected that the Series 2023 BANs will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about March 17, 2023, against payment therefor.
Maturities	The Series 2023 BANs mature on the Maturity Date set forth on the cover page.
Interest Payments	Interest on the Series 2023 BANs will be payable on the Maturity Date at the interest rate set forth on the cover page.
No Optional Redemption	The Series 2023 BANs are not subject to redemption prior to their maturity.

Source of Payment	<p><b>THE SERIES 2023 BANS ARE PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE PROCEEDS TO BE DERIVED FROM THE SALE OF REVENUE BONDS TO BE ISSUED BY THE ISSUER OR, IF THE REVENUE BONDS ARE NOT ISSUED PRIOR TO THE MATURITY OF THE SERIES 2023 BANS, FROM THE SALE OF AN ISSUE OF RENEWAL OR REFUNDING BOND ANTICIPATION NOTES. THE SERIES 2023 BANS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE TOWN OF LEXINGTON OR A PLEDGE OF THE FAITH, CREDIT, OR TAXING POWERS OF EITHER THE TOWN OR THE STATE OF SOUTH CAROLINA. SEE “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BANS” HEREIN.</b></p>
Tax Status of Interest on the Series 2023 BANS	<p>In the opinion of Howell Linkous &amp; Nettles, LLC, Bond Counsel, under existing law and assuming compliance by the Town and the Issuer with certain covenants described herein, interest on the Series 2023 BANS is excludable from gross income for federal and South Carolina income tax purposes. Bond Counsel is of the further opinion that interest on the Series 2023 BANS is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Series 2023 BANS. See “LEGAL MATTERS - Tax Exemption” herein for additional information regarding the tax status of interest on the Series 2023 BANS.</p>
Continuing Disclosure	<p>The Issuer and the Town have undertaken for the benefit of holders of the Series 2023 BANS to provide certain financial information and operating data relating to the Issuer and the Town and to provide notices of the occurrence of certain enumerated events as described in “MISCELLANEOUS - Continuing Disclosure” herein.</p>
General	<p>This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Preliminary Official Statement and the Official Statement will be deposited with the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005. Copies of the Preliminary Official Statement, Official Statement, the Trust Agreement, the Deposit and Reimbursement Agreement, and other relevant documents and information regarding the Series 2023 BANS are available from Mr. John Canney, Municipal Advisors Group of Boston, Inc., Post Office Box 389, North Scituate, Massachusetts 02060.</p> <p>The Official Statement, including the cover page, inside cover page and the attached Appendices, contains specific information relating to the Series 2023 BANS, the Issuer, the Town, and other information pertinent to this issue.</p> <p>All information included herein has been provided by the Issuer or the Town except where attributed to other sources. Such information contained in this Official Statement and obtained from sources other than records of the Issuer or the Town, while believed to be reliable, is not guaranteed as to completeness or accuracy.</p>

## **OFFICIAL STATEMENT**

**\$3,680,000**

**SAXE GOTH-LEXINGTON PUBLIC FACILITIES CORPORATION  
REVENUE BOND ANTICIPATION NOTES  
SERIES 2023  
(CORLEY MILL REDEVELOPMENT PROJECT AREA)**

### **INTRODUCTION**

#### **General**

This Official Statement, including the cover page and appendices, sets forth certain information concerning the sale by Saxe Gotha-Lexington Public Facilities Corporation, a South Carolina non-profit corporation (the “Issuer”) of its \$3,680,000 Revenue Bond Anticipation Notes, Series 2023 (Corley Mill Redevelopment Project Area) (the “Series 2023 BANs”), for all who may become holders thereof. Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix B to this Official Statement under the heading “DEFINITIONS.” This Introduction is only a brief description of the securities offered hereby. Any potential purchaser of the Series 2023 BANs should make a full review of this entire Official Statement, as well as of the documents summarised or described herein. The information contained in this Introduction is qualified in its entirety by more complete information set forth elsewhere in this Official Statement. Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, such statements are set forth only as such and not as representations of fact. No representation is made that any of the opinions or estimates will be realised.

The Town’s Fiscal Year is the twelve-month period beginning July 1 in each year and ending June 30 of the succeeding year. Reference herein to “Fiscal Year” followed by a year designation means the Fiscal Year ended or ending June 30 of that year. For example, “Fiscal Year 2022” means the Fiscal Year ended June 30, 2022.

#### **The Issuer**

The Issuer of the Series 2023 BANs is a non-member public benefit nonprofit corporation organised and existing under the laws of the State of South Carolina. For additional information regarding the Issuer, see “THE ISSUER” herein.

#### **The Town**

The Town of Lexington (the “Town”) is located in the central part of the State of South Carolina approximately 12 miles from Columbia, the State Capital. The Town is the county seat of Lexington County (the “County”) and is part of the greater Columbia Metropolitan Statistical Area (“CMSA”). The Town is in close proximity to Lake Murray, a 50,000-acre lake utilised for recreational purposes, water supply, and power generation. According to the 2020 Census, Lexington County is the 6th largest county (by population) in the State with a population of 293,991. This is a 12% increase from 2010. For the Town of Lexington, the 2020 Census indicated a population of 23,568, an increase of 31.9% over the 2010 count. The Town is the 22<sup>nd</sup> largest municipality in South Carolina and ranks as the second largest municipality in the Midlands. The Census figures show that the Town had the 6<sup>th</sup> highest growth rate among the top 25 municipalities in South Carolina.

The Town is responsible at the local level for activities involving public safety, welfare, health, public works, solid waste management, and planning and zoning administration. The Town’s General Fund budgeted revenue for Fiscal Year 2022-2023 is approximately \$14,318,000 and the total assessed valuation of taxable property located within the Town of Lexington as of June 30, 2022 was \$142,544,781.

For certain economic, demographic, and financial information with respect to the Town, see “DESCRIPTION OF TOWN OF LEXINGTON,” “GOVERNMENT STRUCTURE,” “FINANCIAL INFORMATION,” “DEBT STRUCTURE,” and “Appendix A – Audited Financial Statements for Year Ended June 30, 2022” herein.

## **The Paying Agent and the Registrar**

U.S. Bank Trust Company, National Association (the “Paying Agent”), Columbia, South Carolina, will act as registrar and as paying agent for the Series 2023 BANs under the Trust Agreement, dated as of March 1, 2018, between the Issuer and U.S. Bank Trust Company, National Association, as successor trustee, as amended, as supplemented by Supplemental Trust Agreements dated as of March 1, 2018, March 1, 2019, March 1, 2020, March 1, 2021, March 1, 2022, and March 1, 2023, respectively (collectively, the “Trust Agreement”).

## **Purpose of the Series 2023 BANs**

The Issuer is issuing the Series 2023 BANs for the purpose of providing a portion of the funds necessary (i) to provide interim financing pending the issuance of the Issuer’s Revenue Bonds (the “Revenue Bonds”) for the acquisition by the Issuer of the Town’s Corley Mill Redevelopment Project Area Tax Increment Bond, Series 2018 (the “TIF Bond”) and the funding of draws thereunder which will be used by the Town to defray a portion of the costs of certain redevelopment projects with respect to the Corley Mill Redevelopment Project Area; and (ii) to finance the costs of issuance of the Series 2023 BANs. For more complete information, see “PLAN OF FINANCING” herein.

## **Security and Sources of Payment for the Series 2023 BANs**

THE SERIES 2023 BANs ARE PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE PROCEEDS TO BE DERIVED FROM THE SALE OF REVENUE BONDS TO BE ISSUED BY THE ISSUER OR, IF THE REVENUE BONDS ARE NOT ISSUED PRIOR TO THE MATURITY OF THE SERIES 2023 BANs, FROM THE SALE OF AN ISSUE OF RENEWAL OR REFUNDING BOND ANTICIPATION NOTES. THE SERIES 2023 BANs DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE TOWN OR A PLEDGE OF THE FAITH AND CREDIT OF EITHER THE TOWN OR THE STATE OF SOUTH CAROLINA.

There can be no assurance that the Issuer will be able to issue either (a) the Revenue Bonds, the proceeds of which are the sole security for the repayment of the principal of and interest on the Series 2023 BANs, or (b) Additional BANs to refund the Series 2023 BANs in the event the Revenue Bonds are not issued prior to the maturity date of the Series 2023 BANs. See the discussion under the heading “RISKS AND INVESTMENT CONSIDERATIONS” herein for a discussion of certain considerations which potential purchasers of the Series 2023 BANs should take into account in evaluating the security for the Series 2023 BANs.

For more complete and detailed information regarding the security and sources of payment for the Series 2023 BANs, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BANs” herein.

## **Description of Series 2023 BANs**

The Series 2023 BANs will be dated their date of delivery and will mature on the Maturity Date set forth on the cover page of this Official Statement (the “Maturity Date”) and bear interest at the rate per annum set forth on the cover page hereof payable on the Maturity Date. The principal and interest shall be payable to the registered owner thereof at maturity upon presentation and surrender of the Series 2023 BANs at the corporate trust office of the Paying Agent in St. Paul, Minnesota. The Series 2023 BANs are issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof. The Series 2023 BANs may be transferred only on the registration books of the Issuer maintained by U.S. Bank Trust Company, National Association, as registrar (the “Registrar”). For a more complete description of the terms of the Series 2023 BANs, see “THE SERIES 2023 BANs” herein.

## **Book-Entry Only System**

The Series 2023 BANs will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as a securities depository for the Series 2023 BANs. Purchasers will not be entitled to receive physical delivery of the Series 2023 BANs. For so long as any purchaser is the beneficial owner of a Series 2023 BAN, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Series 2023 BAN. For additional information regarding DTC and its book-entry system, see “Appendix E – DTC and Book-Entry Only System.”

## **No Optional Redemption**

The Series 2023 BANs are not subject to redemption prior to their maturity.

## **Tax Status of Interest on Series 2023 BANs**

In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel, under existing law and assuming compliance by the Town and the Issuer with certain covenants described herein, interest on the Series 2023 BANs is excludable from gross income for federal and South Carolina income tax purposes. Bond Counsel is of the further opinion that interest on the Series 2023 BANs is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Series 2023 BANs. See “LEGAL MATTERS - Tax Exemption” herein for additional information regarding the tax status of interest on the Series 2023 BANs.

## **Authorisation**

The Series 2023 BANs will be issued pursuant to an Ordinance enacted by the Town Council of the Town (the “Town Council”) on February 2, 2015 (the “Original Ordinance”) as amended by an Amending Ordinance enacted by the Town Council on March 6, 2023 (the Original Ordinance, as amended, the “Ordinance”), and resolutions adopted by the Board of Directors of the Issuer on February 6, 2023. The Series 2023 BANs will be issued pursuant to the provisions of the Trust Agreement.

## **Terms of Offering and Custodial Depository**

The Series 2023 BANs are being offered when, as, and if issued, by the Issuer and accepted by Oppenheimer & Co. Inc. (the “Underwriter”) and subject to the delivery of the approving opinion as to legality of Howell Linkous & Nettles, LLC, Charleston, South Carolina, as Bond Counsel. It is expected that the Series 2023 BANs will be available for delivery on or about March 17, 2023, through the facilities of DTC.

## **Parties and Professionals to the Transaction**

Issuer	Saxe Gotha-Lexington Public Facilities Corporation Lexington, South Carolina
Town	Town of Lexington, South Carolina Lexington, South Carolina
Paying Agent, Registrar, and Authenticating Agent	U.S. Bank Trust Company, National Association Columbia, South Carolina
Securities Depository	The Depository Trust Company New York, New York
Bond Counsel, Disclosure Counsel, and Issuer’s Counsel	Howell Linkous & Nettles, LLC Charleston, South Carolina
Town Attorney	Brad Cunningham, Esq. Lexington, South Carolina
Independent Financial Advisor	Municipal Advisors Group of Boston, Inc. North Scituate, Massachusetts

Independent Auditors

The Brittingham Group L.L.P., CPA's  
West Columbia, South Carolina

Underwriter

Oppenheimer & Co. Inc.  
Philadelphia, Pennsylvania

### **Continuing Disclosure**

The Town and the Issuer have undertaken for the benefit of holders of the Series 2023 BANs to provide certain financial information and operating data relating to the Town and to provide notices of the occurrence of certain enumerated events, as described in "MISCELLANEOUS - Continuing Disclosure" herein.

### **Miscellaneous**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Prior to the delivery of the Series 2023 BANs, copies of the documents described herein may be obtained from the Underwriter by contacting Oppenheimer & Co. Inc., 1818 Market Street, Philadelphia, Pennsylvania 19103, Attention: Allison F. Fleitas, II, telephone (215) 656.2893. After closing, copies of the documents may be obtained from the Paying Agent.

## **RISKS AND INVESTMENT CONSIDERATIONS**

### **Introduction**

In analyzing the Series 2023 BANs and the security and sources of payment therefor and in order to make an informed investment decision, potential investors should carefully consider the following investment considerations prior to making a decision to purchase the Series 2023 BANs. The following investment considerations are not intended to be exhaustive of the general or specific investment considerations relating to the purchase of the Series 2023 BANs. Additional investment considerations relating to the purchase of the Series 2023 BANs are described throughout this Official Statement, whether or not specifically designated as investment considerations. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

### **Failure to Issue Revenue Bonds**

There is no guarantee of a market for the Revenue Bonds anticipated as the source of funding repayment of the Series 2023 BANs at the time necessary to pay debt service on the Series 2023 BANs. In the event that there is no market at that time for the Revenue Bonds, the Issuer may not be able to sell the Revenue Bonds to pay debt service on the Series 2023 BANs.

### **Bond Proceeds or Proceeds of Renewal BANs as Sole Security**

The sole security for the Series 2023 BANs is a pledge of the net proceeds of the sale of Revenue Bonds or, if the Revenue Bonds are not issued prior to the maturity of the Series 2023 BANs, from the sale of an issue of renewal or refunding bond anticipation notes. The Series 2023 BANs are not secured by a pledge of any revenues of the Town.

### **Remedies under Nonappropriation**

In the event the Town terminates the Deposit and Reimbursement Agreement, the Revenue Bonds will be payable from debt service payments made by the Town under the TIF Bond. The TIF Bond is a cash-flow obligation payable solely from available TIF Revenues available under the TIF Act. Shortfalls in TIF Revenues to pay debt service on the Revenue Bonds will not result in a default by the Town under the TIF Bond. In this event, debt service payments made by the Town on the TIF Bond may be substantially less than the amount of currently due debt service on the Revenue Bonds.



## PLAN OF FINANCING

### Redevelopment Projects

The Town Council enacted an ordinance on May 1, 2017, approving the Corley Mill Redevelopment Plan (the “Redevelopment Plan”) as part of the establishment of the Corley Mill Redevelopment Project Area (the “Project Area”) pursuant to the South Carolina Tax Increment Financing Law (Title 31, Chapter 6 of the Code of Laws of South Carolina 1976, as amended) (the “TIF Act”). The Project Area is an area consisting of approximately 263.92 acres, as more fully described in the Redevelopment Plan. The proceeds of the TIF Bond will be used to make roadway improvements along the U.S. Highway 378/Corley Mill Road corridor in accordance with the Redevelopment Plan.

The Redevelopment Plan included initial engineering estimates for total project costs of approximately \$17,500,000. This estimate included approximately \$15.3 million for pavement and all associated roadway improvements and construction, and \$2.2 million for associated right-of-way acquisition. The planning, engineering and design process resulted in an updated comprehensive traffic plan for the U.S. Highway 378/Corley Mill Road corridor. The Town determined that a phased approach for the two major components of the plan was the most effective way to implement the comprehensive plan. Additionally, the Town determined that the full U.S. Highway 378/Sunset Split phase would achieve the objective of the Redevelopment Plan. Accordingly, the Town intends to complete the U.S. Highway 378/Sunset Split project to ensure the needed level of service for the Redevelopment Area through approximately 2040. The Town expects the completion of all design, right of way acquisition and construction over the next thirty-six (36) months. An additional \$6 Million of Hospitality Tax funding has been allocated by the Town to the U.S. Highway 378/Sunset Split for right-of-way acquisition and construction, resulting in an updated funding amount of \$23.5 Million. A future I-20 Overpass phase would require an estimated \$27 Million (in current dollars) of additional funding. Given the dynamic and complex nature of traffic pattern development over extended time periods, the timing, scope, and costs of an I-20 Overpass phase are uncertain. With regard to the Town’s obligation to provide ongoing maintenance with respect to these planned improvements, the annual maintenance costs are estimated to be \$17,200 and will be funded by the Town’s General Fund.

Updated current funding for the Redevelopment Plan is expected to come from the following sources and in the following amounts:

#### Estimated Redevelopment Funding Sources

	<u>Amount</u>
Town of Lexington Hospitality Tax <sup>1</sup>	\$ 13,500,000
TIF Bond, notes, incremental tax revenues sources	<u>10,000,000</u>
<b>Total Estimated Redevelopment Funding Sources</b>	<b><u>\$23,500,000</u></b>

<sup>1</sup> See “FINANCIAL INFORMATION-Financial Overview – Revenues from Hospitality Taxes” herein for a discussion of the Hospitality Tax.

The Town plans to fund a portion of the Redevelopment Project Costs from the proceeds of the TIF Bond issued and sold to the Issuer in the original principal amount of \$10,000,000. The TIF Bond was issued as a single, draw-down bond, of which \$1,900,000 was drawn down as a first advance (an “Advance,” and collectively with future advances, the “Advances”) under the TIF Bond upon the issuance of the Issuer’s Revenue Bond Anticipation Notes, Series 2018 (Corley Mill Redevelopment Project Area) on March 22, 2018 (the “2018 BANs”). The 2018 BANs were currently refunded through the issuance of the Issuer’s Revenue Bond Anticipation Notes, Series 2019 (Corley Mill Redevelopment Project Area) (the “2019 BANs”) on March 21, 2019. The 2019 BANs were currently refunded through the issuance of the Issuer’s Revenue Bond Anticipation Notes, Series 2020 (Corley Mill Redevelopment Project Area) (the “2020 BANs”) on March 18, 2020. The 2020 BANs were currently refunded on or prior to their stated maturity date of March 18, 2021, from a portion of the proceeds of the Issuer’s Revenue Bond Anticipation Notes, Series 2021 (Corley Mill Redevelopment Project Area) (the “2021 BANs”). The 2021 BANs were currently refunded on or prior to their stated maturity date of March 18, 2022, from a portion of the proceeds of the Issuer’s Revenue Bond Anticipation Notes, Series 2022 (Corley Mill Redevelopment Project Area) (the “2022 BANs”). The 2022 BANs will be currently refunded on or prior to their stated maturity date of March 17, 2023, from a portion of the proceeds of the Series 2023 BANs. See “Estimated Sources and Uses of Funds” under this heading.

## **Plan of Financing**

The Town's plan of financing for the Redevelopment Projects involves the initial issuance of the 2018 BANs by the Issuer in the amount of \$2,000,000 to indirectly provide a portion of the construction financing for the Redevelopment Projects by means of the purchase of the TIF Bond by the Issuer (in the maximum principal amount of \$10,000,000) by the funding of the first Advance thereunder of \$1,900,000, along with an original issue premium of \$97,375, at the closing of the 2018 BANs on March 22, 2018. A second Advance thereunder, in the amount of \$1,000,000 occurred at the closing of the 2019 BANs on March 21, 2019. Additional Advances under the TIF Bond are expected to occur prior to and during the construction phase of the project, resulting in total Advances of approximately \$10,000,000. Each subsequent Advance under the TIF Bond will be funded from the proceeds of a new issue of Revenue Bond Anticipation Notes to be issued by the Issuer. Permanent financing for the funding of all Advances under the TIF Bond is expected to occur by the issuance of Revenue Bonds by the Issuer in the total amount of approximately \$10,000,000 to (i) refund the Series 2023 BANs (or other outstanding revenue bond anticipation notes) and (ii) fund a debt service reserve fund, thereby providing permanent financing for the Redevelopment Projects.

The Issuer is issuing the Series 2023 BANs for the purpose of providing interim financing (pending the issuance of the Issuer's Revenue Bonds) for the Advances under the TIF Bond in the amount of \$10,000,000 (if the full amount is advanced thereunder) in accordance with the terms of the Bond Purchase Agreement (the "Bond Purchase Agreement") between the Town and the Issuer. The TIF Bond was issued as a cash-flow obligation payable solely from available TIF Revenues generated by the Corley Mill Redevelopment Project Area and available under the TIF Act. The Town will use the proceeds received from the Advances under the TIF Bond to defray a portion of the costs of acquisition and construction of the Redevelopment Projects.

As a condition to the purchase of and the funding of the initial Advance under the TIF Bond by the Issuer, the Town entered into a Deposit and Reimbursement Agreement dated as of March 1, 2018 (the "Deposit and Reimbursement Agreement") with the Issuer and U.S. Bank National Association as Trustee (U.S. Bank Trust Company, National Association now serves as successor trustee) whereby the Town agreed to reimburse any cash flow shortfalls in TIF Revenues available for the payment of the Revenue Bonds by paying debt service in full when due on the Revenue Bonds, subject to non-appropriation in any fiscal year by the Town Council, and reimbursing such payment from the TIF Revenues when available. Currently, Town Council plans to include the entire annual debt service payment on the Revenue Bonds (the "Obligated Debt Service Amount") in the Town's annual budget for each year. The Obligated Debt Service Amount will be offset by appropriations from any legally available source for that purpose, including TIF Revenues paid as principal or interest on the TIF Bond. Such TIF Revenues will be treated by the Town Council as a deduction from the amounts to be appropriated from sources not derived from TIF Revenues. See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2023 BANS – Conditions to the Issuance of Revenue Bonds" herein for additional information regarding the Deposit and Reimbursement Agreement and the Revenue Bonds.

## **Terms of the TIF Bond**

The TIF Bond was issued on March 22, 2018, in the principal of \$10,000,000, in the form of a single, draw-down bond. Upon the issuance of the Series 2021 BANs, the aggregate of Advances under the TIF Bond became \$2,900,000. Because the TIF Bond is a cash-flow obligation payable solely from available TIF Revenues, the TIF Bond has a final maturity date of December 31, 2036 (the "TIF Bond Maturity Date"). The Redevelopment Plan has a final stated termination date of December 31, 2036. After the termination date, TIF Revenues will no longer be available to pay debt service on the TIF Bond.

The TIF Bond will bear rates of interest, including the current rate of 6.78% (the "Current Rate"), that will be at rates that are deemed by the Town to be consistent with results of periodic reviews ("Periodic Reviews") of forecasted and actual TIF Revenues, as well as debt service on the Revenue Bonds. The interest rate on the TIF Bond will be subject to adjustment as follows: the interest rate will be subject to adjustment, as required to assure that payments of principal and interest on the TIF Bond, from its date of issuance to the earliest of the date of its maturity or the date of its retirement will be sufficient to reimburse the Issuer and the Town for the costs of debt service on the future Revenue Bonds. Interest on the TIF Bond is payable semi-annually on each June 30 and December 31, beginning December 31, 2018.

On the date of each Advance, the Initial Payment Schedule shall be subject to adjustment (an “Adjustment”) reflecting the addition of the amount of such Advance to the Outstanding Principal Amount. Each Adjustment shall result in a revised Payment Schedule in which the amount of interest, but not principal, due on the next succeeding TIF Bond Payment Date is adjusted to reflect the new Outstanding Principal Amount. The Adjustment of the TIF Bond interest rate with respect to the second Advance funded by the Series 2021 BANs is 6.78%. Interest on the TIF Bond is payable semi-annually, such semi-annual payments nevertheless being payable only as available from Incremental Revenues. Unpaid interest (“Unpaid Interest”) shall not be treated as principal but shall accrue and compound annually at the then Current Rate of interest (the “Stated Rate”) for the TIF Bond. When scheduled interest on the TIF Bond fails to be paid, the amount of Unpaid Interest resulting from such failure to be paid shall be noted by the Town by entry in a special ledger (the “Unpaid Interest Ledger”) for purposes of calculating the then current accrued Unpaid Interest balance (the “Accrued Unpaid Interest Balance”). As of December 31, 2022, \$738,311 of unpaid interest on the TIF Bond has been noted on the Unpaid Interest Ledger and there is an Accrued Unpaid Interest Balance of \$893,551 with respect to the TIF Bond. Additionally, interest accrued on the most recent prior Accrued Unpaid Interest Balance shall be calculated by the Town semi-annually, on or as of each interest payment date for the TIF Bond, depending on whether the interest payment date is a business day, using the Stated Rate, and be noted by the Town and added to the prior Accrued Unpaid Interest Balance in the Unpaid Interest Ledger.

Whenever a portion of the then current Accrued Interest is paid to holders of the TIF Bond, such portion shall be noted and deducted from the Accrued Unpaid Interest Balance in the Unpaid Interest Ledger. All unpaid principal and accrued interest shall be due and payable on the Maturity Date of the TIF Bond.

The TIF Bond is not subject to optional redemption prior to maturity so long as any Redevelopment Project or portion thereof remains unfinished and/or unpaid for or any financial obligations (“Obligations”) issued or otherwise incurred by the Issuer to pay for the funding of any Advance under the TIF Bond remains outstanding. If no Redevelopment Project or portion thereof remains uncompleted or not fully paid for and no Obligation of the Issuer issued or incurred to pay any part of the Advances of the TIF Bond remains outstanding, the Town may prepay the TIF Bond at its option, in whole or in part, with no penalty or premium, at the price of par (100%) plus accrued interest.

### **Estimated Sources and Uses of Funds**

The table below sets forth the estimated sources and uses of proceeds derived from the sale of the Series 2023 BANs.

<u>Sources</u>	
Par amount of Series 2023 BANs	\$3,680,000
Original Issue Premium	40,701
Less Underwriter’s Discount	<u>(23,581)</u>
Total	<u>\$3,697,120</u>
<u>Uses</u>	
Principal of 2022 BANs	\$3,520,000
Interest on maturing 2022 BANS	70,204
Costs of Issuance*	<u>106,916</u>
Total	<u>\$3,697,120</u>

\*Includes fees and expenses of legal counsel, financial advisor’s fees and expenses, Paying Agents and Registrar’s fees, rating agency fees, and other costs of issuance.

## THE ISSUER

### Organisation and Corporate Powers

The Issuer was incorporated as a non-member public benefit nonprofit corporation on April 15, 1994, pursuant to the provisions of the Nonprofit Corporation Act of 1994, Title 33, Chapter 31 of the Code of Laws of South Carolina 1976, as amended (the “Nonprofit Corporation Act”). The Articles of Incorporation and Bylaws of the Issuer provide that the Issuer has been organised exclusively for charitable purposes, specifically to promote essential governmental endeavours and functions, primarily the construction of one or more projects, including, without limitation, the construction of public facilities for the Town and all required sitework (or any part thereof) and to finance the cost of such construction on behalf of the Town subject to limitations under South Carolina law and Sections 115 and 501(c)(3) of the Internal Revenue Code. Furthermore, the Issuer is prohibited by its by-laws from engaging in any business activity other than to own and/or lease property to be used for essential governmental functions in connexion with the tax-exempt financing of such facilities for or on behalf of the Town.

**The Issuer has no operating history except for the issuance of debt obligations to provide construction and permanent financing for various capital projects of the Town. The Issuer has no assets, and will have no assets other than its interest in the TIF Bond as security for its obligations with respect to the Revenue Bonds.**

The Articles of Incorporation of the Issuer provide that, upon the dissolution of the Issuer, the remaining assets of the Issuer will be distributed to one or more governmental entities or exempt organisations described in Section 501(c)(3) of the Internal Revenue Code.

### Governing Body

The Issuer is a separate legal entity from the Town. The Issuer is governed by the Board of Directors of the Issuer (the “Issuer Board”) consisting of the Mayor of the Town and the other members of the Town Council of the Town.

### Legal Authority

The Series 2023 BANs are being issued by the Issuer pursuant to the Nonprofit Corporation Act and a resolution adopted by the Issuer Board.

### Prior Financings by the Issuer

In 1994, the Issuer entered into various contracts with respect to the issuance of Certificates of Participation (Town Hall Lease Project) Series 1994 (the “Series 1994 COPs”) in the original principal amount of \$2,577,278 to refinance the costs of construction of the Town Hall of the Town. The Series 1994 COPs were paid in full on their scheduled maturity date in December 2018.

In 2015, the Issuer entered into various leases and contracts with respect to the issuance of Saxe Gotha-Lexington Public Facilities Corporation Revenue Bond Anticipation Notes (Ice House Redevelopment Project Area), including its Revenue Bond Anticipation Notes (Ice House Redevelopment Project Area), Series 2022 (the “Series 2022 Ice House BANs”) in the currently outstanding principal amount of \$4,505,000, to provide interim financing, pending the issuance of the Issuer’s Revenue Bonds, for the acquisition by the Issuer of the Town’s Ice House Redevelopment Project Area Tax Increment Bond, Series 2015, the proceeds of which are being used by the Town to defray the costs of certain redevelopment projects with respect to the Ice House Redevelopment Project Area. See “TOWN DEBT STRUCTURE – Outstanding Debt-Lease Purchase Obligations” herein for additional information regarding the Series 2022 Ice House BANs. No revenues under the Ice House Redevelopment Project Area are available to pay debt service on the TIF Bond securing the Revenue Bonds.

On March 18, 2022, the Issuer issued the 2022 BANs that are being refunded from a portion of the proceeds of the Series 2023 BANs being offered hereby. See “PLAN OF FINANCING” herein for additional information about the 2022 BANs.

Further information concerning the Issuer may be obtained from Saxe Gotha-Lexington Public Facilities Corporation, 111 Maiden Lane, Lexington, South Carolina 29072, Attention: Becky Hildebrand, telephone: (803) 996-3765.

## **THE SERIES 2023 BANS**

### **Description**

The Series 2023 BANS will be dated their date of delivery and will mature on the Maturity Date and bear interest at the Interest Rate per annum set forth on the cover page of this Official Statement.

The Series 2023 BANS are issuable only as fully registered notes, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial ownership interests in the Series 2023 BANS will be made in book-entry form, and purchasers will not receive certificates representing interests in the Series 2023 BANS so purchased. If the book-entry system is discontinued, Series 2023 BANS will be delivered as described in the Trust Agreement, and Beneficial Owners will become the registered owners of the Series 2023 BANS. See “THE SERIES 2023 BANS –Book-Entry Only System” herein.

### **No Optional Redemption**

The Series 2023 BANS are not subject to redemption prior to their maturity.

### **Book-Entry Only System**

The Series 2023 BANS will be available to purchasers under the book-entry system maintained by The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2023 BANS. Purchasers will not be entitled to receive physical delivery of the Series 2023 BANS. For so long as any purchaser is a beneficial owner of a Series 2023 BAN, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Series 2023 BANS. See “Appendix E – DTC and Book-Entry Only System” herein for additional information regarding DTC and its book-entry only system.

### **Miscellaneous**

The interest on the Series 2023 BANS will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the event that any action to be taken under the Trust Agreement, including the payment of principal of and interest on the Series 2023 BANS, is to be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State of South Carolina or in a state where the office of the Paying Agent is located, the action shall be taken on the first secular or business day occurring thereafter. In the event that any action to be taken under the Trust Agreement, including the payment of principal of and interest on the Series 2023 BANS, is required to be taken or within which any right will lapse or expire shall terminate on a Saturday, Sunday, or legal holiday or bank holiday in the State of South Carolina or in a state where the office of any Paying Agent is located, the time shall continue to run until midnight on the next succeeding secular or business day.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BANS**

### **Special Limited Obligations**

THE SERIES 2023 BANS ARE PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE PROCEEDS TO BE DERIVED FROM THE SALE OF REVENUE BONDS TO BE ISSUED BY THE ISSUER OR, IF THE REVENUE BONDS ARE NOT ISSUED PRIOR TO THE MATURITY OF THE SERIES 2023 BANS, FROM THE SALE OF AN ISSUE OF RENEWAL OR REFUNDING BOND ANTICIPATION NOTES. THE SERIES 2023 BANS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE TOWN OR A PLEDGE OF THE FAITH, CREDIT, OR TAXING POWERS OF EITHER THE TOWN OR THE STATE OF SOUTH CAROLINA.

There can be no assurance that the Issuer will be able to issue either (a) the Revenue Bonds, the proceeds of which are the sole security for the repayment of the principal of and interest on the Series 2023 BANs, or (b) Additional BANs to refund the Series 2023 BANs in the event the Revenue Bonds are not issued prior to the Maturity Date of the Series 2023 BANs. See the discussion under the heading “RISK FACTORS” herein for a discussion of certain considerations which potential investors in the Series 2023 BANs should take into account in evaluating the security for the Series 2023 BANs.

### **Security for and Conditions to the Issuance of Revenue Bonds**

Pursuant to the terms of the Trust Agreement and the Town Ordinance, the Issuer is authorised to issue Revenue Bonds for the purpose of financing or refinancing (i) the costs of purchasing the TIF Bond from the Town, (ii) the costs of other capital projects, and (iii) to refund Revenue Bonds issued under the Trust Agreement. The Revenue Bonds are obligations of the Issuer, payable solely from and secured by the amounts pledged (the “Trust Estate”) under the Trust Agreement, as described below.

The Town issued the TIF Bond as a cash-flow obligation payable solely from available TIF Revenues available under the TIF Act and sold it to the Issuer. As a condition to the purchase of the TIF Bond by the Issuer, the Town entered into the Deposit and Reimbursement Agreement whereby the Town has agreed to reimburse any cash flow shortfalls in TIF Revenues available for the payment of the Revenue Bonds by paying debt service in full when due on the Revenue Bonds, subject to non-appropriation in any fiscal year by the Town Council, and reimbursing such payment from the TIF Revenues when available. The Issuer’s rights under the Deposit and Reimbursement Agreement are assigned to the Trustee under the Trust Agreement and under an Assignment of Deposit and Reimbursement Agreement, dated as of March 1, 2018, as security for the payment of the Revenue Bonds. The rights to receive debt service payments under the TIF Bond are also assigned to the Trustee under the Trust Agreement as security and the source of payment of the Revenue Bonds.

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

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

The term “Revenues” is defined in the Trust Agreement as (i) all payments of debt service under the TIF Bond, (ii) the Reimbursement Payments under the Deposit and Reimbursement Agreement, (iii) any moneys and investments in the Project Fund and in the Bond Fund, and (iv) all income and profit from the investment of the foregoing moneys.

### **Remedies under Nonappropriation**

In the event the Town terminates the Deposit and Reimbursement Agreement, the Revenue Bonds will be payable from debt service payments made by the Town under the TIF Bond. The TIF Bond is a cash-flow obligation payable solely from available TIF Revenues available under the TIF Act. Shortfalls in TIF Revenues to pay debt service on the Revenue Bonds will not result in a default by the Town under the TIF Bond. In this event, debt service payments made by the Town on the TIF Bond may be substantially less than the amount of currently due debt service on the Revenue Bonds.

### Source of Reimbursement Payments

The Town may budget and appropriate any moneys for the purpose of making Reimbursement Payments under the Deposit and Reimbursement Agreement, including ad valorem property taxes, and may levy an ad valorem tax, subject to the limitations provided in S.C. Code Section 6-1-320 (“Section 6-1-320”), specifically for the purpose of making the Reimbursement Payments. See “FINANCIAL INFORMATION – Property Tax Reform – Limitation on Millage Increases” for a description of limitations on the Town’s legal authority to increase property tax millage rates.

The Town currently expects to make the Reimbursement Payments from ad valorem taxes, franchise fees, and other available sources (collectively, the “Sources”). The Town’s use of ad valorem tax revenues for this purpose is subject to the limitations provided in Section 6-1-320. The Town has no current plan to increase millage for purposes of making Reimbursement Payments.

### **Revenue Bonds are Limited Obligations**

The Revenue Bonds, when issued, will be limited obligations of the Issuer payable solely from the Trust Estate pledged under the Trust Agreement. The Revenue Bonds will not be payable from and are not secured by a lien, security interest, or encumbrance upon any funds or assets of the Issuer other than the Trust Estate.

The Revenue Bonds, when issued, shall not constitute a general obligation of the Town nor a debt, indebtedness, or obligation of, or a pledge of the faith and credit or taxing power of, the Town or the State of South Carolina or any political subdivision thereof, within the meaning of any constitutional or statutory provision whatsoever. Neither the faith and credit nor the taxing power of the Town, the State of South Carolina, or any political subdivision thereof is pledged to the payment of principal or, premium, if any, or interest on the Revenue Bonds or other costs incident thereto. The Issuer has no taxing power.

### **Funds and Accounts under the Trust Agreement**

The Trust Agreement establishes certain funds and accounts into which moneys are to be deposited, including the Project Fund held by the Trustee or a Custodian.

#### Project Fund

The Trust Agreement creates the Project Fund into which those proceeds derived from the sale of Revenue Bonds that are expected to be applied to fund an Advance under the TIF Bond will be deposited.

### **Enforceability of Remedies**

The realisation of value from the pledge of the Trust Estate under the Trust Agreement upon any default or nonappropriation of sufficient funds to make Reimbursement Payments due under the Deposit and Reimbursement Agreement will depend upon the exercise of various remedies specified by the Trust Agreement and the Deposit and Reimbursement Agreement. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2023 BANs may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganisation, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted. Under existing law (including particularly federal bankruptcy law), certain remedies specified by the Trust Agreement or the Deposit and Reimbursement Agreement may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Trust Agreement or the Deposit and Reimbursement Agreement.

The various legal opinions to be delivered concurrently with the delivery of the Series 2023 BANs will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, reorganization, fraudulent conveyance, or other similar laws affecting the enforcement decisions affecting the enforcement of creditors' rights generally.

The undertakings of the Town should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. Section 901, et seq., as amended, and other laws affecting creditors' rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs the petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors that have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness or alter the payment terms, maturity schedule, and other provisions governing the indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the petitioner before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

## **DESCRIPTION OF THE TOWN OF LEXINGTON**

### **General Description**

In 1733, the colonists of South Carolina created the Congaree District as an inland buffer to protect Charleston from hostile Indians. This was a large tract of land along the Congaree River now thought of as the State's Midlands area. In 1735, the developers of the district changed the name to *Saxe Gotha* in an attempt to lure the Swiss and Germans to the area. The name was given in honour of the marriage of the Prince of Wales to the Princess Augusta of the German state of Saxe Gotha. After the Revolutionary War, patriotism was high, and in 1785, the name of the district was changed to Lexington in honour of the Colonial victory over the British in Lexington, Massachusetts. Thereafter, the State of South Carolina changed districts to counties and created Lexington County from the old Lexington district and a portion of the Orangeburgh district. The State moved the courthouse to Granby (now the City of Cayce), but malaria was common in the swampy lowland area along the Congaree River. On January 20, 1829, the State bought land at the northwest corner of what is now U.S. #1 and S.C. 6 in the county's central highlands and the county seat was moved from Granby. Although a small, rural community began to grow around the new courthouse, the Town of Lexington was not incorporated until January 28, 1861. The Town of Lexington is located in the central part of the State of South Carolina approximately 12 miles from Columbia, the State Capital. The Town is in close proximity to Lake Murray, a 50,000-acre lake utilised for recreational purposes, water supply and power generation. According to the 2020 Census, Lexington County is the 6th largest county (by population) in the State with a population of 293,991. This is a 12% increase from 2010. For the Town of Lexington, the 2020 Census indicated a population of 23,568, an increase of 31.9% over the 2010 count. The Town is the 22<sup>nd</sup> largest municipality in South Carolina and ranks as the second largest municipality in the Midlands. The Census figures show that the Town had the 6<sup>th</sup> highest growth rate among the top 25 municipalities in South Carolina. The Town is the county seat of Lexington County (the "County") and is part of the greater Columbia Metropolitan Statistical Area ("CMSA").



## Annexation

The Town's corporate limits initially included one square mile, but were later expanded by annexation to ten square miles. Over time, the area of the Town of Lexington has continued to grow through annexation.

In recent years, the Town has chosen to pursue a strategy of growth through selective annexation. Just outside the current Town limits are large tracts of undeveloped or under-developed land that the Town has the necessary infrastructure to serve. As this property is developed it is annexed, providing business license and property tax income. These annexations are mainly commercial in nature, but neighborhoods under development are also annexed.

Annexations in recent years have continued along U.S. Highway 378 east of North Lake Drive. Additionally, a concentration of annexations has occurred on U.S. Highway number 6 in the vicinity of Interstate 20. Annexation activity to the west of Town continues to position the Town favourably for future annexations of properties in that area.

## Population

In part as the result of annexations, population growth has been constant, as shown in the following table.

<u>Year</u>	<u>Town Population</u>
1970	969
1980	2,131
1990	4,046
2000	9,793
2010	17,870
2020	23,568

Source: U.S. Bureau of the Census, as of April 1 of each Census year.

Recent estimates of the Town's population are set forth below.

<u>Year</u>	<u>Town Population</u>
2017	21,359
2018	21,623
2019	22,157
2020	23,554
2021	25,208

Source: U.S. Bureau of the Census estimates, as of July 1 of each year.

## Per Capita Income

The per capita income for the Town according to census estimates is \$36,029 and median household income is \$73,785 (American Community Survey, 2021 5-Year Estimates, 2021 inflation adjusted dollars).

Per capita personal income statistics in current dollars for Lexington County, the State, and the United States are set forth below.

<u>Year</u>	<u>Lexington County</u>	<u>State</u>	<u>United States</u>
2012	\$38,413	\$35,989	\$44,548
2013	39,358	36,204	44,798
2014	41,600	38,152	46,887
2015	44,030	40,053	48,725
2016	45,267	41,178	49,613
2017	47,040	42,758	51,550
2018	47,695	44,155	53,786
2019	49,874	46,681	56,250
2020	51,900	49,105	59,765
2021	55,304	52,467	64,143

Note: Per Capita personal income computed by the Bureau of Economic Analysis using Census midyear population estimates. Estimates updated November, 2022.

All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis, regional economic accounts.

## Retail Sales

The following table shows total gross sales and net taxable sales in the Town and in Lexington County for the Fiscal Years 2013-2022.

<u>Fiscal Year</u>	<u>Town Total Gross Sales<sup>1</sup></u>	<u>County Total Gross Sales<sup>2</sup></u>	<u>Town Net Taxable Sales<sup>1</sup></u>	<u>County Net Taxable Sales<sup>3</sup></u>
2013	1,157,751,945	10,653,377,005	480,673,889	3,203,277,843
2014	1,204,489,742	10,692,792,351	497,320,359	3,276,249,807
2015	1,317,293,622	12,277,626,168	530,653,671	4,460,983,122
2016	1,653,207,708	15,315,151,929	607,199,977	4,829,932,805
2017	1,896,596,739	15,322,329,485	655,752,689	4,970,733,918
2018	2,100,797,705	14,646,693,609	654,489,861	4,917,158,798
2019	2,417,984,123	14,590,044,748	720,060,996	4,840,783,041
2020	2,341,034,987	14,323,325,617	748,283,616	4,781,778,764
2021	2,438,209,131	16,424,802,867	872,426,528	5,430,142,749
2022	2,903,031,824	18,798,111,717	1,018,398,899	6,105,959,709

Source: South Carolina Department of Revenue.

<sup>1</sup> Includes only sales within the Town.

<sup>2</sup> Includes all sales within Lexington County, including all municipalities within the County.

<sup>3</sup> Includes all sales within Lexington County, including all municipalities within the County, but excludes all sales (or portions thereof) exempt from sales tax.

## Building Permits and Bank Deposits

The table below sets forth information regarding new construction in the Town of Lexington as well as the amount of bank deposits of bank branches located in the Town for the past ten Fiscal Years.

<u>Year</u>	<u>Estimated Actual Real Property Value</u>	<u>Residential Construction (Single &amp; Multi-family)</u>		<u>Commercial Construction</u>		<u>Other Building Related Permits</u>		<u>Bank Deposits (x 1,000)</u>
		<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>	
2013	\$1,546,487,637	159	\$ 20,450,176	9	\$ 6,755,300	755	\$14,502,984	\$1,241,592
2014 <sup>1</sup>	1,581,452,032	108	12,774,370	13	6,776,041	758	15,024,718	1,310,754
2015	1,626,547,083	112	17,465,322	15	16,622,921	742	12,278,172	1,229,571
2016	1,680,927,679	149	25,500,512	22	65,134,143	1,075	20,087,469	1,347,330
2017	1,727,452,025	184	34,631,901	21	26,058,280	1,044	22,767,836	1,430,729
2018	1,801,661,412	224	50,692,139	20	23,295,259	997	24,101,055	1,447,895
2019	1,920,804,757	253	59,082,850	7	23,367,869	1,005	21,839,049	1,613,465
2020	2,000,951,977	242	56,729,791	12	11,228,785	986	16,375,526	1,774,701
2021	2,286,629,398	321	86,029,632	10	25,817,714	1,082	19,133,354	1,826,191
2022	2,387,566,508	143	45,809,906	12	10,691,483	1,001	57,765,313	1,991,215

Source: Town of Lexington Building & Zoning Department, Lexington County Assessor's Office, F.D.I.C.

<sup>1</sup>In 2014, the Town implemented a change in its permit tracking software, which may result in some variations in how certain values are calculated as compared to prior years.

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

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## Education

Lexington County School District #1 (the “School District”) serves residents of the Town as well as contiguous portions of Lexington County. For 2022-2023, the School District operated thirty (30) public schools with an enrollment of approximately 28,188 students (as of September 27, 2022, including three- and four-year old students). Enrollment has been growing rapidly in recent years and Lexington School District One remains one of the fastest growing school districts in the State currently ranking sixth in total enrollment (180-day headcount – 2020-2021). In the past ten years, the student enrollment has grown on average by 475 students annually (K-12). Since 1997, the School District has built nineteen (19) new schools. Additionally, numerous additions and renovations have been completed. This growth is due in large part to the School District’s excellent reputation, which is demonstrated by the fact that the School District’s 2022 high school graduates earned \$155 million in scholarships, 74.9% of the School District’s 2020 graduates went on to college, and the District’s students consistently perform well on nationally-normed assessments. The District’s on-time graduation rate was 90% for 2021.

According to the U.S. Census Bureau (American Community Survey 5-year Estimates 2021), estimated education attainment for residents of the Town over the age of 25 in the year 2021 is set forth in the following table.

<u>No. of Years Completed</u>	<u>Number</u>	<u>Percentage</u>
Twelfth grade or less	966	6.1%
High school graduates (includes equivalency)	2,829	17.8
Some college, or associates degree	4,756	30.0
Bachelor’s degree	4,906	30.9
Graduate or professional degree	2,426	15.3

Note: The percentage statistical estimates contain margins of error averaging approximately 2.13%.

## Higher Education

The University of South Carolina, Midlands Technical College, and Columbia College, as well as several other colleges, are within easy commuter distance from Lexington. Additionally, the University of South Carolina’s Palmetto College recently opened a Lexington location at the facilities of Lexington Middle School.

## Transportation

The Town is served by U.S. Highways 1 and 378 and numerous state highways. Interstates 20, 26 and 77 are easily accessible from the Town.

Railroad freight service is provided to the Town area by all general carload freight services with the exception of piggyback service. Piggyback service could be offered where traffic warranted the investment. Amtrak passenger rail service is available in nearby Columbia, South Carolina.

The Midlands area of South Carolina, including Lexington County, is served by the Columbia Metropolitan Airport which is located approximately eight miles from the Town of Lexington. Airlines operating at the Columbia Metropolitan Airport include American, Delta, United, and Silver Airways. Columbia Metropolitan Airport also serves as the southeastern hub for United Parcel Service. In 2022, the airport served nearly one million sixty-four thousand total passengers, enplaned approximately 30,000 tons of cargo, and handled a total cargo/freight weight of 546 million pounds (landed weight) of total landed weight of 1.18 billion pounds.

## Utilities

Water and sewer services in the Town are primarily provided by the Town’s utility department, with limited areas served by other providers. Electric and natural gas service is primarily provided by Dominion Energy, formerly known as South Carolina Electric and Gas Company.

## **Medical Services**

Hospital facilities within six miles of the Town include the Lexington Medical Center, a general acute-care hospital located just off Interstate 26 and Highway 378. The facility's 557 rooms are all private and equipped with private baths, cable television, and wireless internet. The hospital offers a wide array of services from general surgery, radiation oncology, and a cardiovascular center to maternity services and a special care nursery. The cardiovascular center is the region's first and only Duke Heart Center-affiliated heart center. Lexington Medical Center patients can count on not only receiving fast treatment, but also among the most advanced treatments and protocols medicine has to offer. The hospital's emergency room is open to the public, 24 hours per day. Lexington Medical Center also operates two urgent care facilities within the Town. In nearby Columbia, additional hospital facilities are provided by Prisma Health Richland Hospital, Prisma Health Baptist Hospital, and Providence Hospital, among others.

## **News Media**

The Lexington County Chronicle and The Dispatch News, with a circulation of 6,500, is the area's local newspaper. It focuses on social, cultural, and historical features and is published weekly. In addition, The State newspaper published in nearby Columbia is daily with large State-wide circulation.

Television news and other programming are provided by several stations in Columbia, including ABC affiliate WOLO-TV, Fox affiliate WACH-TV, PBS affiliate South Carolina ETV, NBC affiliate WIS-TV, and CBS affiliate WLTX-TV, among others. Cable and satellite television is provided in the Town by several competing providers. There are many radio stations in the Lexington and Columbia area, providing a wide variety of listening choices.

## **Recreational and Cultural Facilities**

In addition to serving as a reservoir for the Town's water system, nearby Lake Murray also serves as the area's major recreation attraction. The 50,000-acre, man-made lake provides many recreational opportunities including boating, fishing, and other water sports and also fuels the local economy. A number of State and local parks also offer recreational opportunities for visitors. These include Dreher Island State Park, a 348-acre island on Lake Murray which offers camping, picnicking, fishing and swimming, and boating, and Peachtree Rock Preserve in southern Lexington County, which attracts visitors to see its large, unique sandstone formations and cascading waterfall.

Riverbanks Zoo and Garden, a 170-acre site located on the northern border of Lexington County, is home to more than 2,000 animals and a substantial botanical garden. The attraction draws visitors from across the State and beyond.

The Town has several municipal parks, including the Virginia Hylton Park adjacent to the Town's municipal complex, Corley Street Park, Gibson Pond Park, Willie B. Caractor Park, Lexington Square Park, the Palmetto Collegiate Institute, the Paw Park, and 14 Mile Creek Trail. These parks offer residents the opportunity to stroll their walking trails, gather in their picnic shelters, or relax under a shady oak tree or in a gazebo. Features of these parks include playgrounds, horseshoe pits, barbecue grills, a spray pool, butterfly gardens, flower gardens, a koi pond, public restrooms, educational kiosks, and an outdoor learning center. In October, 2016 the Town opened the Ice House Amphitheater, a 900-seat venue that hosts various community events and concerts.

The Blowfish Baseball Club compete in the Coastal Plain League and play home games at the Lexington County Baseball Stadium located three miles from downtown Lexington. The Blowfish averaged over 1,500 fans per game over the five seasons prior to the pandemic, with season attendance of nearly 48,000 in 2019. Attendance for the 2022 season increased over 2021 by approximately 85% to total approximately 23,440 or an average of 1,172 per game (per Coastal Plain League).

A number of other recreational, cultural, and sports opportunities are present in nearby Columbia, the State Capital. These include several museums, many sports events, and concerts, speakers, conferences, and other events associated with the University of South Carolina, Allen University, and Benedict College.

## **Business Disruption Risk; COVID-19 (CoronaVirus)**

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Town's ability to conduct its business. A prolonged disruption in the Town's operations could have an adverse effect on the Town's financial condition and results of operations. The Town took significant fiscal and operational steps to address the COVID-19 pandemic in the Fiscal Years ended June 30, 2020 and 2021. The Town expects most fiscal impact from COVID-19 to have occurred in those fiscal years. The Town continues, however, to monitor the ongoing nature of the pandemic in light of the rates of vaccination, spread of variant strains of the virus, and the responses from federal and State authorities to these variables.

The degree of any future fiscal impacts on the Town is uncertain, but the Town believes its contingency reserves and fund balances provide significant financial flexibility to address potential future fiscal impacts.

## **GOVERNMENT STRUCTURE**

### **Government of the Town**

The Town has a council form of government, and is governed by a Mayor and six-member Town Council who are elected for four-year terms. There is one vacancy on Town Council that will be filled by special election on May 2, 2023. The current Mayor is Steve MacDougall, who served as a Council Member since 2011 until being elected Mayor in November, 2013. Mayor MacDougall was re-elected in November, 2018 for a term that expires in November, 2023. Current Council members are:

<u><b>Name</b></u>	<u><b>Occupation</b></u>	<u><b>Years of Service</b></u>
Hazel Livingston, Mayor Pro-Tem	Sales/Customer Relations Representative/Landscaping Services	25
Kathy Maness	Executive Director of a Professional Association	18
Todd Carnes	Principal – Real Estate Brokerage	9
Ron Williams	Operations Manager-Not for Profit	8
Todd Lyle	Lawyer/Private Practice	4

The Town Council employs an Administrator who serves as the administrative head of the Town government, and is directly responsible to the Mayor and Town Council for the operation of all Town departments, and the enforcement of all laws and ordinances. It is the responsibility of the Administrator to prepare a recommended budget for Council's action, serve as Council's chief advisor in making necessary recommendations on administrative matters, recruit and hire government's staff and process citizen's complaints and requests. The Town Administrator ensures that the Council's programs are implemented. Regularly scheduled Council meetings are held on the first Monday of each month.

Britt Poole has served as Town Administrator since May, 2010. Mr. Poole has worked for the Town since 2003. Stuart Ford, CPA has served as Assistant Town Administrator since January, 2009, and previously served as the Town's Finance Director from 2001 until 2006. Kathy Pharr, CPA is the Finance Director and has served in such capacity since June, 2007. Allen Lutz serves as the Director of Utilities and has served in such capacity since March, 1998.

The Town's department heads and departments are as follows:

John Hanson, Planning, Building, and Technology  
Dan Walker, Parks, Streets, & Sanitation  
Chief Terrence Green, Police Department  
Allen Lutz, Utilities  
Kathy Pharr, Finance  
Randy Edwards, Transportation

The Town currently has approximately 195 full-time employees. Of these, 63 are full-time police officers and three are civilian police staff.

### **Services Provided**

The Town provides a broad range of local services to its residents, commuters, business visitors, and tourists. These local functions are in addition to the substantial services provided in the Town by the State and federal governments, and other local government entities.

The Town operates and maintains various programs that are funded from taxes, fees, and other revenues, as reflected in its annual budget for Fiscal Year 2023; these programs include:

- (1) Legislative;
- (2) Judicial;
- (3) Executive;
- (4) Elections;
- (5) Financial Administration;
- (6) Other General Government;
- (7) Public Safety;
- (8) Public Works;
- (9) Health and Social Services;
- (10) Culture and Recreation;
- (11) Conservation of Natural Resources;
- (12) Economic Opportunity and Development;
- (13) Wastewater Collection and Treatment;
- (14) Water Distribution; and
- (15) Transportation.

Many of the above services are funded by the Town out of general operating ad valorem tax levy. The Town currently has no plans for increasing the above level of services or providing services in addition to those described above.

### **Utility Services**

The Town provides water and sewer services within the incorporated limits of the Town to approximately 7,530 water customers and 8,380 sewer customers. Outside the corporate limits the Town serves approximately 2,520 water and 13,960 sewer customers.

## **FINANCIAL INFORMATION**

### **Financial Overview**

The Town's general governmental functions include its General, Special Revenue, Capital Projects, and Debt Service Funds. The following section details revenues and expenditures for the Town's general governmental functions.

#### Revenues

Total Governmental Funds Revenues for Fiscal Year 2022 increased by \$1.0 million or 5%. The largest decrease was in Grant Revenue (\$1.2 million). As the Gibson Pond Dam was completed in Fiscal Year 2021, \$2.6 million of grant revenue from the Federal Emergency Management Agency ("FEMA") and the South Carolina Emergency Management Division ("SCEMD") was not recurring. This decrease was partially offset by ARPA funds, \$1.4 million of which were received and earned. Other Governments revenue increased \$125,701 as the adaptive computerized signalization has come fully on line and the South Carolina Department of Transportation (SCDOT) is paying the Town to maintain all of the lights on that system. Total Property tax revenue increased \$114,138 or 3%, as

new properties are added to the tax rolls. Franchise Licenses, Permits and Fees increased \$827,479 or 9%. The majority of this increase, \$774,305, was due to an increase in Business License Fees as businesses have recovered from the pandemic. Franchise Fees were up \$157,280, as franchise fees are being assessed on the in-Town portion of the water and sewer utility. Building Permits decreased \$104,106 as residential construction slowed and the value of commercial construction decreased. Hospitality tax revenues were up \$385,461 as restaurants are able to resume normal operations. On February 1, 2020, the Town adopted an Impact Fee ordinance. These fees increased \$101,398 as construction continues. Activity at the Icehouse Amphitheater ramped up in fiscal 2022 as COVID-19 restrictions were lifted, contributing an additional \$152,851 to revenue, an increase of 251% over the prior year. Rental Income also increased \$41,710 or 195% due to easing of restrictions. Accommodations' tax revenue also increased \$115,433 or 68% over the prior year. Fines and Forfeiture revenue went up \$20,974 or 7% as court cases were resumed.

General Fund revenue increased \$1,121,231 or 8.4%. This was due to the increase in Franchises, Licenses and Permits of \$827,479, as well as increase in Property Taxes of \$77,063 and Other Revenues of \$216,689.

**Property Taxes** – Property taxes account for 26% of General Fund revenue. South Carolina law allows local governments to levy taxes on real and personal property valuations as assessed and equalized according to statutory guidelines. The millage rate for the Town of Lexington has not increased in 30 years. However, increased property values and annexations have led to increased revenues. In Fiscal Year 2021 the Town implemented a 21% millage rate decrease in response to the COVID-19 pandemic. Property tax revenue for the General Fund increased \$77,063 or 2% in Fiscal 2022 which is only 10% less than Fiscal Year 2020 collections.

**Other Revenues** – Other revenues (Other Government Revenues, Fines and Forfeitures, Interest, and Miscellaneous) account for 7% of the General Fund revenues and increased \$216,689. This was in large part due to the increase in Other Government Revenue of \$125,701 as SCDOT is paying the Town to manage the Adaptive Signalization System. Also of note, Fines and Forfeitures increased \$34,866 as the court was able to resume its schedule and Rentals increased \$41,710 as covid restrictions were removed.

**Franchise, Licenses and Permits** – Franchise, Licenses and Permits account for 67% of General Fund revenue. Total revenues in this category were up 9% or \$827,479 in Fiscal Year 2022. Business License Fees are the largest component of this category at 71%. The Town of Lexington is a thriving community and experienced an increase in business license revenue for Fiscal Year 2022 of 12.6%, or \$774,305. License fees for this year were based on Fiscal Year 2021 revenue which was a full year of revenue coming out of the pandemic. Franchise Fees, the second largest component at 22.5% increased revenue by 7.8% or \$157,280. This increase was due in large part to assessing Franchise Fees on the in-Town portion of the water and sewer utility. Building permits, the remaining 6% of this category, experienced a revenue decrease of 15% or \$104,106 as residential construction declined and the value of commercial construction also declined.

The table below sets forth franchise, license, permit, and fee revenues of the Town for the last ten fiscal years.

<u>Fiscal</u> <u>Year</u>	<u>Business</u> <u>License</u>	<u>Franchise</u> <u>Fees</u>	<u>Building</u> <u>Permits</u>	<u>Total</u>
2013	\$3,984,362	\$1,194,037	225,283	\$5,403,682
2014	4,002,197	1,259,782	189,229	5,451,208
2015	4,387,785	2,722,790	213,893	7,324,468
2016	4,813,669	2,080,233	446,010	7,339,912
2017	5,018,546	2,110,088	364,723	7,493,357
2018	5,584,681	2,130,391	532,486	8,247,558
2019	5,764,738	2,102,207	546,408	8,413,353
2020	6,038,373	1,917,204	466,268	8,421,845
2021	6,126,515	2,020,029	684,543	8,831,087
2022	6,900,820	2,177,309	580,437	9,658,566



### *Revenues from Hospitality Taxes*

Pursuant to the Local Hospitality Tax Act, on September 8, 2015 the Town imposed a local hospitality tax (the “Hospitality Tax”) in the amount of 2.0% on the sales of prepared meals and beverages sold in establishments or sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer, or wine within the political boundaries of the Town beginning on October 1, 2015. In accordance with the Local Hospitality Tax Act, revenues collected from the imposition of the local hospitality tax may only be used for the following purposes:

- (1) tourism-related buildings;
- (2) tourism-related cultural, recreational, or historic facilities;
- (3) beach access and renourishment;
- (4) highways, roads, streets, and bridges providing access to tourist destinations;
- (5) advertisements and promotions related to tourism development;
- (6) water and sewer infrastructure to serve tourism-related demand; or
- (7) operation and maintenance costs of the above items, including police, fire protection, emergency medical services, and emergency preparedness operations directly attendant to those facilities.

The local hospitality tax is required to be remitted to the Town on a monthly basis when the estimated average monthly tax is more than \$50; on a quarterly basis when the estimated average monthly tax is \$25 to \$50; and on an annual basis when the estimated average monthly tax is less than \$25.

The Town has identified a number of capital projects (the “Hospitality Tax Projects”) that conform to the permitted uses of the Hospitality Tax. The estimated cost of the Hospitality Tax Projects is approximately \$25,000,000. Current plans of the Town include a combination of direct expenditure of Hospitality Tax proceeds and proceeds of limited tax revenue bonds secured by a pledge of proceeds of the Hospitality Tax, to fund the Hospitality Tax Projects. With the removal of the sunset provision, the Town expects additional future projects to be funded by Hospitality Tax.

The table below sets forth the hospitality tax revenues of the Town for the past five Fiscal Years.

<u>Fiscal Year</u>	<u>Hospitality Tax</u>
2018	\$2,713,008
2019	2,882,786
2020	2,811,664
2021	3,199,205
2022	3,584,665

Hospitality Tax revenue recognized from inception through Fiscal Year 2022 totals \$19,736,509. In Fiscal Year 2023, collections through December, 2022, totaled approximately \$2,040,369, which is 16.8% higher than the comparable period in Fiscal Year 2022.

### Expenditures

The Governmental Fund expenditures for the Town decreased \$4,455,103 or 18% for Fiscal Year 2022. The largest portion of this decrease is \$5,118,906 for the Gibson Pond Dam reconstruction. This dam was destroyed in the floods of 2015 and a portion of the reconstruction is being funded by FEMA and SCEMD. The Dam was completed in Fiscal 2021. Secondly, work on the Ice House Pavilion was completed in Fiscal Year 2021 resulting in reduction in expenditures of \$2,086,297. Road projects funded by the Hospitality Tax created additional expenditures of \$398,352. General Fund expenditures increased \$2,165,008 mostly due to increased capital expenditures of \$1,570,763 partially funded by ARPA. Other funds and departments kept spending conservative with minor ups and downs for the year. The Town did give a Cost of Living Adjustment of 1.4% in Fiscal Year 2022.

Operating expenses in the General Fund increased \$594,245, or 4.9%. This was due to the Cost of Living Adjustment and general inflation. There were no new positions in Fiscal 2022. Almost half of the expenditures for the General Fund are for Police. The remaining budget for the General Fund is divided between Parks and Sanitation, Transportation, and General Government. General Government includes Council; Administration; Finance; and Planning, Building and Technology.

## **Budgetary Process and Controls**

The fiscal year for the Town begins on July 1 of each year and ends on June 30 of the following year. The Town budget process is a systematic process that begins with the assessment of property values by the County Auditor. Based upon this information, the Finance Director estimates property tax revenues, and all other revenues of the Town. Taking into account all revenue of the Town, a “preliminary revenue budget” is established by the Finance Director. Each Town department head is then requested to prepare its budget and provide justification for significant expenditure requests. The Town Administrator relates to affected departments any new initiatives that Town Council has asked him to pursue. As departmental budgets are submitted to the Finance Director, they are compiled and submitted to the Town Administrator for review. After consulting with the Finance Director and the Department Head the Town Administrator recommends the budget to the Town Council, highlighting new initiatives, major projects planned, personnel changes, and major capital acquisitions. The Town Council reviews the draft document, considers the Administrator’s recommendations and executes the budget into its final form. The budget then has two public readings by Town Council and one public hearing before its adoption. In order to modify the original ordinance adopting the budget, formal action must again be taken by ordinance with due notice provided.

### Internal Control Structure

Internal controls are procedures that are designed to protect assets from loss, theft or misuse; to check the accuracy and reliability of accounting data; to promote operations efficiency; and to encourage compliance with managerial policies. The management of the Town is responsible for establishing a system of internal controls designed to provide reasonable assurances these objectives are met. Federal and state financial assistance programs require recipients to comply with many laws and regulations. Administrative controls are procedures designed to ensure compliance with these regulations.

### Budgetary Controls

The Town maintains budgetary controls, which are designed to ensure compliance with all legal provisions of the annual budget as adopted by Council. The Town’s budget process provides for input from department directors, elected officials and the public to determine the Town’s programs and services for the year. During the fiscal year transfers can be made between budgetary line items (excluding salaries and fringes, and capital outlay) with the approval of the Town Administrator or Finance Director. The General Fund, Enterprise Fund and Debt Service Fund have formally adopted legal budgets, whereas other funds may have approved budgets for management purposes only. Any unexpended appropriations that are remaining at year-end lapse and are closed to fund balance or fund equity accounts.

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## Budget Summary

A Summary of the Town's General Fund budgets for Fiscal Year 2020-2021, for Fiscal Year 2021-2022, and Fiscal Year 2022-2023 appears below followed by a five-year summary of revenues and expenses of the Town from various sources, including the general fund, special revenue fund, and debt service fund of the Town.

Revenues:	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
Taxes	\$ 3,369,000	\$ 3,900,000	\$3,900,000
Franchise Fees	2,100,000	2,100,000	2,275,000
Business Licenses	5,875,447	6,000,000	6,527,000
Permits	480,000	550,000	620,000
Fines and Forfeitures	200,000	210,000	280,000
Rental Income	20,000	60,000	80,000
Other Governments	475,000	500,000	580,000
Miscellaneous Income	<u>40,000</u>	<u>49,200</u>	<u>47,000</u>
Total Revenue	<u>\$12,559,447</u>	<u>\$ 13,369,200</u>	<u>\$14,309,000</u>
Operating Expenditures:			
Council Department	\$ 180,403	\$ 176,216	\$ 186,244
Administration Department	1,113,867	1,135,214	1,278,155
Finance Department	326,146	282,133	330,200
Planning, Building and Technology Department	1,417,011	1,554,563	1,596,630
Police Department	6,122,383	6,383,930	6,821,006
Parks, Streets and Sanitation Department	2,512,010	2,612,727	2,772,686
Transportation Department	<u>952,829</u>	<u>1,037,871</u>	<u>1,075,647</u>
Total Operating Expenditures	<u>\$12,624,649</u>	<u>\$ 13,182,654</u>	<u>\$ 14,060,568</u>
Other Sources and (Uses):			
Interest Income	\$ 29,400	\$ 12,000	\$ 9,000
Capital Outlay	(120,874)	(388,090)	(954,074)
Capital Outlay – Specific Encumbrance	-0-	-0-	(294,008)
Capital Outlay Contingent on America Rescue Plan Act Regulations	-0-	(1,479,176)	-0-
Contingent Funds from American Rescue Plan Regulations	-0-	1,479,176	-0-
Transfer (to)/from Emergency Response and Recovery	(125,000)	182,852	275,000
Transfer to Debt Service Fund	(601,615)	(600,000)	(600,000)
Transfer to Victim's Advocate	(60,000)	(60,000)	(60,000)
Transfer to Streets and Infrastructure	(375,000)	(581,741)	(675,910)
Transfer to Monument Fund	-0-	(1,000)	(500)
Transfer to Amphitheater	(10,000)	(15,000)	(25,005)
Transfer to Special Events	(15,000)	(15,000)	(10,000)
FY22 Surplus for Capital	-0-	-0-	306,917
Other Transfer In – Accommodations Tax	30,000	33,000	35,000
Contingent Capital Outlay	-0-	(160,000)	(195,250)
Prior Fiscal Year Unspent Contingency Funds	-0-	160,000	195,250
Transfer In – Hospitality Tax	1,395,000	1,240,505	1,377,726
Transfer to Tuition Reimbursement	-0-	-0-	(5,000)
Enterprise Fund Franchise Fee	-0-	136,236	293,184
Specific Encumbrance	107,124	70,410	294,008
Contingency Reserve (@1.5% of Revenue)	<u>(188,833)</u>	<u>(200,718)</u>	<u>(214,770)</u>
Total Other Sources and (Uses)	<u>\$ 65,202</u>	<u>\$ (186,546)</u>	<u>\$ (248,432)</u>
Excess of Revenue Over Operating Expenditures and Other Sources and Uses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

## Historical Revenues and Expenses

The following table shows the combined total of revenues and expenditures for the Town's general, special revenue, capital projects, and debt service funds for the years ended June 30, 2018-2022:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>REVENUES:</b>					
Property Taxes	\$ 3,790,760	\$ 4,060,059	\$ 4,299,259	\$ 3,907,393	\$ 4,021,531
Franchises, Licenses & Permits	8,247,558	8,413,353	8,450,294	8,831,087	9,658,566
Hospitality Tax	2,713,008	2,882,786	2,811,664	3,199,205	3,584,666
Other Governments	1,502,485	1,587,817	1,902,189	563,011	688,712
Fines and Forfeitures	248,340	254,975	205,055	285,777	306,751
Other Revenues	<u>450,420</u>	<u>486,839</u>	<u>397,692</u>	<u>4,173,147</u>	<u>3,544,403</u>
Total	\$16,952,571	\$17,685,829	\$18,066,153	\$20,959,620	\$21,804,629
<b>EXPENDITURES:</b>					
General Government	\$ 2,918,984	\$ 2,827,351	\$ 3,100,508	\$ 3,198,884	\$ 3,290,314
Public Safety	5,614,690	6,171,361	6,382,907	6,365,851	6,740,734
Parks & Sanitation	3,180,240	2,688,980	2,448,726	2,483,129	2,954,902
Transportation	-0-	935,700	994,887	990,097	1,109,836
Victim's Assistance	74,410	73,545	80,334	79,269	89,109
Tourism	117,525	153,358	179,904	210,670	202,409
Capital Outlay	4,981,592	4,912,649	2,068,142	10,507,001 <sup>(1)</sup>	4,983,839
Debt Service	<u>906,039</u>	<u>1,235,469</u>	<u>1,009,677</u>	<u>1,111,204</u>	<u>866,573</u>
Total	\$17,793,480	\$18,998,413	\$16,265,085	\$24,952,105	\$20,237,716
Excess of Revenue Over (Under) Expenditures	\$ (840,909)	\$(1,312,584)	\$ 1,801,068	\$(3,922,485)	\$ 1,566,913
<b>OTHER FINANCING SOURCES (USES)</b>					
Other Financing Source – Bond Issuance	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Other Financing Source – BAN Issuance	-0-	-0-	-0-	-0-	-0-
Other Financing Use – BAN Repayment	-0-	-0-	-0-	-0-	-0-
Other Financing Source – Lease Purchase	-0-	-0-	-0-	-0-	-0-
Other Financing Source – BAN Premium	-0-	64,702	68,931	259,286	64,944
Operating Transfers In	1,952,105	2,109,471	3,604,720	4,707,762	5,087,795
Bond Issue Costs	-0-	-0-	-0-	-0-	-0-
Sale of Capital Assets	3,150	39,066	16	25,589	74,373
Operating Transfers Out	<u>(1,952,105)</u>	<u>(2,084,471)</u>	<u>(3,621,002)</u>	<u>(4,753,814)</u>	<u>(4,969,959)</u>
Total Other Financing Sources (Uses)	\$ <u>3,150</u>	\$ <u>128,768</u>	\$ <u>52,665</u>	\$ <u>238,833</u>	\$ <u>257,153</u>
Excess Revenues and Other Financing Sources Over Expenditures and Other Financing and Uses	\$ (837,759)	\$(1,183,816)	\$ 1,853,733	\$(3,753,662)	\$ 1,824,066
Fund Balance, July 1	<u>\$ 6,702,076</u>	<u>\$ 5,864,317</u>	<u>\$ 4,680,501</u>	<u>\$ 6,534,234</u>	<u>\$ 2,780,572</u>
Fund Balance, June 30	<u>\$ 5,864,317</u>	<u>\$ 4,680,501</u>	<u>\$ 6,534,234<sup>(1)</sup></u>	<u>\$ 2,780,572<sup>(1)</sup></u>	<u>\$ 4,604,638</u>

<sup>(1)</sup> Capital Outlay in Fiscal Year 2021 reflects \$5.6 Million and \$2.1 Million of construction costs for the Gibson Pond Dam rebuild and the Icehouse Pavilion, respectively. Approximately \$5.2 Million of these project costs were financed with General Obligation Bond Anticipation Note proceeds and approximately \$2.5 Million in FEMA grant proceeds. The resulting net reduction in Fund Balance is the primary contributor to the overall reduction in governmental funds fund balances in Fiscal Year 2021. Future proceeds from the issuance of General Obligation Bonds will refund the short-term bond anticipation note recorded in the funds and thereby replenish fund balances as these proceeds are recognized as an other financing source within the governmental funds.

The following table shows the combined total fund balance of the Town's governmental fund types as of June 30 of each of the following years:

2013	\$6,652,777
2014	4,897,440
2015	5,365,252
2016	5,596,675
2017	6,702,076
2018	5,864,317
2019	4,680,501
2020	6,534,234
2021	2,780,572 <sup>(1)</sup>
2022	4,604,638 <sup>(2)</sup>

<sup>(1)</sup> Capital Outlay in Fiscal Year 2021 reflects \$5.6 Million and \$2.1 Million of construction costs for the Gibson Pond Dam rebuild and the Icehouse Pavilion, respectively. Approximately \$5.2 Million of these project costs were financed with General Obligation Bond Anticipation Note proceeds and approximately \$2.5 Million in FEMA grant proceeds. The resulting net reduction in Fund Balance is the primary contributor to the overall reduction in governmental funds fund balances in Fiscal Year 2021. Future proceeds from the issuance of General Obligation Bonds will refund the short-term bond anticipation note recorded in the funds and thereby replenish fund balances as these proceeds are recognized as an other financing source within the governmental funds.

<sup>(2)</sup> ARPA funds of \$4,044,881 were received in Fiscal Year 2022 but not yet spent. The Town also received \$930,000 in grant funds for a conference center that have not yet been spent. These amounts do not affect Fund Balance as they were recorded as unearned income. However, subsequent to year end the funds were assigned to projects that meet the spending requirements.

Article X, Section 7 of the South Carolina Constitution mandates a balanced budget for municipalities. It prescribes that:

Each political subdivision of the State.... shall prepare and maintain annual budgets which provide for sufficient income and meet its estimated expenses for each year. Whenever it shall happen that the ordinary expenses of a political subdivision for any year shall exceed the income of such political subdivision, the governing body of such political subdivision shall provide for levying a tax in the ensuing year sufficient, with other sources of income, to pay the deficiency of the preceding year together with the estimated expenses for such ensuing year.

### Independent Audits

The Town's audited financial statements for the Fiscal Year ended June 30, 2022 (the "2022 Financial Statements"), are included in this Official Statement as Appendix A. The 2022 Financial Statements have been audited by The Brittingham Group, L.L.P., CPA's, as set forth in its report dated December 22, 2022. The Brittingham Group, L.L.P. has consented to the inclusion of its report in Appendix A, but has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness, or fairness of the statements made in this Official Statement, and no opinion is expressed by The Brittingham Group, L.L.P. with respect to any event subsequent to its report dated December 22, 2022.

The Town's Annual Comprehensive Financial Report (the "ACFR") for the Fiscal Year ended June 30, 2022, is available for review on the website of the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org). With respect to evaluating the ability of the Town to make timely payment of debt service on the Series 2023 BANs based on information contained in the ACFR, no representation is made that such information contains all factors material to such an evaluation or that any specific information should be accorded any particular significance. The 2022 Financial Statements represent a comprehensive report of the Town's finances, including funds, accounts, and revenues that are not pledged to the payment of debt service on the Notes. This Official Statement should be considered in its entirety and no one factor considered more or less important than any other solely by reason of its location herein. The revenues shown in Appendix A do not reflect the amount of revenues pledged for payment of the Notes or the TIF Bond, but show total revenues of the Town for the year ended June 30, 2022.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the fiscal year ended June 30, 2021, which was the 24<sup>th</sup> consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The ACFR for the year ending June 30, 2022 has also been submitted for the award.

## Ratings

Moody's Investors Service ("Moody's") rates the long-term general obligation debt of the Town "Aa2."

## Retirement Plan

All full-time employees, except public safety department employees, are eligible for membership in the South Carolina Governmental Employees' Retirement System ("SCRS"), a defined benefit plan established by the State. Public safety department employees are covered by the South Carolina Police Officers' Retirement System ("PORS"), also a defined benefit plan. These plans are funded on a matching basis, using an actuarial method, by the employees and the Town. Employees who first became members after June 30, 2012, are considered Class III members. Employees who became members prior to July 1, 2012, are considered Class II members.

The Town is required to make contributions on behalf of its employees into the pension system. The Town's expenses are funded on an actuarial basis determined by the State, and the Town is assessed on an annual basis for its share of the State retirement system's pension costs. The Town's local pension contributions have risen substantially since fiscal year 2000 as shown in the table below.

### Retirement Plan Contributions

	SC Governmental Employee's Retirement System (SCRS)	SC Police Officers' Retirement System (PORS)	Total Pension Payments
2013	\$ 496,400	\$ 328,593	\$ 824,993
2014	508,085	360,672	868,757
2015	550,862	392,658	943,520
2016	570,155	415,205	985,360
2017	628,348	457,063	1,085,411
2018	802,828	569,270	1,372,098
2019	934,778	662,584	1,597,362
2020	1,074,226	704,210	1,778,436
2021	1,097,184	723,359	1,820,543
2022	1,190,549	789,658	1,980,207

For Fiscal Year 2022 non-public safety employees contribute 9.00% of their salaries while public safety employees contribute 9.75% of their salaries. The Town's share is 19.24% on police officers' salaries and 16.56% on all other employees. Class II police officers are eligible for retirement at age 55 or after 25 years of service. Class III police officers are eligible for retirement at age 55 or 27 years of service. SCRS Class II members are eligible for full retirement at age 65 or after 28 years of service. SCRS Class III members are eligible for full retirement at age 65 or upon reaching the rule of 90 requirement (i.e., the member's age plus the years of service add up to a total of at least 90).

Class II members vest after five years of service. Class III members vest after eight years of service. Employees are eligible for disability retirement benefits once they vest and under the age of 65. If an employee terminates prior to vesting, the employee's contributions to the plan are refunded. By law, the Town's liability under the retirement plan is limited to the annual contributions for the applicable year.

During 2015, the Town adopted the provisions of GASB 68 “Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27.” GASB required that the Town recognize in its government wide statements their proportionate share of pension liability as a participant in the South Carolina Retirement System and Police Officer Retirement System. Accordingly, in the government-wide Statement of Net Position the Town recognizes net pension liability of \$12,765,624 for Governmental Activities and \$7,519,592 for Business Type activities. The Town recognizes no liability for unfunded costs associated with participation in the plan in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. See Note 13 to the Notes to Financial Statements in Appendix A hereto for more information regarding the Town’s employee benefits plans.

### **Other Post Employment Benefits**

The Town, as a single employer, has adopted a policy to pay health insurance as a defined benefit (the “Plan”) until age 65 for retirees who retire with 20 years of service and retire between the ages of 62 and 65. The Town offers a continuation of health care coverage at group rates to retirees and their spouses with the costs to be paid by the retiree based on 100% premium rates. This policy was adopted by vote of Town Council on June 30, 2004, and may be amended by vote of Town Council. These benefits are neither guaranteed nor mandatory. As of July 1, 2021, the valuation date for the Plan year 2022, there were 188 active members and 6 retirees and spouses receiving benefits under the Plan.

The Town has elected not to fund the Plan at this time, and will utilize a pay-as-you-go policy. The Town’s other post-employment benefits (OPEB) liability is calculated based on a 3.54% discount rate (which is based on the Bond Buyer General Obligation 20 Year Bond Municipal Index) and certain actuarial assumptions in accordance with the parameters of GASB Statement 75. The total OPEB liability is 3.85% of annual covered payroll.

For Fiscal Year 2022, the Town’s OPEB expense was \$(2,517) for the Plan. The following table shows the Town’s total OPEB cost for the year ended June 30, 2022:

Service Cost	\$ 43,761
Interest on Total OPEB Liability	22,015
Recognition of economic/demographic gains or losses	(48,553)
Recognition of Assumption Changes	<u>(19,740)</u>
OPEB Expense	<u>\$ (2,517)</u>

### **Insurance**

Subject to specific immunity set forth in the South Carolina Torts Claims Act, local governments including the Town are liable for damages not to exceed \$300,000 per incident/person and \$600,000 per occurrence/aggregate. No punitive or exemplary damages are permitted under the Act. Insurance protection for units of local government is provided from either the South Carolina Insurance Reserve Fund established by the State Budget and Control Board, private carriers, self-insurance or pooled self-insurance funds. The Town currently maintains liability insurance coverage with Travelers Insurance Company and The Charter Oak Fire Insurance Company. In the opinion of the Town Administrator, the amount of liability coverage maintained by the Town is sufficient to provide protection against any loss arising under the Act. In the opinion of the Town Attorney, there is no litigation pending or threatened against the Town which is not adequately insured by such coverage.

### **Assessment of Property for Property Tax Purposes**

The South Carolina Constitution mandates that the equal and uniform assessment of taxable property throughout the State for the following classes of property and at the following ratios:

- (1) Real and personal property owned by or leased to manufacturers, utilities, or mining operations - 10.5% of fair market value (certain industrial facilities may be entitled to a limited exemption or to pay at lower ratios; see “-Exemptions and Limitations for Certain Industries” herein).

- (2) Real and personal property owned by or leased to transportation companies for hire (railroads and pipelines) - 9.5% of fair market value.
- (3) Inventories of business establishments - 6% of fair market value (this category has been phased out; see discussion below).
- (4) Legal residence and not more than five contiguous acres - 4% of fair market value (if the property owner makes proper application and qualifies).
- (5) Agricultural real property used for such purposes owned by individuals and certain small corporations - 4% of use value (if the property owner makes proper application and qualifies).
- (6) Agricultural real property and timberlands belonging to large corporations (more than 10 shareholders) - 6% of use value (if the property owner makes proper application and qualifies).
- (7) Power-driven farm machinery and equipment – 5% of fair market value.
- (8) Personal motor vehicles – 6.0% of fair market value.
- (9) All other real property - 6% of fair market value.
- (10) All other personal property - 10.5% of fair market value.

The business inventory tax has been phased out as of 1988. The business inventory exempted from property taxation is nonetheless considered taxable property for purposes of calculating the bond debt limits for all political subdivisions. The legislation creating the exemption provides that the exemption is conditioned upon the State legislature appropriating annually to each taxing entity an amount equivalent to taxes which would have been collected by such taxing entity based upon the value of business inventory in 1987. The amount of the 1987 business inventory taxes in the Town was \$28,057.

Since 1975, State Law has required all counties within the State to initiate a reassessment program to ensure that all taxable properties are assessed on a uniform basis. All properties located in the Town are assessed in compliance with the ratio mandates of State law. Further, all properties in the Town are presently listed at appraised values computed in accordance with the regulations promulgated by the South Carolina Department of Revenue and Taxation (“DOR”).

DOR is been charged with responsibility of taking steps necessary to ensure equalisation of assessment statewide and may require reassessment of any part or all property within the county. Regulations of DOR effectively require that a reappraisal programme must be instituted by a county if the median appraisal for all property in such county (as a whole or for any class of property) is higher than 105% or lower than 80% of fair market value. In addition, in its 1995 session, the South Carolina General Assembly enacted provisions requiring each county to assess all properties on the newly appraised values every fifth year. Upon completion of a reassessment or equalisation programme, the total ad valorem millage for any political subdivision of the State may not exceed the total ad valorem tax millage of such political subdivision for the year immediately prior to completion of such programme, adjusted for new taxable property, by more than the increase in the consumer price index for the year in question. The latest reassessment of all real property in the Town was completed during 2019 and was implemented in 2020.

The Lexington County Assessor appraises and assesses all real property and mobile homes located within Lexington County, including the Town, and certifies the results to the Lexington County Auditor. The County Auditor appraises and assesses all motor vehicles, marine equipment, business personal property, and airplanes. DOR furnishes guides for use by the County in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers, and business equipment.

In each year, upon completion of its work, the DOR certifies its assessments to the County Auditor. During August and September of each year the County Auditor prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares the tax rolls, and then in September charges the County Treasurer with the collection of taxes. With the exception of motor vehicles, the South Carolina Tax Control date is December 31 for the ensuing tax year. South Carolina has no state-wide property tax.



## **Homestead Exemption**

South Carolina provides, among other exemptions, an exemption for homesteads. This is a general exemption from all ad valorem property taxes and applies to the first \$50,000 of value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled, or legally blind (the “Homestead Exemption”). The revenues that would have been received by various taxing entities but for the exemptions are replaced by funds from the State. The State pays each taxing entity the amount to which it is entitled by April 15 of each year from the State's general fund. The Homestead Exemption reimbursement to the Town for the 2021-2022 fiscal year amounted to \$84,738.

## **Property Tax Reform**

### Sales Tax Imposition; Exemption of Owner-Occupied Residential Property from School Operating Taxes

Beginning in 2007, S.C. Code Section 12-36-1110 imposes an additional one percent sales tax State-wide. The additional tax does not apply to certain items, including certain accommodations (e.g., hotels, motels, and campgrounds), items taxed at a defined maximum tax (e.g., automobiles), and unprepared food (upon which the prior 5% tax was eliminated in October, 2007). Receipts from this 1% sales tax are credited to the “Homestead Exemption Fund.”

Effective beginning with fiscal year 2008, all owner-occupied residential real property in the State is exempted from ad valorem real property taxes levied for school district operations (the “New Homestead Exemption”). Proceeds of the sales tax deposited in the Homestead Exemption Fund are distributed to the school districts in substitution for the ad valorem real property taxes not collected as a consequence of the New Homestead Exemption. S.C. Code Section 11-11-156 provides that a minimum of \$2,500,000 of sales taxes per county will be distributed to the school district or districts within any county. Owner-occupied residential real property will not be exempt from millage imposed for the payment of general obligation indebtedness incurred by school districts.

The amount of the reimbursements in fiscal year 2008 was equal to the amount estimated to have been otherwise collected (but for the New Homestead Exemption) in fiscal year 2008 by the school district from school operating millage imposed on owner occupied residential property therein, subject to the minimum of \$2,500,000 described above. Beginning in fiscal year 2009 and continuing each year thereafter, the aggregate reimbursement to the school districts will increase by an amount equal to the Consumer Price Index, Southeast Region, plus the percentage increase in the previous year in the population of the State. The aggregate amount of the reimbursement increase in any year will be distributed among the school districts proportionately based on each school district's weighted pupil units as a percentage of statewide weighted pupil units as determined annually pursuant to the South Carolina Education Finance Act.

Any amounts remaining in the Homestead Exemption Fund after the distribution of moneys as described in the preceding paragraphs will be distributed to the 46 counties of the State, proportionately based upon population, to be applied as a credit against ad valorem real property taxes levied against, first, owner-occupied residential real property, and, thereafter, to all other classes of taxable property, for county operating purposes.

To the extent revenues in the Homestead Exemption Fund are insufficient to pay all reimbursements to the school districts as described above, S.C. Code Section 11-11-156 provides that the difference is to be paid from the State's general fund. Enforcement of this provision is not self-executing, and will in each applicable year be subject to the appropriation of the necessary amounts by the General Assembly.

### Limitation on Millage Increases

Beginning in 2007, S.C. Code Section 6-1-320 imposes a limitation on increases in millage levied for operational purposes by all political subdivisions in South Carolina. State law provides that annual millage levies may increase only at a rate equal to the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the political subdivision. There may be added to the operating millage increase any such increase permitted under clauses (a) or (b) of the prior sentence, that was allowed but not previously imposed, for the three property tax years preceding the year to which the current limit applies. This limitation may be overridden by a vote of two-thirds of the governing body of the political subdivision, but only for the following purposes and only in a year in which such condition exists:

- (1) a deficiency of the preceding year;
- (2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;
- (3) compliance with a court order or decree;
- (4) taxpayer closure due to circumstances outside the control of the governing body that decreases by 10% or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or
- (5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

#### Local Option Sales Tax for Additional Tax Relief

S.C. Code Section 4-10-730 authorizes the imposition within any county, subject to approval by referendum, of a local sales tax to provide additional property tax relief. The local sales tax may only be imposed to the extent necessary to provide a 100% credit to all classes of taxable property against (a) county operating taxes, (b) school operating taxes, or (c) both, as set forth on the referendum ballot. The rate of such local sales tax may not exceed one percent. Act No. 388 also provides a procedure for rescinding this local sales tax, as well as any other local sales taxes in force. Lexington County has not implemented the provisions of this S.C. Code Section 4-10-730 as of this date.

#### Reassessment Valuations Limited

Since 2007, S.C. Code Section 12-37-3140 has provided that the growth in valuation of real property attributable to reassessment may not exceed 15% for each five-year reassessment cycle. Growth in valuation resulting from improvements to real property are exempt from this restriction. Except for property classified as “all other real property” subject to the 6.0% assessment ratio, upon the sale of any parcel of real property or other “assessable transfer of interest,” including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses, such parcel will be reassessed to its then-current market value.

#### **Exemptions and Limitations for Certain Industries**

Pursuant to various economic development incentives enacted by the State Legislature, the assessment ratio for certain manufacturing facilities and other facilities can be reduced to 6% (and, in some instances, 3%) under fee-in-lieu of tax transactions and multi-county industrial parks by action of the Lexington County Council. These incentives can remain in effect up to 35 years in certain instances. In addition to lowering the assessment ratio, this legislation permits the negotiation of a fixed or periodically adjusted millage rate by the industry and Lexington County Council, which can differ from the millage rate imposed upon taxable property located within the Town. In addition, the County can rebate a portion of the fee-in-lieu of tax payment to the industry.

The South Carolina Constitution exempts from ad valorem taxation (except school and municipal taxes) all new manufacturing establishments for five years from the time of establishment and all additions to existing manufacturing establishments for five years from the time each such addition is made if the cost of such addition is \$50,000 or more. The exemptions authorized by the South Carolina Constitution for manufacturing establishments do not include exemptions from school taxes or municipal taxes. Pursuant to state statute, the Town Council by ordinance can also provide a similar exemption from municipal taxes levied in the Town.

## Assessed Value

The table below sets forth the assessed value of all taxable property in the Town as of June 30, 2022.

### Assessment Summary of the Town

<u>Class of Property</u>	<u>Assessment</u>
Real property and Mobile Homes	\$ 114,469,800
Motor Vehicles	13,524,850
Public Utilities	4,711,470
Manufacturing Property (Real and Personal)	1,702,940
Marine Boats and Equipment	481,280
Airplanes	3,680
Merchant's Furniture, Fixtures and Equipment	6,221,081
Fee-in-lieu of tax property	<u>1,429,680</u>
TOTAL	<u>\$142,544,781</u>

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Source: Lexington County Assessor's Report.

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## Assessed Value of Taxable Properties in the Town

The table below sets forth the assessed values and estimated actual values of all taxable properties in the Town for the past ten fiscal years.

Fiscal Year	Tax Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2013	2012	\$ 75,601,410	\$1,546,487,637	\$15,469,980	\$197,303,286	\$ 91,071,390	\$1,743,790,923	5.22%
2014	2013	77,204,480	1,581,452,032	16,073,550	209,417,714	93,278,030	1,790,869,746	5.21
2015	2014	79,307,920	1,626,547,083	16,741,790	219,697,830	96,049,710	1,846,244,913	5.20
2016	2015	82,696,890	1,680,927,679	18,082,030	235,984,230	100,778,920	1,916,911,909	5.26
2017	2016	85,014,030	1,727,452,025	19,546,450	252,063,440	104,560,480	1,979,515,465	5.28
2018	2017	88,524,230	1,801,661,412	20,324,680	256,525,380	108,848,910	2,058,186,792	5.29
2019	2018	93,000,340	1,920,804,757	21,837,040	269,772,380	114,837,380	2,190,577,137	5.24
2020	2019	98,376,690	2,000,951,977	22,812,390	281,509,360	121,189,080	2,282,461,337	5.31
2021	2020	112,264,630	2,286,629,398	25,067,640	305,497,740	137,332,270	2,592,127,138	5.30
2022	2021	116,781,600	2,387,566,508	25,763,181	313,652,140	142,544,781	2,701,218,648	5.28

Source: Lexington County Property Auditor's Office.

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### Method by which Tax Levy is Made

South Carolina taxing entities (including counties, school districts, cities and towns, and special tax districts) levy property taxes as a single tax bill which each taxpayer must pay in full. In Lexington County, the Lexington County Treasurer collects all current taxes and the Lexington County Delinquent Tax Collector is responsible for delinquent tax collections.

Notices are mailed in October of each year or as soon as practicable thereafter. All taxes may be paid without penalty through January 15. A three percent penalty is added on January 16. An additional seven percent penalty is added on February 2. On March 17, another additional penalty of five percent is added on and delinquent taxes are forwarded at this time to the Lexington County Delinquent Tax Office for collection.

### Property Tax Collection Record

The table below shows the record of levies and collections of the Town of Lexington of ad valorem taxes for the last ten fiscal years:

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections (Fiscal Year)</u>	<u>Percentage of Total Tax Collections to Tax Levy</u>	<u>Collection in Subsequent Years</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage Delinquent Taxes to Total Tax Levy</u>
2013	\$3,191,554	\$3,105,004	97.29%	\$ 81,655	\$ 4,895	0.15%
2014	3,271,133	3,174,423	97.04	91,685	5,025	0.15
2015	3,357,084	3,274,799	97.55	76,180	6,105	0.18
2016	3,524,858	3,430,311	97.32	86,634	7,913	0.22
2017	3,552,417	3,463,162	97.49	79,924	9,331	0.26
2018	3,695,455	3,597,444	97.35	83,370	14,641	0.39
2019	3,920,984	3,817,471	97.36	73,249	30,264	0.77
2020	4,153,585	4,028,539	96.99	86,885	38,161	1.05
2021	3,619,794 <sup>(1)</sup>	3,518,511 <sup>(1)</sup>	97.20	64,086	37,197	1.03
2022	3,714,877	3,609,177	97.15	N/A	105,700	2.85

<sup>(1)</sup> Property tax millage roll back due to the statutory county-wide reassessment and equalization process, as well as millage reduction from Hospitality Tax collections.

Source: Lexington County Treasurer's Office.

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### Millage Levied Within the Town

The following shows the tax millages levied in the Town of Lexington by the direct and overlapping governments for the last ten fiscal years.

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Town of Lexington (Direct Rate)</u>	<u>Lexington County</u>	<u>Lexington School District 1</u>	<u>Lexington School District 2</u>	<u>Midlands Technical College</u>	<u>Recreation Commission</u>	<u>Riverbanks Zoo</u>	<u>Mental Health</u>	<u>Total Mills Levied District 1</u>	<u>Total Mills Levied District 2</u>
2013	2012	35.14	83.35	338.11	183.12	4.37	15.74	1.79	0.50	479.00	324.01
2014	2013	35.14	86.89	349.67	183.12	4.37	15.74	1.89	0.50	494.20	327.65
2015	2014	35.14	94.25	349.51	176.21	4.37	16.74	2.39	0.50	502.90	329.60
2016	2015 <sup>(1)</sup>	35.14	94.44	369.37	225.96	4.35	16.00	2.09	0.00	521.39	377.98
2017	2016	34.29	94.97	384.29	225.96	4.35	16.22	2.09	0.00	536.22	377.89
2018	2017	34.29	94.69	403.25	225.96	4.35	16.10	2.09	0.00	554.77	377.48
2019	2018	34.29	97.16	407.70	225.96	4.35	15.90	2.09	0.00	561.49	379.75
2020	2019	34.29	98.35	412.40	230.22	4.35	15.80	1.00	0.00	566.19	384.01
2021	2020 <sup>(1)</sup>	26.06	96.66	398.86	230.22	4.17	14.93	1.00	0.00	541.68	373.04
2022	2021	26.06	96.21	398.86	234.40	4.17	15.06	0.80	0.00	541.16	376.70

<sup>(1)</sup> Reassessment of real property required of the Town and the other governments.  
Source: Lexington County Finance Office.

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## Largest Taxpayers

The ten largest taxpayers in the Town of Lexington for the tax year 2021, their assessed value, and percentage of total taxable assessed value are set forth below:

<u>Taxpayer</u>	<u>(12/31/21) Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Value</u>
Dominion Energy	\$3,774,980	2.6%
Lullwater de Holdings LLC	1,599,600	1.1
CHP Columbia SC Owner, LLC	1,397,670	1.0
Lauren Ridge Apartments, LP	1,302,860	0.9
West Shore Mill, LLC	1,285,950	0.9
Lexington at Hope Ferry, LLC	1,260,000	0.9
Cedar Crest Village Apartments	1,156,940	0.8
Morgan Overlook Apartments, LLC	952,200	0.6
Waterway Apartments	879,750	0.6
WM Lexington Trust	807,860	0.6

Source: Lexington County Property Appraisers Office

## Tax Exemption for New Industries

The South Carolina Constitution exempts from county ad valorem taxation all new manufacturing establishments for five years from the time of establishment and all additions to existing manufacturing establishments for five years from the time each such addition is made if the cost of such addition is \$50,000 or more. The exemption includes additional machinery and equipment installed in the plant. The exemptions authorized by the South Carolina Constitution for manufacturing establishments does not include exemptions from school taxes or municipal taxes but only county taxes.

State law also permits municipalities, by ordinance, to grant a similar exemption to manufacturing establishments from municipal taxes.

## American Recovery Plan Act of 2021 Funding

The Town's allocation of funding as a Non-Entitlement Unit (an "NEU") as defined in the American Recovery Plan Act of 2021 ("ARPA") totals \$11,030,728. The initial distribution was received in October, 2021 with a second distribution received October, 2022. The Town intends to expend ARPA funding strategically in accordance with ARPA and related regulations for various planned projects to include but not be limited to eligible water, sewer, and stormwater projects. ARPA and related regulations require that the ARPA funds be obligated by December 31, 2024 and expended by December 31, 2026. Through January 31, 2023 the Town has obligated \$9,555,870 of the funds; of which \$2,605,267 has been spent. The remaining balance on hand at January 31, 2023 was approximately \$8,425,461.

## **TOWN DEBT STRUCTURE**

### **Outstanding Debt**

The outstanding long-term indebtedness of the Town consists of the following:

#### General Obligation Bonds and Notes

The Town currently has no general obligation bonds outstanding. The Town currently has outstanding \$7,700,000 General Obligation Bond Anticipation Notes of 2022 (the “Series 2022 G.O. BANs”) issued to provide interim financing for the costs of acquisition and construction of several capital improvement projects. The Series 2022 G.O. BANs mature September 1, 2023, by which time the Town anticipates issuing a renewal series of bond anticipation notes to refund the Series 2022 G.O. BANs. Permanent financing is expected to be provided by general obligation bonds of the Town anticipated to be issued in Fiscal Year 2025.

#### Waterworks and Sewer System Revenue Bonds and Notes

The Town currently has outstanding the aggregate principal amount of \$68,700,000 of water and sewer revenue bonds, in 6 series. The revenue bonds are payable from the net revenues derived by the Town from the operation of the Town’s combined waterworks and sewer system.

The Town has also issued two water and sewer revenue bond issues to evidence a \$3,486,706 State of SC Revolving Fund Loan (with a current principal balance of \$3,159,401) and a \$6,840,803 State of SC Revolving Fund Loan (with a current principal balance of \$6,645,291), secured by a pledge of the Town’s water and sewer revenues. These bonds were issued and the loans closed on January 15, 2019 and December 14, 2020, respectively.

#### Tax Increment Bonds and Appropriation-Supported Obligations

The Town created the Ice House Redevelopment Plan (the “Ice House TIF Plan”) in 2014. Under the Ice House TIF Plan, on May 28, 2015, the Town issued its \$4,000,000 Ice House Redevelopment Project Area Tax Increment Bond, Series 2015 (the “Ice House TIF Bond”), which was temporarily financed by the Town from proceeds of the Issuer’s revenue bond anticipation notes (“Ice House TIF Revenue Bond Anticipation Notes”) currently outstanding in the amount of \$4,505,000, in anticipation of the issuance of revenue bonds by the Issuer. The Ice House TIF Bond has a final maturity date of December 31, 2029. The Town expects that the Issuer’s revenue bonds (“Ice House TIF Revenue Bonds”) will be issued upon completion of the Ice House TIF Plan projects to provide permanent financing. The obligation to pay debt service on the Ice House TIF Revenue Bonds will be further secured by a pledge of appropriations by the Town Council, subject to annual non-appropriation by Town Council.

On March 22, 2018, the Issuer issued the TIF Bond with respect to the Corley Mill Redevelopment Project Area and the 2018 BANs to fund the initial \$2,000,000 Advance under the TIF Bond. The 2018 BANs were currently refunded from a portion of the proceeds of the 2019 BANs, and the 2019 BANs were currently refunded from a portion of the proceeds of the Issuer’s Revenue Bond Anticipation Notes, Series 2020 (Corley Mill Redevelopment Project Area) (the “2020 BANs”) on March 18, 2020. The 2020 BANs were currently refunded from a portion of the proceeds of the Issuer’s Revenue Bond Anticipation Notes, Series 2021 (Corley Mill Redevelopment Project Area) (the “2021 BANs”) on March 18, 2021. The 2022 BANs were currently refunded from a portion of the proceeds of the Issuer’s Revenue Bond Anticipation Notes, Series 2022 (Corley Mill Redevelopment Project Area) (the “2022 BANs”) on March 18, 2022. The 2022 BANs will be currently refunded on or prior to their stated maturity date of March 17, 2023, from a portion of the proceeds of the Series 2023 BANs. See “PLAN OF FINANCING” herein for additional information about the Corley Mill Redevelopment Project Area, the TIF Bond, and the Series 2023 BANs. The obligation to pay debt service on the Issuer’s Revenue Bonds will be further secured by a pledge of appropriations by the Town Council, subject to annual non-appropriation by Town Council. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BANS” herein.



**Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>G.O. Bond Anticipation Note</u>	<u>Total</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Per Capita</u>
2013	\$1,315,000	\$3,300,000	\$4,615,000	0.26	230
2014	1,160,000	3,300,000	4,460,000	0.25	219
2015	1,000,000	2,640,000	3,640,000	0.20	176
2016	835,000	1,590,000	2,425,000	0.13	116
2017	2,100,000	-0-	2,100,000	0.11	99
2018	1,660,000	-0-	1,660,000	0.08	77
2019	1,215,000	-0-	1,215,000	0.05	55
2020	760,000	-0-	760,000	0.03	34
2021	300,000	7,250,000	7,550,000	0.29	323
2022	-0-	7,540,000	7,540,000	0.28	310

**Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Governmental Activities</u>							<u>% of Estimated Actual Value</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>G.O. Bond Anticipation Note</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Corporation BANs<sup>1</sup></u>	<u>Total</u>		
2013	\$1,315,000	\$3,300,000	\$1,039,723	\$ -0-	\$137,000	\$ -0-	\$5,791,723	0.34	\$285
2014	1,160,000	3,300,000	892,469	-0-	102,750	-0-	5,455,219	0.31	269
2015	1,000,000	2,640,000	735,435	-0-	68,500	4,150,000	8,593,935	0.49	417
2016	835,000	1,590,000 <sup>2</sup>	567,860	308,215	34,250	4,275,000	7,610,325	0.40	363
2017	2,100,000	-0-	388,906	233,071	-0-	4,365,000	7,086,977	0.37	334
2018	1,660,000	-0-	197,752	156,354	-0-	6,460,000	8,474,106	0.43	392
2019	1,215,000	-0-	-0-	78,660	-0-	7,750,000	9,043,660	0.44	408
2020	760,000	-0-	-0-	-0-	-0-	7,990,000	8,750,000	0.40	390
2021	300,000	7,250,000	-0-	-0-	-0-	8,035,000	15,585,000	0.60	667
2022	-0-	7,540,000	-0-	50,028	-0-	8,025,000	15,615,028	0.58	643

<sup>1</sup> The Corporation BANs are the Series 2022 Corley Mill BANs and the Series 2022 Ice House BANs, and prior issues, used to acquire the Town's Ice House TIF Bond.

<sup>2</sup> These Notes were refunded by the issuance of \$1,430,000 general obligation bond issued by the Town on January 9, 2017.

## Annual Debt Service Requirements

The Town currently has no general obligation bonds outstanding. In accordance with GASB 87, the Town has lease obligations of \$50,028 in the general fund requiring average annual payments of approximately \$10,000 over the next five years.

## Overlapping Debt

The following table provides the outstanding long-term general obligation indebtedness and the assessed values for each of the political units overlapping the Town that have outstanding general obligation debt.

<u>Name of Unit</u>	2021 Total Assessed <u>Value of Unit</u>	Assessed Value Within the <u>Town</u>	Outstanding General Obligation <u>Indebtedness</u>	Town's <u>Share of Debt</u>
Lexington County	\$1,506,852,111	\$142,544,781	\$ 17,225,000	\$ 1,629,485
Lexington School District One	702,460,541	142,052,551	609,122,000	123,164,468
Lexington School District Two	347,572,860	492,230	209,645,000	293,503
Lexington County Recreation Commission	1,142,880,561	142,544,781	17,670,000	2,203,449
Riverbanks Zoo	3,327,684,917	142,544,781	27,299,000	1,168,397

## Overlapping Debt Limits

Under the applicable debt limitation provisions of Article X of the South Carolina Constitution, each county has the power, in the manner and upon the terms and conditions as the General Assembly shall prescribe by general law, (a) to incur general obligation debt authorized by a majority vote of the qualified electors thereof voting in a referendum, without limitations as to the amount, and (b) to incur, without an election, general obligation debt (in addition to bonded indebtedness authorized by a majority vote of qualified electors) in an amount not exceeding eight per centum (8%) of the assessed value of all taxable property therein.

General obligation debt may also be incurred by counties for sewage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service, or any other service or facility benefitting only a particular geographical section of the county, without an election and without limitation as to amount, provided a special assessment, tax, or service charge in an amount sufficient to provide special debt service on the bonds issued for such services shall be imposed upon the area or persons receiving the benefit therefrom.

Under the applicable debt limitation provisions of Article X of the South Carolina Constitution, each school district of the State may, in the manner and upon the terms and conditions as the General Assembly shall prescribe by law, (a) incur general obligation debt authorized by a majority vote of the qualified electors of the school district voting in a referendum, without limitation as to amount, and (b) incur general obligation debt, upon the terms and conditions the General Assembly may prescribe, in an amount not exceeding 8% of the assessed value of all taxable property of that school district (computed without consideration of bonded indebtedness authorized by a majority vote of the qualified electors of the school district voting in a referendum).

Article X of the South Carolina Constitution also authorizes counties and school districts to incur general obligation debt in anticipation of the collection of ad valorem taxes, the receipt of federal grants, and the issuance of general obligation bonds. See Appendix E for a more complete discussion of this authorization.

## Anticipated Capital Needs and Future Borrowings

### Issuance of General Obligation Bond Anticipation Notes

The Town intends to issue its general obligation bond anticipation notes to refund the outstanding \$7,700,000 Bond Anticipation Note, Series 2022 on or prior to its maturity date of September 1, 2023. See “Outstanding Debt – General Obligation Bonds and Notes” under this heading.

### Issuance of Ice House Revenue Bond Anticipation Notes and Revenue Bonds to Refund Series 2022 Ice House BANs

As discussed above, the Issuer intends to issue Ice House TIF Revenue Bond Anticipation Notes to refund the outstanding Ice House TIF Revenue Bond Anticipation Notes on or prior to their maturity date of May 5, 2023, and to provide permanent financing for the acquisition of the Ice House TIF Bond by issuing Ice House TIF Revenue Bonds at a future date. See “Outstanding Debt - Tax Increment Bonds and Appropriation-Supported Obligations” under this heading.

### Issuance of Revenue Bond Anticipation Notes and Revenue Bonds for Corley Mill Redevelopment Project Area

As discussed herein, the Issuer intends to issue additional series of Revenue Bond Anticipation Notes to refund the Series 2022 BANs offered hereby on or prior to their maturity date of March 17, 2023, and to subsequently provide permanent financing for the acquisition of the TIF Bond by issuing Revenue Bonds at a future date.

### Issuance of Water and Sewer System Revenue Bonds

Over the next five Fiscal Years, the Town anticipates debt financing of approximately \$20,000,000 to fund a portion of the projects in the CIP including the initial phase of the 12/14 Mile Creek 30” Force Main System, capital improvements related to the I-20 and Watergate Sewer Systems and other capital projects.

In years six (6) through ten (10) of the CIP planning period, the Town anticipates needing approximately \$25,000,000 in proceeds from Waterworks and Sewer System revenue bond anticipation notes, which will be permanently financed with Waterworks and Sewer System revenue bonds planned to be issued in Fiscal Year 2030.

### **Additional General Obligation Debt Now Permitted**

The Town Council is empowered to incur general obligation indebtedness in any amount not exceeding the constitutional debt limit upon compliance with certain conditions. The Town Council is permitted, under applicable debt limitation provisions of Article X of the South Carolina Constitution, to incur general obligation debt of the Town, as follows:

- (1) if the general obligation debt is authorized by a majority vote of the qualified electors of the Town in a referendum, general obligation debt may be incurred without any limitation as to amount (other than the amount specified in the referendum); and
- (2) in addition to general obligation debt incurred as described above, to incur without an election, general obligation debt in an amount not exceeding eight per centum (8%) of the assessed value of all taxable property of the Town.

Based on the current assessed value of \$142,544,781, the Town’s eight percent (8%) constitutional debt limit is \$11,403,582. The Town has outstanding \$7,540,000 general obligation bond anticipation notes issued pursuant hereto which count against the 8% constitutional debt limit. Consequently, the Town may incur, without an election, additional general obligation debt in the amount of \$3,863,582. See “Outstanding Debt – *General Obligation Bonds and Notes*” herein for additional information regarding outstanding general obligation indebtedness.

Article X of the South Carolina Constitution also authorizes all municipalities to incur general obligation debt in anticipation of the collection of ad valorem taxes, the receipt of federal grants, and the issuance of general obligation bonds. See Appendix F for a more complete discussion of this authorization.

### **Miscellaneous Debt Information**

The Issuer has not defaulted in the payment of principal and interest, or in any other material respect, with respect to any of its securities at any time within the last 25 years, nor has the Issuer within such time issued any refunding bonds for the purpose of preventing a default in the payment of principal or interest on any of its securities then outstanding. The Issuer has not used the proceeds of any bonds or other securities (other than tax anticipation notes) for current operating expenses at any time within the last 25 years.

## **INDEPENDENT FINANCIAL ADVISOR**

Municipal Advisors Group of Boston, Inc., North Scituate, Massachusetts has served as Independent Financial Advisor (the “Independent Financial Advisor”) to the Town. The Independent Financial Advisor was retained by the Town to advise the Town in structuring its capital financing plan and other related matters. The Independent Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification of the accuracy, completeness, or fairness of the information contained in this Official Statement.

While the Independent Financial Advisor has conducted due diligence with respect to the Town and the Series 2023 BANs in compliance with its fiduciary obligations under rules of the Municipal Securities Rulemaking Board (“MSRB”), the Independent Financial Advisor has not conducted an independent investigation into the methods and materials used by the Town’s independent auditors, government entities whose information is included in the Official Statement or other experts who have provided opinions or assessments in connection with the Series 2023 BANs. The Independent Financial Advisor’s due diligence has been conducted for and has been made available exclusively to the Town for its own use. Investors may not assume that the due diligence findings with respect to the Town or the Series 2023 BANs or any recommendations to the Town of the Independent Financial Advisor are a part of or the basis of any portion of this Official Statement except where specific attribution is made.

## **LEGAL MATTERS**

### **Litigation**

There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, pending or, to the Issuer’s knowledge, threatened, against or affecting the Issuer or the actions taken or contemplated to be taken by the Issuer and, to the Issuer’s knowledge, there is no basis therefor, wherein an unfavourable decision, ruling, or finding would reasonably be expected to have a materially adverse effect on the Issuer or the transactions contemplated by this Official Statement.

There is no action suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, pending or, to the Town’s knowledge, threatened, against or affecting the Town or the actions taken or contemplated to be taken by the Town and, to the Town’s knowledge, there is no basis therefor, wherein an unfavourable decision, ruling, or finding would reasonably be expected to have a materially adverse effect on the Town or the transactions contemplated by this Official Statement.

The Town has several matters in various stages of litigation, none of which challenge the validity of the Series 2023 BANs offered hereby or the TIF Bond or the Corley Mill Redevelopment Plan. In the opinion of the Town Attorney, none of this litigation will have a materially adverse effect upon the Town’s ability to make Reimbursement Payments under the terms of the Deposit and Reimbursement Agreement.

### **United States Bankruptcy Code**

The undertakings of the Town should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. 901, et seq., as amended, and other laws affecting creditors’ rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under the Chapter operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors or each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents

under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

## **Legal Proceedings**

The legal proceedings relating to the issuance of the Series 2023 BANs were prepared by Howell Linkous & Nettles, LLC, attorneys and counsellors at law, Charleston, South Carolina, whose approving opinion will be furnished without charge to the purchasers of the Series 2023 BANs at the time of their delivery. The form of Bond Counsel's opinion is set forth as Appendix C to this Official Statement. Certain legal matters will be passed on for the Issuer by Howell Linkous & Nettles, LLC; and for the Town by Brad Cunningham, Esq., the Town Attorney, Lexington, South Carolina.

The various legal opinions to be delivered concurrently with the delivery of the Series 2023 BANs will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganisation, or other laws affecting the enforcement of creditors' rights generally.

## **Tax Exemption**

In the opinion of Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel, under existing laws, regulations, rulings, and judicial decisions, and assuming compliance by the Issuer and the Town with certain covenants, the interest on the Series 2023 BANs is excludable from gross income for purposes of federal and South Carolina income taxation, except as discussed below. The proposed form of the opinion of Bond Counsel is set forth in Appendix C. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by re-circulation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal and South Carolina income tax purposes of interest on obligations such as the Series 2023 BANs. The Issuer and the Town have made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Series 2023 BANs will not be included in gross income for federal income tax purposes. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2023 BANs being included in gross income for federal and South Carolina income tax purposes, possibly from the date of original issuance of the Series 2023 BANs. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2023 BANs may adversely affect the value of, or the tax status of interest on, the Series 2023 BANs. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon, in connexion with any such actions, events, or matters.

Interest on the Series 2023 BANs is not a specific preference item for purposes of the alternative minimum tax imposed by the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Prospective owners of the Series 2023 BANs should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income tax credit. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2023 BANs.

Legislation affecting municipal bonds is regularly under consideration by the United States Congress. Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2023 BANs to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realising the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2023 BANs. Prospective purchasers of the Series 2023 BANs should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

### **South Carolina Tax Limitations**

Bond Counsel is further of the opinion that interest on the Series 2023 BANs will be excludable from gross income for South Carolina income tax purposes. Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed at the rate of 4½% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue require that the term “entire net income” includes income derived from any source whatsoever including interest on obligations of any state or political subdivision thereof. Interest on the Series 2023 BANs will be included in such computation.

### **Limitations on Bond Counsel Opinion**

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Revenue Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Town, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Town has covenanted, however, to comply with the requirements of the Code.

The opinions to be delivered concurrently with the delivery of the Series 2023 BANs express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel’s engagement with respect to the Series 2023 BANs ends with the issuance of the Series 2023 BANs, and, unless separately engaged, Bond Counsel is not obligated to defend the Town or the Beneficial Owners regarding the tax-exempt status of the Series 2023 BANs in the event of an audit examination by the IRS. Under current procedures, parties other than the Town and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connexion with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the Town legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2023 BANs for audit, or the course or result of such audit, or any audit of bonds or notes presenting similar tax issues may affect the market price for, or the marketability of, the Series 2023 BANs, and may cause the Town or the Beneficial Owners to incur significant expense.

Certain requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2023 BANs or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Howell Linkous & Nettles, LLC.

Bond Counsel expresses no other opinion with respect to the tax consequences of owning the Series 2023 BANs. Bond Counsel has not undertaken to determine (or inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2023 BANs may affect the tax status of interest on the Series 2023 BANs.

In rendering their opinion, Bond Counsel will rely upon certificates of officials of the Issuer and the Town with respect to certain material facts solely within their knowledge relating to the application of the proceeds of the Series 2023 BANs.

### **Original Issue Premium**

The Series 2023 BANs (the “Premium Notes”) have been sold at initial public offering prices which are greater than the principal amounts payable at maturity. The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which price a substantial amount of each maturity of the Premium Notes is sold and the amount payable at maturity constitutes premium on such Premium Note. A purchaser of a Premium Note must amortise any premium over such Premium Note’s term using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortised, the purchaser’s basis in such Premium Note is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Note prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

The owner of any Premium Note should consult its own tax advisors with respect to the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connexion with the acquisition, ownership, and disposition of such Premium Note.

### **CONTINGENT FEES; OTHER RELATIONSHIPS**

The Town has retained Bond Counsel, Disclosure Counsel, the Independent Financial Advisor, and the Paying Agent, with respect to the authorisation, sale, execution, and delivery of the Series 2023 BANs. Payment of the fees to such professionals are each contingent upon the issuance of the Series 2023 BANs.

Howell Linkous & Nettles, LLC has served as bond counsel to the Town in prior transactions, including with respect to the issuance of the TIF Bond and the 2021 BANs, and is also serving as counsel to the Issuer with respect to the issuance of the Series 2023 BANs.

### **MISCELLANEOUS**

#### **Underwriting**

The Series 2023 BANs are being purchased for reoffering by Oppenheimer & Co., Inc. (the “Underwriter”). The Underwriter has agreed to purchase the Series 2023 BANs at an aggregate purchase price of \$3,697,119.80, which amount is the par amount of the Series 2023 BANs plus net original issue premium of \$40,700.80, less underwriter’s discount of \$22,730.00 and underwriter’s expenses of \$851.00. The initial public offering price is set forth on the cover page of this Official Statement. The Underwriter may offer and sell the Series 2023 BANs to certain dealers and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at a price lower than the offering prices stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter without prior notice. The Underwriter is obligated to purchase all of the Series 2023 BANs, if any are purchased, such obligation being subject to certain conditions.

#### **Continuing Disclosure**

##### **Rule 15c2-12 Undertaking**

In order to assist the Underwriter in complying with the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule 15c2-12”), the Town and the Issuer will enter into a Disclosure Dissemination Agent Agreement (the “Disclosure Dissemination Agreement”) for the benefit of the holders and beneficial owners of the Series 2023 BANs with Digital Assurance Certification, L.L.C. (“DAC”), under which the Town has designated DAC as Disclosure

Dissemination Agent. The form of the Disclosure Dissemination Agreement is set forth in Appendix D to this Official Statement.

Under the Disclosure Dissemination Agreement the Town has undertaken for the benefit of the holders of the Series 2023 BANs to provide annually financial information and operating data regarding the Town, which is the only “obligated person” (within the meaning of the Rule) for which financial information or operating data is provided in this Official Statement, by not later than January 31 of each year, commencing January 31, 2024 (the “Annual Report”) for the Fiscal Year 2023. The Annual Report shall include, at a minimum, the annual audited financial statements of the Town prepared in accordance with accounting principles generally accepted within the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and other financial information and operating data as described in the Disclosure Dissemination Agreement. Under the Disclosure Dissemination Agreement, the Town has also undertaken for the benefit of the holders of the Series 2023 BANs, to provide notices of certain enumerated events (the “Event Notices”) as provided in the Rule within the time frame required by the Rule. The Annual Reports and Event Notices will be filed with the Municipal Securities Rulemaking Board’s Municipal Market Access System (“EMMA”) in the manner prescribed by the Rule. See Appendix D to this Official Statement for a more complete description of the Town’s undertaking under the Rule. The Disclosure Dissemination Agreement obligates the Town to provide only limited information at specific times, and such information may not include all information necessary to determine the value of the Series 2023 BANs.

Currently, the only “obligated person” (within the meaning of the Rule) with respect to the Series 2023 BANs is the Town. No other person or entity is obligated to provide, or is expected to provide, any continuing disclosure information with respect to the Rule.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent’s obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the Town has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Report (including the financial statements contained therein), any Event Notices, or any Voluntary Report (as defined therein), or any other information, disclosures or notices provided to it by the Town and shall not be deemed to be acting in any fiduciary capacity for the Town, the holders or beneficial owners of the Series 2023 BANs, or any other party. The Disclosure Dissemination Agent has no responsibility for the Town’s failure to report to the Disclosure Dissemination Agent an Event Notice or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine nor liability for failing to determine whether the Town has complied with the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Town at all times.

#### State Law Requirement

In addition, the Town has covenanted, so long as required, pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, to file with a central repository for availability in the secondary bond market, an annual independent audit within 30 days of its receipt and event-specific information within 30 days of an event adversely affecting more than five percent (5%) of its revenues. The only remedy for failure by the Town to comply with these covenants is an action for specific performance. Moreover, the Town has specifically reserved the right to amend the covenants to reflect any change in Section 11-1-85 without the consent of any Bondholder.

#### **CUSIP Numbers**

The Issuer anticipates that CUSIP identification numbers will be assigned to the Series 2023 BANs without cost to Holders of the Series 2023 BANs, but neither the failure to obtain such assignment nor any error with respect thereto shall constitute cause for a failure or refusal to accept delivery of or pay for any Revenue Bond.



**Rating**

Moody's Investors Service, Inc. ("Moody's") has assigned the Series 2023 BANs a rating of "MIG 1." The rating reflects only the views of the rating agency and an explanation of the rating may be obtained from the rating agency. The Issuer and the Town have furnished the rating agency the information contained in this Official Statement and certain other publicly available materials and information about the Issuer and the Town. Generally, the rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. The rating may be changed at any time, and no assurance can be given that it will not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. A downward change in or withdrawal of the rating may have an adverse effect on the market price of the Series 2023 BANs. An explanation of the rating can be received from the rating agency at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York.

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**Conclusion**

The execution and delivery of the Official Statement have been duly authorised by the Issuer and the Town.

**SAXE GOTHAM-LEXINGTON  
PUBLIC FACILITIES CORPORATION**

By: /s/ Steve MacDougall  
Its: President

**TOWN OF LEXINGTON, SOUTH CAROLINA**

By: /s/ Steve MacDougall  
Its: Mayor

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE TOWN  
FOR YEAR ENDED JUNE 30, 2022**

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*Lexington Square Fountain*

*Annual Comprehensive Financial Report*  
*Year Ended June 30, 2022*

*111 Maiden Lane, Lexington, SC 29072*





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**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

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YEAR ENDED JUNE 30, 2022

Prepared by: Finance Department

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

TOWN OF LEXINGTON, SOUTH CAROLINA



TOWN OF LEXINGTON, SOUTH CAROLINA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report.....	8
Management's Discussion and Analysis (Unaudited) .....	11

**Basic Financial Statements**

Government-Wide

Statement of Net Position .....	22
Statement of Activities .....	23

Governmental Activities

Balance Sheet – Governmental Funds.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	26

Business-Type Activities

Statement of Net Position – Proprietary Fund.....	28
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund .....	29
Statement of Cash Flows – Proprietary Fund .....	30

Notes to Financial Statements.....	31
------------------------------------	----

**Required Supplementary Information:**

Budgetary Comparison Schedule – General Fund.....	91
Pension Plan Schedule of Proportionate Share of the Net Pension Liability .....	92
Pension Plan Schedule of Contributions .....	93
Schedule of Changes in Total OPEB Liability and Related Ratios.....	94

**Other Financial Information:**

Combining 'Non-Major' Governmental Financial Statements

Combining Balance Sheet – Non-Major Governmental Funds.....	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds .....	96

General Fund

Balance Sheet .....	97
Schedule of Revenues, Expenditures and Changes in Fund Balances – Final Budget (GAAP Basis) and Actual.....	98

- Continued -

<u>ARPA Fund</u>	
Balance Sheet .....	99
Statement of Revenues, Expenditures and Changes in Fund Balances .....	100
<u>Downtown TIF District</u>	
Balance Sheet .....	101
Statement of Revenues, Expenditures and Changes in Fund Balances .....	102
<u>Corley Mill TIF District</u>	
Balance Sheet .....	103
Statement of Revenues, Expenditures and Changes in Fund Balances .....	104
<u>Hospitality Tax Fund</u>	
Balance Sheet .....	105
Statement of Revenues, Expenditures and Changes in Fund Balances .....	106
<u>Gibson Pond</u>	
Balance Sheet .....	107
Statement of Revenues, Expenditures and Changes in Fund Balances .....	108
<u>Special Revenue Funds</u>	
Combining Balance Sheet .....	109
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	111
Budgetary Comparison Schedule – Victims’ Assistance .....	113
<u>Debt Service Fund</u>	
Balance Sheet .....	114
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual .....	115
<u>Capital Projects Funds</u>	
Combining Balance Sheet .....	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	117
<u>Enterprise Fund</u>	
Statement of Net Position – Waterworks and Sewer System .....	118
Statement of Revenues, Expenses and Changes in Net Position – Waterworks and Sewer System .....	119
Statement of Cash Flows – Waterworks and Sewer System .....	120
<u>Capital Assets Used in Operations of Governmental Funds</u>	
Comparative Schedules by Source .....	121
Schedule by Function and Activity .....	122
Schedule of Changes by Function and Activity .....	123
<u>Other Supplementary Schedule</u>	
Schedule of Court Fines, Assessments, and Surcharges .....	124

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## STATISTICAL SECTION (UNAUDITED)

Net Position by Component .....	125
Changes in Net Position .....	126
Fund Balances of Governmental Funds .....	128
Changes in Fund Balances of Governmental Funds .....	129
Water and Sewer Consumption and Total Direct Rates .....	131
Water and Sewer Direct Rates .....	132
Principal Water and Sewer Customers .....	133
Assessed and Estimated Actual Value of Property .....	136
Property Tax Rates - Direct and Overlapping Governments .....	137
Principal Property Taxpayers .....	138

- Continued -

Property Tax Levies and Collections .....	140
Franchises, Licenses, Permits and Fees Revenue .....	141
Principal Business License Filers .....	142
Ratios of Outstanding Debt by Type.....	144
Ratios of General Bonded Debt Outstanding.....	145
Direct and Overlapping Governmental Activities Debt.....	146
Legal Debt Margin Information .....	147
Pledged Revenue Coverage - Waterworks and Sewer System Revenue Bonds .....	148
Demographic and Economic Statistics .....	149
Principal Employers.....	150
Property Value, Construction and Bank Deposits.....	152
Full-Time Equivalent Town Government Employees by Function .....	153
Operating Indicators by Function/Program.....	154
Capital Asset Statistics by Function.....	155
<b>Supplementary Governmental Auditing Standards Reports:</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards.....	156
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 .....	158
Schedule of Expenditures of Federal Awards.....	161
Notes to the Schedule of Expenditures of Federal Awards .....	162
Schedule of Findings and Questioned Cost .....	163

TOWN OF LEXINGTON, SOUTH CAROLINA

**Mayor**  
Steve MacDougall

**Mayor Pro-Tem**  
Hazel Livingston



**Council**  
Kathy Maness  
Todd Carnes  
Ron Williams  
Steve Baker  
Todd Lyle

## LETTER OF TRANSMITTAL

December 22, 2022

To the Honorable Steve MacDougall, Mayor, Members of Town Council, and the Citizens of the Town of Lexington, South Carolina:

Both local ordinances and policies and state statutes mandate that the Town of Lexington complete a set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Annual Comprehensive Financial Report for the Town of Lexington for the year ended June 30, 2022, is hereby submitted.

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

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

The Town of Lexington's financial statements have been audited by the firm of The Brittingham, Group LLP, CPA's. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The auditors' report in the Financial Section provides a discussion of the audit, procedures and their opinion. The independent auditors have rendered an unmodified opinion that the Town of Lexington's financial statements for the year ended June 30, 2022, are fairly presented in conformity with GAAP.

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

## **PROFILE OF THE GOVERNMENT**

The Town of Lexington was incorporated on January 28, 1861. The Town is the county seat for Lexington County which is named in honor of the American victory in 1785 over the British at Lexington, Massachusetts. In 1927, the municipal water system began operation, followed soon afterward by a sewer system, to serve residents of the one square mile town limits. Since the 1970s, the Town's area has grown to about 10 square miles, and its population is now estimated to be greater than 20,000. Lexington is easily accessible to I-20, I-26, and I-77 and is a suburb of the state capital of Columbia which is located 12 miles from town. Because of Lexington's location, award winning school system, and small-town flavor, the growth of the past decade is expected to continue.

On August 31, 1976, the Council form of government was officially adopted by the Town under the Home Rule Act. The Town Council consists of seven elected officials that are responsible for enacting the ordinances and resolutions that govern the town. All six council members and the mayor are elected to staggered terms in at large elections that are held in odd years. Town Council appoints the Town Administrator, Town Attorney, Municipal Judge, Municipal Clerk, and all department directors. The department directors are responsible for the enforcement of all resolutions and ordinances passed by Town Council.

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

According to the 2020 census, Lexington County is the 6<sup>th</sup> largest county (by population) in the State with a population of 293,991. This is a 12% increase from 2010. For the Town of Lexington, the 2020 Census indicated a population of 23,568, an increase of 31.9% over the 2010 count. The Town is the 22nd largest municipality in South Carolina and ranks as the second largest municipality in the Midlands. The Census figures show that the Town had the 6<sup>th</sup> highest growth rate among the top 25 municipalities in South Carolina.

One of the main reasons people are attracted to Lexington is for our excellent school system. Lexington School District One is consistently rated as one of the top school districts in the state and has been one of the fastest growing school districts over the past 10 years adding an average of over 425 students annually. In the last 10 years, the School District has added numerous additions and renovations. Families are not only drawn to the quality schools, but also to the small, hometown, community feel of Lexington that offers a quality of life that enhances family life.

The Town continues to invest in water and wastewater infrastructure to enable the development of commercial, industrial and residential properties both in town and regionally. The Town's 100 square mile combined water and sewer service areas serve a substantial portion of Lexington County. Although the town and region have experienced tremendous growth, the service areas have significant potential for future growth as rural and agricultural land, in relatively close proximity to Lake Murray, can be transformed into suburban residential and commercial development. The water and sewer system has over 398 miles of sewer lines and 227 miles of water lines and serves approximately 10,353 water accounts and 22,258 sewer accounts (over 23,173 individual residential and commercial customers).

During the year, approximately 195 net new businesses opened in the Town of Lexington, including restaurants, retail, service, medical services, and technology services. Commercial development continues just outside the town limits along the major highways that serve the town. Several subdivisions also were under development both in town and out of town but on the water and sewer system. In-town development included 143 residential units which began construction during the year.

Lexington County and the Town of Lexington have consistently demonstrated a commitment to provide adequate infrastructure, services and quality of life initiatives for the citizens and businesses in the greater Lexington region. By offering the Fee-in-Lieu Tax Abatement programs the County and Town encourage expansion and relocation of new industries into the Town to manifest a spirit of opportunity for those living in this area.

## **FINANCIAL POLICIES**

The Town has specific policies related to contingency reserves and minimum fund balances. The Town budgets to maintain a Fund Balance Reserve of 25% of budgeted revenues less capital outlay in the General Fund. In addition the Town budgets to maintain one month's operating expenditures in Fund Balance plus a contingency reserve of 1.5% of budgeted revenue. In the Enterprise Fund the Town budgets a contingency reserve of 1.5% of budgeted revenue.

## **AWARDS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its annual comprehensive financial report for the year ended June 30, 2021. This was the twenty-fourth consecutive year that the Town has received this prestigious award. In order to be awarded the Certificate of Achievement, the Town published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both the generally accepted accounting principles and applicable legal requirements.

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

## ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in dark ink, reading "Kathy S. Pharr, CPA". The signature is fluid and cursive, with the first name "Kathy" being more prominent and the last name "Pharr" following in a similar style. The "CPA" is written in a slightly more formal, blocky script at the end.

Kathy S. Pharr, CPA  
Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Lexington  
South Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

Executive Director/CEO

# TOWN OF LEXINGTON

## SOUTH CAROLINA LIST OF PRINCIPAL OFFICIALS

### MAYOR

Steve MacDougall

### MAYOR PRO-TEM

Hazel Livingston

### COUNCIL MEMBERS

Steve Baker

Todd Carnes

Todd Lyle

Kathy Maness

Ron Williams

### TOWN ADMINISTRATOR

D. Britt Poole

### MUNICIPAL CLERK

Becky P. Hildebrand

### TOWN ATTORNEY

Brad T. Cunningham

### MANAGEMENT TEAM

Stuart W. Ford, Assistant Town Administrator

Kathy S. Pharr, Finance

Dan H. Walker, Parks and Sanitation

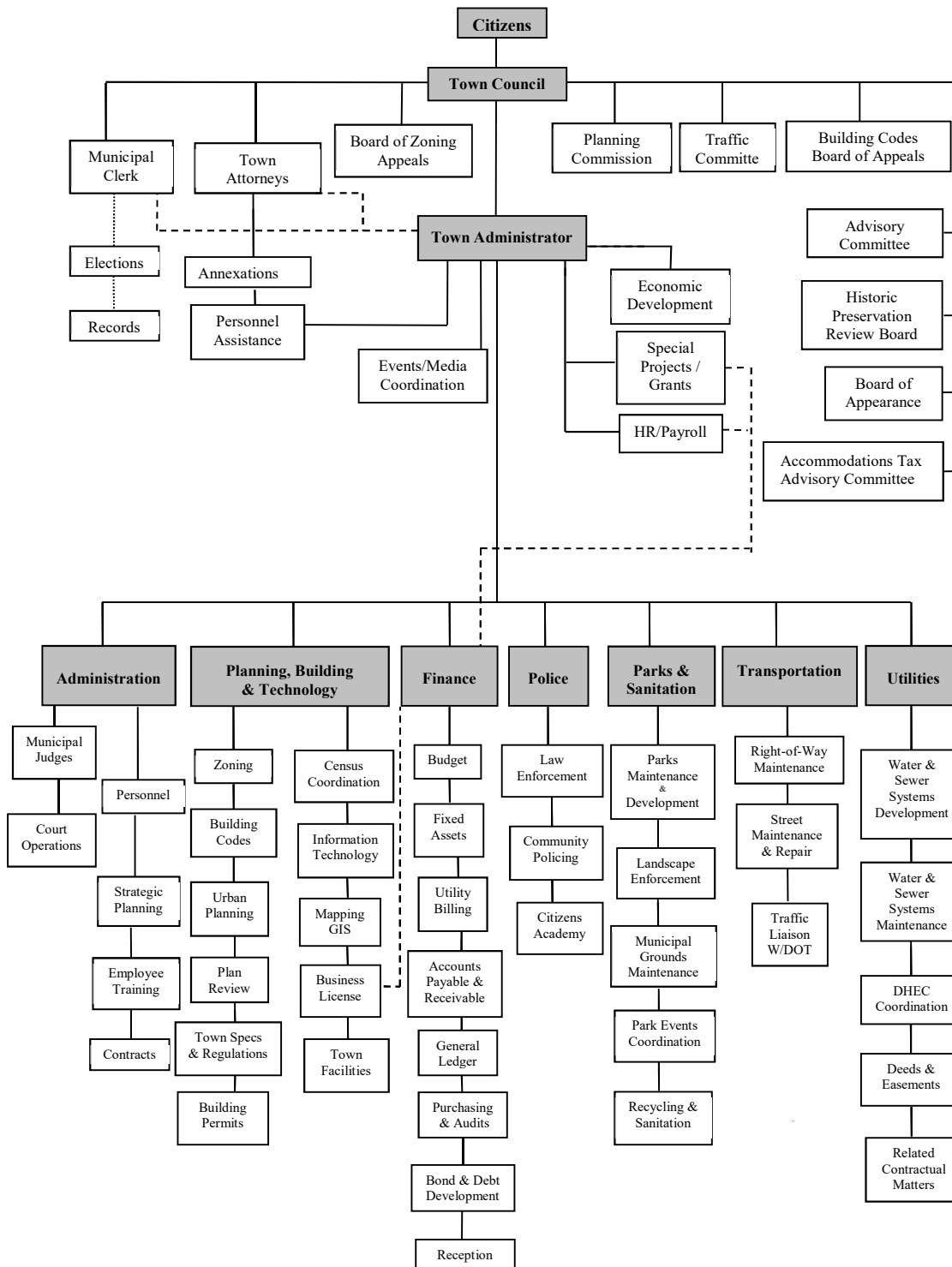
John D. Hanson, Planning, Building and Technology

Chief Terrence Green, Police

J. Randy Edwards, Transportation

J. Allen Lutz, Utilities

# Town of Lexington Organization Chart



Revised June 30, 2021

TOWN OF LEXINGTON, SOUTH CAROLINA

# THE BRITTINGHAM GROUP, L.L.P.

## CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET  
POST OFFICE BOX 5949  
WEST COLUMBIA, SOUTH CAROLINA 29171

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PHONE: (803) 739-3090

FAX: (803) 791-0834

### INDEPENDENT AUDITORS' REPORT

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

#### Report on the Audit of the Financial Statements

##### Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Lexington, South Carolina, the ("Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### Change in Accounting Principle

As described in *Note 1* to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

##### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 – 21, the Budgeting Comparison Schedule - General Fund on page 91, the Pension Plan Schedule of Proportionate Share of the Net Pension Liability on page 92, The Pension Plan Schedule of Contributions on page 93, and the Schedule of Changes in Total OPEB Liability and Related Ratios on page 94, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, Schedule of Court Fines, Fees, Assessments, and Surcharges and the Schedule of Expenditures of Federal Rewards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual and nonmajor fund financial statements, Schedule of Court Fines, Fees, Assessments, and Surcharges, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprised the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina  
December 22, 2022

Town of Lexington, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2022

As management of the Town of Lexington, we offer our overview and analysis of the financial activities and performance of the Town for the year ended June 30, 2022. Please read it in conjunction with the Town's financial statements which follow this discussion and the letter of transmittal in the Introductory Section of this report.

**Financial Highlights**

- The assets and deferred outflows of the Town of Lexington exceeded its liabilities and deferred inflows at year end June 30, 2022 by \$153,147,235 (*net position*). Of the total net position at June 30, 2022, \$14,318,168 was unrestricted.
- The Town's total net position increased by \$10,575,232, as revenues of \$51,238,947 exceeded expenses of \$40,663,715. Governmental Activities contributed \$5,700,345 and Business-type activities contributed \$4,874,887 of the overall increase in net position.
- Governmental funds reported combined ending fund balances at June 30, 2022, of \$4,604,638, an increase of \$1,824,066, compared to the prior year. Due to three Bond Anticipation Notes outstanding totaling \$15,565,000, unassigned fund balance across the governmental funds is a negative \$5,833,672, an increase of approximately \$418,328.
- General Fund unassigned fund balance at June 30, 2022, was \$8,229,163 or approximately 57 percent of total fund expenditures.
- The Town had \$101,525,413 in bonds, notes, contracts, capital leases, and compensated absences payable at year end, a decrease of \$3,340,750 from the prior year. The decrease occurred by general principal repayments as well as refunding of the Series 2012 Water and Sewer Revenue Bond which allowed the release of approximately \$2,169,785 in debt service and debt service reserve funds that were used as part of the payoff.
- Capital assets, and intangible assets totaled \$227,795,840 at June 30, 2022, an increase of \$8,417,999 from the prior year. The change was due to improvements to the Town's combined waterworks and sewer system, street improvements (including improvements in the Corley Mill area and along North Lake Drive), Completion of the Gibson Pond Dam, donation of infrastructure assets from developers, and general asset replacement offset by depreciation expense.



## Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, total assets exceeded total liabilities by \$153,147,235 at year end June 30, 2022.

Below is a ‘condensed’ Statement of Net Position, which depicts the major components of the Town’s assets, liabilities, and net position at June 30, 2022 and 2021:

	Governmental Activities		Business-Type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets:</b>						
Cash and cash equivalents:						
Unrestricted	\$ 13,076,560	\$ 3,900,051	\$ 20,401,542	\$ 17,707,063	\$ 33,478,102	\$ 21,607,114
Restricted	12,239,484	12,600,511	2,392,264	8,290,986	14,631,748	20,891,497
Other current assets	1,805,230	4,829,785	4,988,158	4,664,393	6,793,388	9,494,178
Capital assets, net	57,384,853	53,870,853	170,410,987	165,506,988	227,795,840	219,377,841
Prepaid Capital	-	-	1,644,984	1,370,820	1,644,984	1,370,820
Total Assets	84,506,127	75,201,200	199,837,935	197,540,250	284,344,062	272,741,450
Deferred outflows of						
Resources	2,917,740	3,584,618	3,749,600	4,182,965	6,667,340	7,767,583
Total assets & deferred outflows	<u>\$ 87,423,867</u>	<u>\$ 78,785,818</u>	<u>\$ 203,587,535</u>	<u>\$ 201,723,215</u>	<u>\$ 291,011,402</u>	<u>\$ 280,509,033</u>
<b>Liabilities and Net</b>						
Current liabilities	\$ 6,542,462	\$ 2,900,462	\$ 2,128,982	\$ 2,175,274	\$ 8,671,444	\$ 5,075,736
Current liabilities payable						
From restricted assets	376,470	420,138	1,012,410	958,743	1,388,880	1,378,881
Current portion of long term	16,171,636	16,135,000	2,360,013	14,351,794	18,531,649	30,486,794
Non-current liabilities	<u>13,366,626</u>	<u>16,718,322</u>	<u>91,300,357</u>	<u>83,903,018</u>	<u>104,666,983</u>	<u>100,621,340</u>
Total liabilities	36,457,194	36,173,922	96,801,762	101,388,829	133,258,956	137,562,751
Deferred inflows of						
Resources	2,966,024	311,592	1,639,187	62,687	4,605,211	374,279
Total liabilities & deferred	<u>39,423,218</u>	<u>36,485,514</u>	<u>98,440,949</u>	<u>101,451,516</u>	<u>137,864,167</u>	<u>137,937,030</u>
Net invested in capital assets	43,264,911	44,980,930	89,383,652	82,857,134	132,648,563	127,838,064
Restricted	5,712,572	6,137,257	467,932	4,806,150	6,180,504	10,943,407
Unrestricted	<u>(976,834)</u>	<u>(8,817,883)</u>	<u>15,295,002</u>	<u>12,608,415</u>	<u>14,318,168</u>	<u>3,790,532</u>
Total net position	<u>48,000,649</u>	<u>42,300,304</u>	<u>105,146,586</u>	<u>100,271,699</u>	<u>153,147,235</u>	<u>142,572,003</u>
<b>Total liabilities and Net position</b>	<u>\$ 87,423,867</u>	<u>\$ 78,785,818</u>	<u>\$ 203,587,535</u>	<u>\$ 201,723,215</u>	<u>\$ 291,011,402</u>	<u>\$ 280,509,033</u>

By far the largest portion of the Town’s net position, \$132,648,563 or 87 percent, reflects investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less any related remaining outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town’s net position, \$6,180,504 or 4 percent, represents resources that are subject to external restrictions on how they may be used. The Governmental Accounting Standards Board (GASB) statement number 68 requires the Town to report net pension liability as well as deferred outflows and deferred inflows related to pensions. GASB statement number 75 adds the same requirements for Other Post Employment Benefits (OPEB). The addition of these reporting requirements causes a reduction in unrestricted net position of \$20,600,618 or 13 percent. This leaves *unrestricted net position* at just \$14,318,168, or 9 percent.

At the end of the current fiscal year, the Town is able to report ‘positive’ balances in each category of net position for its business-type activities. Unrestricted net position for governmental activities is showing a negative balance due to the pension and OPEB adjustments without which the governmental unrestricted net position would be a ‘positive’ \$19,623,784. Unrestricted net position for governmental funds has increased in fiscal 2022 compared to fiscal 2021 by \$7,841,049. Net pension and OPEB liabilities were reduced during fiscal 2022 by \$3,028,598.

The Town’s components of changes in net position for Fiscal Years 2022 and 2021 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 4,059,931	\$ 3,592,562	\$ 23,677,749	\$ 21,615,740	\$ 27,737,680	\$ 25,208,302
Operating grants and contributions	813,018	1,321,893	-	-	813,018	1,321,893
Capital grants and contributions	3,269,526	2,950,211	4,421,340	7,380,860	7,690,866	10,331,071
General revenues:						
Property taxes	3,741,756	3,666,000	-	-	3,741,756	3,666,000
Business licenses taxes	6,900,820	6,126,515	-	-	6,900,820	6,126,515
Hospitality tax	3,596,332	3,208,712	-	-	3,596,332	3,208,712
State aid not restricted for specific purpose	688,712	563,011	-	-	688,712	563,011
Gain (loss) on sale of capital assets	-	23,889	(23,182)	10,255	(23,182)	34,144
Unrestricted investment earnings	29,566	11,363	63,379	33,253	92,945	44,616
Total revenues	<u>23,099,661</u>	<u>21,464,156</u>	<u>28,139,286</u>	<u>29,040,108</u>	<u>51,238,947</u>	<u>50,504,264</u>
<b>EXPENSES</b>						
Governmental activities:						
General government	3,473,015	3,526,511	-	-	3,473,015	3,526,511
Public safety	7,453,585	7,282,842	-	-	7,453,585	7,282,842
Parks and sanitation	3,610,656	3,496,682	-	-	3,610,656	3,496,682
Transportation	2,374,041	2,306,875	-	-	2,374,041	2,306,875
Victims' assistance	88,079	90,094	-	-	88,079	90,094
Tourism related	441,535	344,721	-	-	441,535	344,721
Debt service	76,241	356,421	-	-	76,241	356,421
Business-Type activities:						
Water and sewer system	-	-	23,146,563	21,778,517	23,146,563	21,778,517
Total expenses	<u>17,517,152</u>	<u>17,404,146</u>	<u>23,146,563</u>	<u>21,778,517</u>	<u>40,663,715</u>	<u>39,182,663</u>
Change in net position before special items and transfers	5,582,509	4,060,010	4,992,723	7,261,591	10,575,232	11,321,601
Transfers	117,836	(46,052)	(117,836)	46,052	-	-
Change in net position	5,700,345	4,013,958	4,874,887	7,307,643	10,575,232	11,321,601
Net position - beginning	42,300,304	38,286,346	100,271,699	92,964,056	142,572,003	131,250,402
Net position - ending	<u>\$ 48,000,649</u>	<u>\$ 42,300,304</u>	<u>\$105,146,586</u>	<u>\$100,271,699</u>	<u>\$153,147,235</u>	<u>\$142,572,003</u>

**Expenses and Program Revenues – Governmental Activities** – Governmental expenses are funded by fees for services, grants and contributions, and general revenues. The Statement of Activities details this activity for the Town.

The following table illustrates the ratio of governmental activities program revenue funding to general revenue funding for the year ended June 30, 2022. The percent funded by program revenues indicates the degree to which governmental activities are self-sustaining thereby reducing the overall cost of governmental activities that must be funded by the general taxpayers of the Town through general revenues.

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue	% Funded by Program Revenue	% Required to be Funded by General Revenues
General government	\$ 3,473,015	\$ 2,259,974	\$ (1,213,041)	65.07%	34.93%
Public safety	7,453,588	930,868	(6,522,720)	12.49%	87.51%
Parks and sanitation	3,610,656	3,005,826	(604,830)	83.25%	16.75%
Transportation	2,374,041	1,621,696	(752,345)	68.31%	31.69%
Victims' assistance	88,079	38,477	(49,602)	43.68%	56.32%
Tourism related	441,535	285,634	(155,901)	64.69%	35.31%
Debt service	76,241	-	(76,241)	0.00%	100.00%
Total	<u>\$ 17,517,155</u>	<u>\$ 8,142,475</u>	<u>\$ (9,374,680)</u>	46.48%	53.52%

### General Revenues by Source – Governmental Activities

	2022	2021
Property taxes	\$ 3,741,756	\$ 3,666,000
Business licenses taxes	6,900,820	6,126,515
Hospitality tax	3,596,332	3,208,712
State aid not restricted for specific purpose	688,712	563,011
Gain (loss) on sale of capital assets	-	23,889
Unrestricted investment earnings	29,566	11,363
Transfers	117,836	(46,052)
Total	<u>\$ 15,075,022</u>	<u>\$ 13,553,438</u>

**Revenue and Expenses – Governmental Activities** – Significant factors effecting governmental activities revenue and expenses during the year ended June 30, 2022, included the following:

- Charges for services increased \$467,369, or 13%. Franchise Fees, which makes up 54% of this category, were up \$157,280 or 8%. Impact Fees were up \$101,398 or 50% for the year as commercial construction was on the increase. Activity at the Icehouse Amphitheater ramped up in fiscal 2022 as Covid restrictions were lifted contributing an additional \$152,851 to revenue, a 251% increase over last year. Accommodations' tax revenue also increased \$115,433 or 68% over the prior year. Fines and Forfeiture revenue went up \$20,975 or 7% as court cases were resumed. These gains were partially offset by a decrease in Building permits of \$104,106 or 15% due to a decline in new residential construction partly due to climbing interest rates.

- Grants and contributions decreased in fiscal 2022, \$189,560 or 4%. Capital contributions of streets and roadways increased by \$815,743 as subdivisions were completed in fiscal 2022. These gains were offset by the Gibson Pond Dam reconstruction completion where Federal Emergency Management Agency (FEMA) and South Carolina Emergency Management Division (SCEMD) funds were received in fiscal 2021 and not in fiscal 2022.
- Property tax revenues were up a modest \$75,756, or 2%, as new properties are annexed and assessments on sold properties are increased to market value.
- Business license revenues were up approximately \$774,305, or 12.6%, as businesses in the Town have weathered the storm and are recovering from the pandemic.
- Unrestricted state revenues were up \$125,701, or 22% as more traffic signals have been added to the Town's responsibility and the state pays us for the maintenance.
- As there was still a lot of uncertainty related to the pandemic, the budget for fiscal 2022 was kept conservative. Every department kept close watch on their spending and overall spending only increased \$113,009 or 0.65% while still allowing a 1.4% cost of living raise to employees.

**Expenses and Program Revenues – Business-type Activities** – The Town operates the Combined Waterworks and Sewer System Enterprise Fund that comprises its business-type activities. The Enterprise Fund is used for all resources associated with supplying water and providing sewer services to domestic, business, and industrial customers within the Town limits and in the Town's service area in some surrounding unincorporated areas of Lexington County.

Business-type activities increased the Town's net position by \$4,874,887, accounting for 46% of the total gain in net position. Operating revenues increased 9.5% in 2022 while operating expenses increased by 6.4%. Capital contributions decreased 40.1%. The significant factors related to the changes are as follows:

- Charges for services increased \$2,062,009, or 7.3%. The Town's customer base has increased approximately 3% plus there was a 5.5% rate increase in 2022.
- Operating expenses increased \$1,192,678, or 6.41%. There was a 1.4% cost of living for fiscal 2022, merit increases were given and overall general inflation was experienced. These were offset by personnel turnover as well as restrictions on travel.
- Personnel costs decreased \$137,602 or 2%. While merit increases and a small cost of living were given there was significant personnel turnover and a number of vacant positions during the year that reduced personnel costs.
- Depreciation and amortization expense increased due to the completion of more water and sewer projects. This increase was offset in part by the reduction in Asset Retirement Obligation amortization as the final lagoons was fully amortized in fiscal 2022.
- Contractual services increased \$43,164 due to general inflation.
- Supplies and other operating expenses increased for fiscal year 2022 by \$740,219 due to general inflation and the growth of the system.
- Water and sewer treatment costs have risen \$208,127 or 5%.

- Capital contribution fees (CCF) decreased \$2,959,520. Actual cash contribution fees decreased \$3,118,264 as rising interest rates have slowed construction, while Developer Asset contributions increased \$158,744.

### **Financial Analysis of the Government's Funds**

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

**Governmental Funds** – The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2022, the Town's governmental funds reported combined ending fund balances of \$4,604,638, an increase of \$1,824,066. The General Fund increased \$1,738,698, the Hospitality Tax Fund increased \$418,066, the Downtown TIF fund increased \$112,255, the Corley Mill TIF Fund decreased \$761,484, the Gibson Pond Fund decreased \$1,242,185, while the Other Governmental Funds increased \$1,558,716. The fund balances that decreased are related to Bond Anticipation Notes (short term debt) that are carried on the balance sheet.

General Fund revenues were over budget by \$1,130,116, or 8.4% overall. Property Taxes were under budget by \$156,509 or 4%. Franchises, licenses, permits and fees are over budget \$1,008,566 or 11.7%. Of this amount \$774,304 is for Business licenses as businesses have recovered from the pandemic faster than expected. Other Government revenue was more than budget by \$188,712 or 38% as the Adaptive Computerized Signalization has come fully on line and the South Carolina Department of Transportation is paying the Town to maintain all of the lights on that system.

Of the \$4,604,638 governmental fund balances, unassigned fund balance is (\$5,833,672). Nonspendable fund balance of \$405,611 represents prepaid expenditures. Another portion of fund balance, \$6,597,573 is *restricted* to indicate it is subject to externally enforceable legal restrictions and therefore not available for general operations. \$3,435,126 of fund balance has been committed by Council. Of this, \$600,000 has been committed for a match to our local electric utility for underground electrical work, an additional \$1,932,955 has been committed to Streets and Infrastructure Fund, \$115,721 has been committed to the Downtown Development Fund, \$14,250 has been committed to the Amphitheater operations, \$100,560 for the Vision Plan, \$617,400 has been committed for Debt Service, \$29,758 has been committed for Park Improvements, and \$24,482 for Tuition Reimbursement for employees.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$8,229,163 or 57% of total fund expenditures.

The Town established the Downtown TIF District in fiscal 2015. The Downtown TIF District ended fiscal 2022 with a negative fund balance of \$4,105,961 primarily due to initially funding project expenditures with short term Bond Anticipation Notes (BAN).

The Town established the Corley Mill TIF District in fiscal 2016. The Corley Mill TIF District ended fiscal 2022 with a negative fund balance of \$3,331,968 primarily due to initially funding project expenditures with short term Bond Anticipation Notes (BAN).

The Town re-instituted the Hospitality Tax in fiscal 2016. The Hospitality Tax Fund ended the year with a restricted fund balance of \$4,164,838. According to state law, hospitality Tax funds may only be used for tourism related projects which include road projects that provide access to tourist destinations.

The Town received \$5,515,364 from the federal government as half of our ARPA distribution. Of these funds, \$4,049,064 are considered unearned because the Town has not met the requirements for their use at June 30, 2022.

The Gibson Pond Dam was rebuilt in fiscal 2022. This project was funded in part by the Federal Government and the State of South Carolina. The Town's portion is being funded by Bond Anticipation Notes (BAN's). This fund ended fiscal 2022 with a negative fund balance of \$6,472,378 because the BAN's are short term financing that is carried on the balance sheet.

The non-major funds report fund balances totaling \$5,115,533. Of this amount, \$1,938,205 or 38%, will be used for capital projects. Other fund balances are special revenue funds and will be used as follows: \$250,287 or 5% for tourism funding through Accommodations' tax; \$1,001,942 or 20% for Emergency Response and Recovery; and \$539,206 or 11% for capital improvements funded by Impact Fees. Other special revenue fund balances are for public safety, parks, and road funds where revenues were designated to specific expenditures.

The Town established the Emergency Response and Recovery Fund to fund a loan program for local businesses and other pandemic response measures. The program, administered by a local bank guarantees loans to a limited number of local businesses that have a valid Town of Lexington Business License and are located within the Town of Lexington. Each loan cannot exceed \$20,000, the interest rate cannot exceed 2% and the term may be for up to 4 years. The program has ended and no more loans are being guaranteed.

***Proprietary Fund*** – The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Substantially all factors related to the proprietary fund were discussed in relation to business-type activities in the government-wide discussion and analysis. The total increase in net position was \$4,874,887 resulting in ending net position of \$105,146,586.

**General Fund Budgetary Highlights** – General Fund revenues were more than budget by \$1,130,116. General Fund expenditures were less than the final budget by \$719,936. The revenue surplus was due a strong recovery by Town businesses generating significant increases in Business license revenue and additional funds from the State for traffic light maintenance. These items were discussed above.

The Town's original budget shows a balanced budget with the amount of budgeted reserve for contingencies included in the budget for capital. There were no budget amendments in fiscal 2022.



## **Capital Assets and Debt Administration**

**Capital and Intangible Assets** – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$227,795,840 (net of accumulated depreciation). The investment in capital assets includes land, buildings, water and sewer transportation and treatment system, roadways, sidewalks, storm water drainage system, parks, machinery and equipment.

The major capital asset events during the current year include:

- Construction in progress in governmental funds totaled \$6,905,927, related to several road projects under construction as well as the Old Mill Trail and the start of the Virginia Hylton Park reconstruction.
- Capitalization of the Gibson Pond Dam for \$5,964,473.
- Completion of Clark House renovations of \$273,855.
- Capitalization of road work on Highway 378 at Mineral Springs Road totaling \$3,000.
- Land acquisition needed for road improvements of \$777,284.
- Acquisition of vehicles totaling \$721,713 for the Police Department, \$19,160 for the Administration Department, \$31,688 for Building Planning and Zoning, \$231,593 for Parks and Sanitation, and \$144,896 for Utilities.
- Acquisition of Christmas decorations for various parks of \$41,312.
- Donation of roads totaling \$1,270,540.
- Acquisition of equipment of \$186,885, computer equipment and software of \$55,769 and easements of \$76,565 – all for Utilities.
- Developer contributions of pump stations of \$400,000 and water and sewer lines of \$2,653,719 for the Utilities system.
- System improvements for Utilities including pump stations totaling \$5,167,148 and other system improvements totaling \$4,627,066.
- Construction in progress in business-type activities totaled \$13,281,900, related to construction and extension of water and sewer lines.

Additional information on the Town’s capital assets can be found in *Note 7* and in supplemental information on pages following the notes to the financial statements.

**Long-Term Debt** – At year end June 30, 2022, the Town had total indebtedness outstanding of \$101,525,413. The Town had no long term debt secured by the full faith and credit of the Town. The total bonded debt secured by the pledge of net revenues of the Enterprise Fund totaled \$84,676,043. Additional information on the Town’s long-term debt can be found in *Note 9*.

**Short-Term Debt** -- During the year ended June 30, 2022, the Town issued Bond Anticipation Notes totaling \$15,565,000. These are considered short-term borrowings but will eventually be replaced with long-term debt. The Governmental Fund BAN's total \$15,565,000, with \$7,540,000 secured by the full faith and credit of the Town. The remaining Governmental Fund BAN's are secured by the pledge of future revenue bonds or BAN's. The Enterprise Fund has no short term debt. Additional information on the Town's short-term debt can be found in *Note 9*.

**Economic Factors and Next Year's Budgets and Rates** – The Town of Lexington continues to experience growth and shows definite signs of a strong economy. The general increase in economic activity in the Town's corporate limits and service area continues to drive revenues for the general government and the water and sewer enterprise fund. Growth naturally places demands on the Town for additional services and creates quality of life challenges including heavy traffic. The Town's approved budget for fiscal year 2023 did not include a tax increase, however, it did include a 7.4% increase in building permit fees, dog park fees, and facility rental fees as well as a 5.5% rate increase for the water and sewer fund.

#### **Request for Information**

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

## BASIC FINANCIAL INFORMATION

TOWN OF LEXINGTON, SOUTH CAROLINA

**Town of Lexington, South Carolina**

**Statement of Net Position**

**June 30, 2022**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>Assets</b>			
Current assets:			
Cash and temporary investments	\$ 13,076,560	\$ 20,401,542	\$ 33,478,102
Receivables, net	389,621	4,159,382	4,549,003
Due from other governments	540,254	-	540,254
Inventories-supplies	-	792,325	792,325
Prepays	405,611	36,455	442,066
Restricted: cash and temporary investments	12,239,484	2,392,264	14,631,748
Restricted: other receivables	469,744	-	469,744
Total current assets	<u>27,121,274</u>	<u>27,781,968</u>	<u>54,903,242</u>
Noncurrent assets:			
Land and construction in progress	15,469,084	15,082,511	30,551,595
Buildings, vehicles, equipment, and infrastructure	41,915,769	121,865,815	163,781,584
Capacity reserve	-	32,111,151	32,111,151
Retail distribution rights	-	1,351,506	1,351,506
Prepaid capital improvements	-	1,644,984	1,644,984
Total noncurrent assets	<u>57,384,853</u>	<u>172,055,967</u>	<u>229,440,820</u>
Total assets	<u>84,506,127</u>	<u>199,837,935</u>	<u>284,344,062</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflow pension related	2,917,740	1,472,342	4,390,082
Deferred charge on refunding	-	2,277,258	2,277,258
Total deferred outflows of resources	<u>2,917,740</u>	<u>3,749,600</u>	<u>6,667,340</u>
Total assets and deferred outflows of resources	<u>87,423,867</u>	<u>203,587,535</u>	<u>291,011,402</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other current liabilities	6,542,462	2,128,982	8,671,444
Liabilities payable from restricted assets	376,470	1,012,410	1,388,880
Unearned income	4,980,233	-	4,980,233
Noncurrent: due within one year	16,171,636	2,360,013	18,531,649
Total current liabilities	<u>28,070,801</u>	<u>5,501,405</u>	<u>33,572,206</u>
Noncurrent liabilities:			
Noncurrent: due in more than one year	337,202	82,656,562	82,993,764
Asset retirement obligation	-	977,902	977,902
Net pension liability	12,765,624	7,519,592	20,285,216
OPEB liability	263,800	146,301	410,101
Total noncurrent liabilities	<u>13,366,626</u>	<u>91,300,357</u>	<u>104,666,983</u>
Total liabilities	<u>41,437,427</u>	<u>96,801,762</u>	<u>138,239,189</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	1,999	307,830	309,829
Deferred inflows pension related	2,964,025	1,331,357	4,295,382
Total deferred inflows of resources	<u>2,966,024</u>	<u>1,639,187</u>	<u>4,605,211</u>
Total liabilities and deferred inflows of resources	<u>44,403,451</u>	<u>98,440,949</u>	<u>142,844,400</u>
<b>Net Position</b>			
Net investment in capital assets	43,264,911	89,383,652	132,648,563
Restricted for:			
Capital projects	812,803	1,894	814,697
Debt service	-	466,038	466,038
General government	-	-	-
Parks	201,432	-	201,432
Public safety	30,351	-	30,351
Tourism	4,327,486	-	4,327,486
Transportation	340,500	-	340,500
Unrestricted	(976,834)	15,295,002	14,318,168
Total net position	<u>\$ 48,000,649</u>	<u>\$ 105,146,586</u>	<u>\$ 153,147,235</u>

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

**Town of Lexington, South Carolina**

**Statement of Activities**

**June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 3,473,015	\$ 756,247	\$ 11,200	\$ 1,492,527	\$ (1,213,041)	\$ -	\$ (1,213,041)
Public safety	7,453,585	268,345	589,653	72,870	(6,522,717)	-	(6,522,717)
Parks and sanitation	3,610,656	2,448,635	212,004	345,187	(604,830)	-	(604,830)
Transportation	2,374,041	262,640	114	1,358,942	(752,345)	-	(752,345)
Victims' assistance	88,079	38,430	47	-	(49,602)	-	(49,602)
Tourism related	441,535	285,634	-	-	(155,901)	-	(155,901)
Debt service	76,241	-	-	-	(76,241)	-	(76,241)
Total governmental activities	17,517,152	4,059,931	813,018	3,269,526	(9,374,677)	-	(9,374,677)
Business-type activities:							
Waterworks and Sewer System Enterprise Fund	23,146,563	23,677,749	-	4,421,340	-	4,952,526	4,952,526
Total business-type activities	23,146,563	23,677,749	-	4,421,340	-	4,952,526	4,952,526
Total primary government	\$ 40,663,715	\$ 27,737,680	\$ 813,018	\$ 7,690,866	\$ (9,374,677)	\$ 4,952,526	\$ (4,422,151)
General revenues:							
Property taxes					3,741,756	-	3,741,756
Business license taxes					6,900,820	-	6,900,820
Hospitality tax					3,596,332	-	3,596,332
State aid not restricted for specific purpose					688,712	-	688,712
Gain (loss) on sale of capital assets					-	(23,182)	(23,182)
Unrestricted investment earnings					29,566	63,379	92,945
Transfers					117,836	(117,836)	-
Total general revenues, special items, and transfers					15,075,022	(77,639)	14,997,383
Change in net position					5,700,345	4,874,887	10,575,232
Net position - beginning					42,300,304	100,271,699	142,572,003
Net position - ending					\$ 48,000,649	\$ 105,146,586	\$ 153,147,235

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

**Town of Lexington, South Carolina**

**Balance Sheet  
Governmental Funds**

**June 30, 2022**

	General Fund	ARPA	Hospitality Tax Fund	Downtown TIF District	Corley Mill TIF District	Gibson Pond Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>								
Cash and temporary investments	\$ 9,313,132	\$ -	\$ -	-	\$ -	\$ -	\$ 3,763,428	\$ 13,076,560
Receivables, net	380,596	-	-	-	-	-	9,025	389,621
Due from other funds	436,395	-	-	-	-	-	-	436,395
Prepaid items	405,611	-	-	-	-	-	-	405,611
Due from other governments	202,679	-	-	-	-	-	337,575	540,254
Restricted:								
Cash and temporary investments	-	4,049,064	4,182,806	404,718	241,460	983,053	2,378,383	12,239,484
Due from other governments	-	-	-	31	-	145,909	-	145,940
Other receivables	-	-	311,668	-	12,136	-	-	323,804
Total assets	\$ 10,738,413	\$ 4,049,064	\$ 4,494,474	\$ 404,749	\$ 253,596	\$ 1,128,962	\$ 6,488,411	\$ 27,557,669
<b>Liabilities</b>								
Accounts payable	\$ 688,669	\$ -	\$ 64,096	\$ 5,710	\$ 44,296	\$ 10,093	\$ 38,576	\$ 851,440
Accrued payroll liabilities	461,018	-	-	-	-	-	11,639	472,657
Due to other funds	-	-	-	-	9,132	51,247	376,016	436,395
Construction payables	-	-	265,540	-	-	-	-	265,540
Revenue bonds - current	-	-	-	4,505,000	3,520,000	7,540,000	-	15,565,000
Unearned income	-	4,049,064	-	-	-	-	931,169	4,980,233
Other liabilities	212,954	-	-	-	9,500	-	15,678	238,132
Total liabilities	1,362,641	4,049,064	329,636	4,510,710	3,582,928	7,601,340	1,373,078	22,809,397
<b>Deferred Inflows of Resources</b>								
Unavailable revenue	140,998	-	-	-	2,636	-	-	143,634
Total deferred inflows of resources	140,998	-	-	-	2,636	-	-	143,634
Total liabilities and deferred inflows of resource	1,503,639	4,049,064	329,636	4,510,710	3,585,564	7,601,340	1,373,078	22,953,031
<b>Fund Balances (Deficits)</b>								
Nonspendable	405,611	-	-	-	-	-	-	405,611
Restricted	-	-	4,164,838	-	-	-	2,432,735	6,597,573
Committed	600,000	-	-	-	-	-	2,835,126	3,435,126
Unassigned	8,229,163	-	-	(4,105,961)	(3,331,968)	(6,472,378)	(152,528)	(5,833,672)
Total fund balances (deficits)	9,234,774	-	4,164,838	(4,105,961)	(3,331,968)	(6,472,378)	5,115,333	4,604,638
Total liabilities and fund balances (deficits)	\$ 10,738,413	\$ 4,049,064	\$ 4,494,474	\$ 404,749	\$ 253,596	\$ 1,128,962	\$ 6,488,411	\$ 27,557,669

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

# Town of Lexington, South Carolina

## Balance Sheet Governmental Funds

- Continued -

June 30, 2022

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

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<b>Fund balances -- governmental funds</b>	<b>\$ 4,604,638</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used (including leased assets) in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$81,460,531 and the accumulated depreciation and amortization is \$24,075,678.	57,384,853
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Property taxes receivable that are not available to pay for expenditures for the current period are not recognized in the governmental funds.	141,635
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Accrued interest on bonds in governmental funds is not due and payable in the current period and therefore is not reported as a liability in the funds.	(110,930)
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Long-term liabilities, including bonds payable, net pension liability, and other post employment benefits (OPEB) are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Lease	(50,028)	
Compensated absences	(893,810)	
Net pension and OPEB related items	(13,075,709)	
		(14,019,547)

Net position of governmental activities	<u><u>\$ 48,000,649</u></u>
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*The notes to financial statements are an integral part of this statement.*



**Town of Lexington, South Carolina**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**

**For the Year Ended June 30, 2022**

	General Fund	ARPA	Hospitality Tax Fund	Downtown TIF District	Corley Mill TIF District	Gibson Pond Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>								
Property taxes	\$ 3,743,491	\$ -	\$ -	\$ 248,873	\$ 29,167	\$ -	\$ -	\$ 4,021,531
Franchises, licenses, permits and fees	9,658,566	-	-	-	-	-	-	9,658,566
Other governments	688,712	-	-	-	-	-	-	688,712
Hospitality tax	-	-	3,584,666	-	-	-	-	3,584,666
Road assessment	-	-	-	-	-	-	-	47,994
Grant revenue	-	1,466,300	-	-	-	-	47,994	2,197,654
Alcohol permits	-	-	-	-	-	-	62,100	62,100
Fines and forfeitures	265,447	-	-	-	-	-	41,304	306,751
Impact fees	-	-	-	-	-	-	305,507	305,507
Interest income	14,065	12,876	11,666	539	114	5,033	10,960	55,253
Accommodations tax	-	-	-	-	-	-	285,131	285,131
Miscellaneous	141,035	-	-	-	-	-	449,729	590,764
Total revenues	14,511,316	1,479,176	3,596,332	249,412	29,281	5,033	1,934,079	21,804,629
<b>Expenditures</b>								
Current:								
General government	3,022,196	-	-	-	-	-	268,118	3,290,314
Public safety	6,155,948	-	-	-	-	-	584,786	6,740,734
Parks and sanitation	2,533,436	-	-	-	-	-	421,466	2,954,902
Transportation	1,109,836	-	-	-	-	-	-	1,109,836
Victims' assistance	-	-	-	-	-	-	89,109	89,109
Tourism related	-	-	-	-	-	-	202,409	202,409
Debt service:								
Interest	-	-	-	13,140	8,921	137,794	4,613	164,468
Principal retirement	-	-	-	-	-	-	314,950	314,950
Bond issuance costs	-	-	-	115,982	123,145	148,028	-	387,155
Capital outlay:								
General government	311,884	-	-	-	-	-	8,713	320,597
Public safety	920,252	-	-	-	-	-	148,177	1,068,429
Parks and sanitation	294,913	-	-	8,035	-	220,096	240,663	763,707
Transportation	141,518	-	-	-	658,699	-	93,128	893,345
Tourism related	-	-	1,937,761	-	-	-	-	1,937,761
Total expenditures	14,489,983	-	1,937,761	137,157	790,765	505,918	2,376,132	20,237,716
Excess (deficiency) of revenues over expenditure	21,333	1,479,176	1,658,571	112,255	(761,484)	(500,885)	(442,053)	1,566,913
<b>Other Financing Sources (Uses)</b>								
Other financing source - lease	64,944	-	-	-	-	-	-	64,944
Sale of capital assets	-	-	-	-	-	-	74,373	74,373
Transfers in	2,940,540	-	-	-	-	-	2,147,255	5,087,795
Transfers out	(1,288,119)	(1,479,176)	(1,240,505)	-	-	(741,300)	(220,859)	(4,969,959)
Total other financing sources (uses)	1,717,365	(1,479,176)	(1,240,505)	-	-	(741,300)	2,000,769	257,153
Net change in fund balances	1,738,698	-	418,066	112,255	(761,484)	(1,242,185)	1,558,716	1,824,066
Fund balances - beginning	7,496,076	-	3,746,772	(4,218,216)	(2,570,484)	(5,230,193)	3,556,617	2,780,572
Fund balances - ending	\$ 9,234,774	\$ -	\$ 4,164,838	\$ (4,105,961)	\$ (3,331,968)	\$ (6,472,378)	\$ 5,115,333	\$ 4,604,638

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

**Town of Lexington, South Carolina**

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

**For the Year Ended June 30, 2022**

- Continued -

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

Net change in fund balances - total government funds	\$	1,824,066
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Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$5,854,099 and the accumulated depreciation and amortization is \$2,265,726 less the cost of asset disposal of \$74,373.	3,514,000
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Repayment of long-term liabilities, such as bonds payable and capital leases, is an expenditure in the governmental funds, but reduces liabilities in the statement of net assets.	275,752
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Accrued interest on bonds is not due and payable in the current period and is therefore not expensed in the governmental funds. Accrued interest was reduced in fiscal year 2022.	88,262
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Property taxes that are not available to pay for expenditures for current period are not recognized as revenue in the governmental funds, but are in the statement of activities. Deferred property tax revenue was reduced in fiscal year 2022.	(1,735)
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Change in net position of governmental activities	<u>\$</u>	<u>5,700,345</u>
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*The notes to financial statements are an integral part of this statement.*

**Town of Lexington, South Carolina**

**Statement of Net Position  
Proprietary Fund**

**June 30, 2022**

	Business-type Activities - Enterprise Fund Water/Sewer Fund
<b>Assets</b>	
Cash and temporary investments	\$ 20,401,542
Receivables, net	4,159,382
Inventories - supplies	792,325
Prepaid items	36,455
Restricted - cash and temporary investments	2,392,264
Land and construction in progress	15,082,511
Buildings, vehicles, equipment and infrastructure	121,865,815
Intangible - capacity reserve	32,111,151
Intangible - retail distribution rights	1,351,506
Prepaid capital improvements	1,644,984
Total assets	<u>199,837,935</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflow pension related	1,472,342
Deferred charge on refunding	2,277,258
Total deferred outflows of resources	<u>3,749,600</u>
Total assets and deferred outflows of resources	<u><u>203,587,535</u></u>
<b>Liabilities</b>	
Accounts payable	1,766,800
Accrued payroll liabilities	288,147
Customer deposits	74,035
Construction payables	608,405
Accrued interest	404,005
Accrued compensated absences-current portion	225,000
Revenue bonds - current	2,135,013
Accrued compensated absences	110,240
Revenue bonds payable	82,546,322
Asset retirement obligation	977,902
OPEB liability	146,301
Net pension liability	7,519,592
Total liabilities	<u>96,801,762</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflow - leases	307,830
Deferred inflow OPEB related	228,889
Deferred inflow pension related	1,102,468
Total deferred inflows of resources	<u>1,639,187</u>
Total liabilities and deferred inflows of resources	<u><u>98,440,949</u></u>
<b>Net Position</b>	
Net investment in capital assets	89,383,652
Restricted for:	
Capital projects	1,894
Debt service	466,038
Unrestricted	15,295,002
Total net position	<u><u>\$ 105,146,586</u></u>

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

# Town of Lexington, South Carolina

## Statement of Revenues, Expenses, and Changes in Net Position Proprietary Fund

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Fund Water/Sewer Fund
<b>Operating Revenues</b>	
Water service	\$ 6,458,378
Sewer service	16,550,068
Tap and meter fees	85,108
Other income	584,195
Total operating revenues	23,677,749
<b>Operating Expenses</b>	
Salaries and benefits	6,198,798
Water and sewer treatment services	4,362,684
Contractual services	801,503
Supplies	499,695
Depreciation and amortization	5,605,798
Other operating expense	2,202,918
Total operating expenses	19,671,397
Operating income	4,006,352
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	63,379
Interest expense	(2,904,545)
Sale of capital assets	(23,182)
Bond issuance costs	(570,621)
Total nonoperating revenues (expenses)	(3,434,969)
Income (loss) before contributions and transfers	571,383
<b>Capital Contributions</b>	
Capital contribution fees	1,367,621
Developer capital asset contributions	3,053,719
Total capital contributions	4,421,340
Transfers out	(117,836)
Total transfers	(117,836)
Change in net position	4,874,887
Total net position - beginning	100,271,699
Total net position - ending	\$ 105,146,585

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

**Town of Lexington, South Carolina**

**Statement of Cash Flows  
Proprietary Fund**

**For the year ended June 30, 2022**

	Business-type Activities - Enterprise Fund Water/Sewer Fund
<b>Cash Flows from Operating Activities</b>	
Cash receipts from customers	\$ 23,395,653
Payments to employees	(5,815,975)
Payments to suppliers	(8,489,423)
Net cash provided by operating activities	<u>9,090,255</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase and construction of capital assets	(7,100,739)
Bond issuance costs paid	(570,621)
Principal paid on capital debt	(21,561,647)
Interest and fees paid	(3,064,480)
Proceeds from bond issuance	18,568,944
Proceeds from capital contribution fees	1,367,621
Gain (loss) on sale of assets	3,045
Net cash provided (used) by capital and related financing activities	<u>(12,357,877)</u>
<b>Cash Flows from Investing Activities</b>	
Interest received	<u>63,379</u>
Net cash provided by investing activities	63,379
Net increase (decrease) in cash and cash equivalents	(3,204,242)
Balances - beginning of year	25,998,049
Balances - end of the year	<u><u>\$ 22,793,806</u></u>
Reconciliation to the Statement of Net Position	
Cash and temporary investments	\$ 20,401,542
Restricted -- cash and temporary investments	2,392,264
	<u><u>\$ 22,793,806</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 4,006,352
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	5,605,798
Changes in assets and liabilities:	
Customer receivables	(287,250)
Inventory	(30,312)
Prepaid items	27,458
Accounts payable - supplier	(620,296)
Customer deposits	5,154
Compensated absences	(17,291)
Salaries and benefits payable	400,642
Net cash provided by operating activities	<u><u>\$ 9,090,255</u></u>
<b>Noncash investing, capital and financing supplementary information</b>	
Revenue bond principal accretion and discount amortization	\$ 2,769
Revenue bond and BAN premium and deferred amount on refunding amortization	\$ (439,028)
Contributed capital assets from developers	<u><u>\$ 3,053,719</u></u>

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Town of Lexington, South Carolina (the “Town”) was incorporated January 28, 1861. The Town operates under a Council form of government and is governed by a six (6) member council and Mayor. The Town provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, recreation, public improvements, planning and zoning, utilities (water and sewer) and general administrative services.

The financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Using the criteria of GASB, the accompanying financial statements of the Town present the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the Town’s financial statements to be misleading or incomplete. Blended component units are legally separate entities that are, substantially, part of the government’s operations and so data from such units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The Town does not have any discretely presented component units. Its blended component unit has the same fiscal year end as the Town.

**Blended Component Unit**

The Saxe Gotha Lexington Public Facilities Corporation (the “Corporation”) is governed by a board comprised of the Town’s elected Council. The Corporation has been organized exclusively for charitable purposes, specifically to promote essential governmental endeavors and functions, primarily the construction of one or more projects, including, without limitation, the construction of public facilities for the Town and all required site work (or any part thereof) and to finance the cost of such construction on behalf of the Town

-- Continued --

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

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

The Corporation has issued Saxe Gotha Lexington Public Facilities Corporation Revenue Bond Anticipation Notes, Series 2022 (the Corporation BAN’s, Ice House) for the purpose of providing interim financing (pending the issuance of Revenue Bonds) for the purchase of the Tax Increment Financing (Ice House TIF) Bond, Series 2015 from the Town in accordance with the terms of the Bond Purchase Agreement between the Town and the Corporation. The Ice House TIF Bond is being issued as a cash-flow obligation payable solely from available TIF Revenues generated by the Ice House Redevelopment Project Area and available under the TIF Act. As a condition to the purchase of the Ice House TIF Bond by the Corporation, the Town has agreed to enter into a Deposit and Reimbursement Agreement with the Trustee whereby the Town agrees to reimburse any cash flow shortfalls in TIF Revenues available for the payment of the Revenue Bonds by paying debt service in full when due on the Revenue Bonds, subject to non-appropriation in any fiscal year by the Town Council and reimbursing such payment from the TIF Revenues when available. Due to its relationship and blending in the financial statements, the Corporation BAN and project expenditures are recorded in the Downtown TIF District Fund (Downtown TIF). The Corporation BAN is reflected as governmental activities current liabilities in the Town’s statement of net position.

Town Council enacted an additional ordinance in May 2017, establishing the Corley Mill Redevelopment Plan for the Town of Lexington as part of the establishment of the Corley Mill/Sunset Boulevard Gateway TIF District (Corley Mill TIF) pursuant to the South Carolina Tax Increment Financing Law (Title 31, Chapter 6 of the Code of Laws of South Carolina 1976, as amended) (the “TIF Act”). Accordingly, tax increment financing is expected to fund redevelopment projects identified in the Corley Mill Redevelopment Plan.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

The Corporation has issued Saxe Gotha Lexington Public Facilities Corporation Revenue Bond Anticipation Notes, Series 2022 (Corporation BAN's, Corley Mill) for the purpose of providing interim financing (pending the issuance of Revenue Bonds) for the purchase of the Tax Increment Financing (Corley Mill TIF) Bond, Series 2018 from the Town in accordance with the terms of the Bond Purchase Agreement between the Town and the Corporation. The Corley Mill TIF Bond is being issued as a cash flow obligation payable solely from available TIF Revenues generated by the Corley Mill Redevelopment Project Area and available under the TIF Act. As a condition to purchase the Corley Mill TIF Bond by the Corporation, the Town has agreed to enter into Deposit and Reimbursement Agreement with the Trustee whereby the Town agrees to reimburse any cash flow shortfalls in TIF Revenues available for the payment of the Revenue Bonds by paying debt service in full when due on the Revenue Bonds, subject to non-appropriation in any fiscal year by the Town Council and reimbursing such payment from the TIF Revenues when available. Due to its relationship and blending in the financial statements, the Corporation BAN and project expenditures are recorded in the Corley Mill TIF District Fund (Corley Mill TIF). The Corporation BAN is reflected as governmental activities current liabilities in the Town's statement of net position.

**B. Basis of Presentation**

**Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements - The Government-wide financial statements consist of a Statement of Net Position and the Statement of Activities and reports information of the government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities are generally those activities financed by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

The Town reports the following major governmental funds:

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

ARPA Fund – Funds received from the American Rescue Plan Act (ARPA) and associated expenditures are accounted for in the ARPA fund.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

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

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

Hospitality Tax Fund – The Hospitality Tax fund is used to account for revenues received from the Town's hospitality tax and expenditures for projects that were approved to be paid from these funds.

Gibson Pond Fund – The Gibson Pond fund is used to account for the rebuilding of the Gibson Pond Dam. It also shows funding from the Federal Emergency Management Agency (FEMA), the South Carolina Emergency Management Division (SCEMD) as well as other associated short term financing.

The Town reports the following major proprietary fund:

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

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

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) “Measurable” means the transaction can be identified, and “available” means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year. Expenditures for compensated absences and claims and judgments are recorded only when payment is due.

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

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

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

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

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

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

Deposits and Investments

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

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

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

Receivables and Payables

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

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

Inventory

Inventory is valued at cost, using the first-in, first-out method. Inventory in the Waterworks and Sewer System Enterprise Fund during the year ended June 30, 2022, consists of various supplies and other inventorable items, which are expensed at the time they are consumed.

Deferred Charges

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

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items and under the consumption method, expensed when consumed. Prepaid items in governmental funds result in nonspendable fund balance.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

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

Restricted Assets

Certain proceeds of the Town's long-term debt as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is restricted by legal or contractual requirements, including bond covenants. These accounts are set up to report resources set aside to fund certain capital projects, accumulate funds for the repayment of debt requirements, and to accumulate funds for unexpected contingencies or asset renewals and replacements.

Capital Assets

All property, plant, equipment, infrastructure assets (i.e., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the Town), and intangible assets are valued at historical cost or estimated historical cost if actual historical cost is not available in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated property, plant and equipment are valued at estimated fair value on the date donated. Donated works of art or similar items as well as capital assets received in a service concession arrangement would be reported at acquisition value rather than fair value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation/Amortization is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

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

Leases

For the year ended June 30, 2022 the Town adopted GASB Statement Number 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information refer to *Note 4, Note 7, and Note 9* below.

The Town routinely engages in lease agreements to meet operational needs or serve the general public. The Town's lease contracts generally related to office equipment. On a more limited basis, the Town also serves as a lessor for office space to the South Carolina Highway Department in the General Fund and rental of the water towers to allow the mounting of cell antennas in the Proprietary Fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense/expenditure until then. The Town has two items that qualify for reporting in this category, both of which are only reported in the government-wide statement of net position and the proprietary fund statement of net position. The first item is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred outflow related to pensions. See *Note 13* for further detail related to pensions.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until that time. The Town has two items that qualify for reporting in this category. The first item, which arises only under a modified accrual basis of accounting, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes that were unavailable at year end. These amounts are deferred and will be recognized as revenue when they become available. The second item is deferred inflow related to pensions. These items appear only on the government wide statement of net position and the proprietary fund statement of net position. See *Note 13* for further detail related to pensions.

Compensated Absences

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

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

In addition, once an employee has reached their first anniversary date, if they use less than 40 hours of sick leave in a given calendar year, 40 hours of sick leave is converted to annual leave on January first of the following year. An employee may accrue up to forty-five (45) days of vacation leave and one hundred eighty (180) days of sick leave. Upon termination of employment, any accrued vacation leave is earned and payable, whereas no compensation is provided for sick leave. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Compensated absences of governmental activities have in prior years typically been funded by the General Fund.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

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

Long-Term Liabilities

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

Pension Liability

During 2015, the Town adopted the provisions of GASB 68 “Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27.” GASB required that the Town recognize in its government wide statements their proportionate share of pension liability as a participant in the South Carolina Retirement System and the Police Officer Retirement System. See *Note 13* for additional information.

Net Position Flow Assumption

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Revenue**

Program Revenue and General Revenue

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

Property Tax Revenue

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

The Downtown TIF District Fund ("Downtown TIF") was established in September 2014. Property tax revenue recorded in the Downtown TIF Fund represents taxes resulting from the incremental increase in assessed values within the Downtown TIF District occurring after the establishment of the Downtown TIF District. The Town entered an intergovernmental agreement with Lexington School District One ("School District") that limits the incremental revenues allocable to the Downtown TIF District from the School District. The limits include exclusion of School District debt service millage, amounts subject to reimbursement to the School District for various homestead exemptions allowed under state law, and a maximum aggregate limit of \$3,400,000 during the term of the Downtown TIF District. Accordingly, Downtown TIF District related property tax revenues for the year ended June 30, 2022 totaled \$248,873 with cumulative Downtown TIF revenues since inception totaling \$854,031. The Downtown TIF district expires December 31, 2029.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Revenue (Continued)**

The Corley Mill TIF District Fund (“Corley Mill TIF”) was established in May 2017. Property tax revenue recorded in the Corley Mill TIF represents taxes resulting from the incremental increase in assessed values within the Corley Mill TIF District since that date. The Town entered an intergovernmental agreement with the School District that limits the incremental revenues allocable to the Corley Mill TIF from the School District. The limits include exclusion of the School District debt service millage and amounts subject to reimbursement to the School District for various homestead exemptions allowed under state law including owner occupied real property. Corley Mill TIF revenue from the School District is further limited by a maximum of thirty-percent (30%) of remaining school operating millage applied to the incremental assessed value. Additionally, an aggregate limit of \$3,800,000 applies to School District incremental revenues during the term of the Corley Mill TIF District. Accordingly, Corley Mill TIF District related property tax revenue for the year ending June 30, 2022 totaled \$29,167 with cumulative Corley Mill TIF revenues since inception totaling \$97,522. The Corley Mill TIF district expires December 31, 2036.

Capital Contributions

Contributions generally include developer contributions of deeded infrastructure assets associated with water and wastewater systems and Capital Contribution Fees (CCF’s). Deeded infrastructure assets are recognized as capital assets and contributions at the estimated fair value at the date of transfer. CCF’s are charges assessed against new development to recover major capital costs associated with reserving capacity in the Town’s utility systems. These fees are deemed to be ‘imposed non-exchange transactions’ and are recognized in the same period that the assets are received or when the Town has a legally enforceable claim to the assets. There are no time requirements of when such resources can be used, and while it is uncustomary for such resources to be refunded, certain “Sanitary Sewer Service Agreements” do allow the refund of paid CCF’s for any unused (or excess) fee certificates after the development project is completed. At year ended June 30, 2022 there were no paid CCF’s for any unused system capacity reserved for future development or discontinuation of projects. Additionally, the Town maintained contractual agreements that allow certain developers to pay CCF’s on an installment basis which totals \$2,355,075 at June 30, 2022 of which the Town has fully reserved an allowance for doubtful accounts.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

**E. Revenue (Continued)**

Hospitality Tax

During Fiscal 2016 pursuant to SC Code Section 6-1-730, the Town adopted a 2% Hospitality Tax on prepared foods and beverages. Proceeds of this tax must be used for the purposes outlined in the Code.

**F. Fund Balance**

Fund balance reporting for the fund level financial statements of the Town are reported in accordance with Governmental Accounting Standards with the objective of providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The following categories are being used:

Nonspendable Fund Balance

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

Restricted Fund Balance

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

Committed Fund Balance

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, Town Council. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Fund Balance is committed by Town Council by ordinance requiring two readings and a public hearing during the budget cycle. A budget amendment would be necessary, again requiring two readings and a public hearing, to change the commitment. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Town recognizes committed fund balances that have been approved for specific purposes by Town Council before the fiscal year end.

Assigned Fund Balance

Assigned fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment rests with Town Council but does not require a formal ordinance. Therefore, Town Council may direct that an assignment be removed or modified without a formal ordinance.

Unassigned Fund Balance

Unassigned fund balance is the residual classification for the General Fund. It includes amounts that have not been assigned to other funds and has not been restricted, committed, or assigned for specific purposes within the General Fund. The General Fund is the only fund to report a positive unassigned fund balance amount. However, in other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**1. Summary of Significant Accounting Policies (Continued)**

**G. Pensions**

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

**2. Stewardship, Compliance and Accountability**

**A. Budgets and Budgetary Accounting**

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

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

- 1) The various departments meet with the Finance Director, Town Administrator, and Assistant Town Administrator during the third quarter of the fiscal year to discuss their operating budget requests.
- 2) In the last quarter of the fiscal year, Council meets in a workshop to discuss all the departments' budgets.
- 3) The proposed budget is then compiled and enacted prior to July 1 in the form of an ordinance with two readings and one public hearing.
- 4) Department budgets may be adjusted to transfer budgeted amounts among line items with the approval of the Department Director and the Town Administrator or the Finance Director. The authority to adjust department budgets does not extend to personnel or capital improvements budgets.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**2. Stewardship, Compliance and Accountability (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

- 5) Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Debt Service and Waterworks and Sewer System Enterprise Funds.

**B. Encumbrances**

Encumbrances represent outstanding purchase orders or commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the Governmental Fund Types. During the year ended June 30, 1997, the Town Council changed its policy whereby all appropriations for contracts and commitments lapse at fiscal year-end. Therefore, no reserve for encumbrances is applicable for year ended June 30, 2022.

**3. Deposits and Investments**

The Town had the following temporary investments at June 30, 2022:

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Maturity</u></b>	<b><u>Credit Rating</u></b>
State Treasurer's Investment Pool	\$ 26,454,680	7/2/20 to 12/8/20	Unrated
Governmental Mutual Funds	4,945,992	On-Demand	AAA
Total fair value	<u>\$ 31,400,672</u>		

**Interest rate risk:**

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**3. Deposits and Investments (Continued)**

Credit risk:

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

Statutes also allow the State Treasurer to assist local governments in investing funds. The State Treasurer also provides oversight for the State Treasurer's Local Government Investment Pool (LGIP), of which, the fair value of the Town's investments are the same as the value of the pooled shares. Permitted investments for the LGIP are (1) obligations of the United States, its agencies and instrumentalities; (2) obligations of corporations, states, and political subdivisions which bear an investment grade rating at a minimum of two rating agencies; (3) certificates of deposit, if the certificates are secured collaterally by securities of the types described in (1) and (2) of this paragraph and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government; (4) obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank; (5) repurchase agreements, if collateralized by securities of the types described in items (1) and (2) of this paragraph and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and (6) guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.

The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. The Town is under no contractual agreements which further restrict investment alternatives.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**3. Deposits and Investments (Continued)**

Concentration of credit risk:

The Town's investment policy does not allow for an investment of more than 50% of the Town's total investment portfolio in any one issuer or type of security, with the exception of United States Treasuries and authorized pools. At June 30, 2022, the Town had investments in governmental mutual funds representing 15.8% of the total investment portfolio.

Custodial credit risk – deposits:

In the case of deposits, this is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At June 30, 2022, the reported carrying amount of the Town's cash deposits with financial institutions was \$16,707,178 and the financial institutions' balances totaled \$17,886,938. The balance was fully insured and collateralized. The Town had \$2,000 on hand at June 30, 2022.

Custodial credit risk – investments:

The Town has no specific policy for investment custodial risk. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently, the Town has no investments exposed to custodial credit risk.

Fair Value

The Town categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2022:

- Temporary investments are valued using quoted market prices (Level 1 inputs).

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**3. Deposits and Investments (Continued)**

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

Cash on hand	\$ 2,000
Carrying amount of cash deposits	16,707,178
Carrying amount of temporary investments	<u>31,400,672</u>
Total	<u><u>\$ 48,109,850</u></u>
Cash and temporary investments	\$ 33,478,102
Cash and temporary investments-restricted	<u>14,631,748</u>
Total	<u><u>\$ 48,109,850</u></u>

**4. Receivables**

Receivables at June 30, 2022, consist of the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Fees and services	\$ 56,705	\$ 6,150,927	\$ 6,207,632
Property and other taxes	204,737	-	204,737
Other	172,920	612,845	785,765
Less, allowance for doubtful accounts	<u>(44,741)</u>	<u>(2,604,390)</u>	<u>(2,649,131)</u>
	389,621	4,159,382	4,549,003
Restricted:			
Property and other taxes	469,744	-	469,744
	<u>\$ 859,365</u>	<u>\$ 4,159,382</u>	<u>\$ 5,018,747</u>

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**4. Receivables (Continued)**

The Town entered into a 204 month lease as lessor for the use of the Town's water tower to mount a cell antennae. An initial lease receivable was recorded in Business-Type Activities in the amount of \$324,345. As of June 30, 2022, the value of the lease receivable is \$307,829. The lessee is required to make monthly fixed payments of \$1,600. The lease has an interest rate of 1.059%. The infrastructure estimated useful life was 20 years as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$305,266, the Town recognized lease revenue of \$19,079 during the fiscal year. The lessee has one extension option for 72 months. The Town has 8 extension options for 60 months each.

The Town entered a 14-month lease as lessor for the use of office space at 111 Maiden Lane. An initial lease receivable was recorded in Governmental Activities in the amount of \$1,999. The lessee is required to make monthly fixed payments of \$1,000. The lease has an interest rate of 0.387%. The buildings' estimated useful life was 34 years as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$1,996, and the Town recognized lease revenue of 11,975 during the fiscal year.

Principal and Interest Expected to Maturity

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2023	\$ 1,999	\$ 1	\$ 2,000	\$ 16,789	\$ 3,179	\$ 19,968
2024	-	-	-	16,968	3,000	19,968
2025	-	-	-	17,149	2,819	19,968
2026	-	-	-	17,331	2,637	19,968
2027	-	-	-	17,916	2,452	20,367
2028 - 2032	-	-	-	94,951	9,298	104,249
2033 - 2037	-	-	-	104,392	4,027	108,419
2038 - 2039	-	-	-	22,333	128	22,461
	<u>\$ 1,999</u>	<u>\$ 1</u>	<u>\$ 2,000</u>	<u>\$ 307,829</u>	<u>\$ 27,539</u>	<u>\$ 335,368</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**5. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at June 30, 2022, were as follows:

	<b>Interfund</b>	
	<b>Receivables</b>	<b>Payables</b>
General fund	\$ 436,395	\$ -
<u>Special revenue funds:</u>		
Police grants and programs	-	226,015
Drug Fund	-	6,870
Corley mill TIF	-	9,132
<u>Capital projects funds:</u>		
Gibson pond fund	-	51,247
Clark house renovations	-	16,436
Virginia Hylton park renovation	-	126,695
	<u>\$ 436,395</u>	<u>\$ 436,395</u>

The balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures (primarily reimbursable grants) occur, transactions are recorded in the accounting system, and payments between funds are made.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**5. Interfund Receivables, Payables and Transfers (Continued)**

Individual fund interfund transfer balances at June 30, 2022, were as follows:

	<b>Interfund</b>	
	<b>Transfers Out</b>	<b>Transfers In</b>
General fund	\$ 1,288,119	\$ 2,940,540
Other governmental funds:		
Debt service fund	-	615,378
Special revenue funds:		
Victims' assistance	-	60,000
Emergency response and recovery	182,852	-
Accommodations tax	38,007	-
Hospitality tax	1,240,505	-
ARPA fund	1,479,176	
Amphitheatre	-	15,000
Vision plan	-	132,836
Monument fund	-	1,000
Capital projects funds:		
Streets and infrastructure	-	581,741
Clark house renovation	-	283,854
Gibson Pond Fund	741,300	-
Ice House Pavilion	-	304,189
Virginia Hylton park	-	153,257
Enterprise fund	117,836	-
	<u>\$ 5,087,795</u>	<u>\$ 5,087,795</u>

The General Fund transfers out include \$615,378 to the Debt Service Fund to fund debt service requirements. Additionally, \$581,741 was transferred to the Streets and Infrastructure Fund; \$15,000 to the Amphitheater Fund; \$15,000 to the Special Events Fund; \$1,000 to the Monument Fund; and \$60,000 to the Victims' Assistance Fund to fund these programs. The Emergency Response and Recovery Fund transferred the residual \$182,852 from the Covid-19 rebate program that has ended back to the General Fund.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**5. Interfund Receivables, Payables and Transfers (Continued)**

The Accommodations Tax fund transferred \$38,007 to the General Fund. The Hospitality Tax Fund transferred \$1,240,505 to the General Fund. The ARPA Fund transferred \$1,479,176 to the General Fund to fund capital replacement. The Gibson Pond Fund transferred \$741,299 to the Ice House Pavilion Fund, the Clark House Renovation Fund and the Virginia Hylton Park Renovation Fund as the Bond Anticipation Note to fund these projects is in the Gibson Pond Fund. The Enterprise Fund transferred \$117,836 to the Vision Plan Fund to fund its portion of the rebranding project for the Town.

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

Downtown TIF District Fund:

Certain proceeds of the Corporation BAN are classified as restricted cash and temporary investments on the statement of net position because their use is limited by the BAN (See *Note 9*).

Carrying balance at the year ended June 30, 2022, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Construction Fund	\$ 363,580
Operating Account	41,138
	<u>\$ 404,718</u>

Corley Mill TIF District Fund:

Certain proceeds of the Corporation BAN are classified as restricted cash and temporary investments on the statement of net position because their use is limited by the BAN (See *Note 9*).

Carrying balance at the year ended June 30, 2022, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Construction Fund	\$ 241,460
	<u>\$ 241,460</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

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

Gibson Pond Fund:

Certain proceeds of the GO BAN are classified as restricted cash and temporary investments on the statement of net position because their use is limited by the BAN (See *Note 9*).

Carrying balance at the year ended June 30, 2022, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Construction Fund	\$ 890,215
Operating Account	92,838
	<u>\$ 983,053</u>

Hospitality Tax Fund

Certain proceeds of the Hospitality Tax are classified as restricted cash and temporary investments on the statement of net position because their use is limited by the SC Code (See *Note 1E*).

Carrying balance at the year ended June 30, 2022, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Operating Account	\$ 1,119,438
Investment Account	3,063,368
	<u>\$ 4,182,806</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

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

ARPA Fund

Proceeds of the American Rescue Plan Act (ARPA) classified as restricted cash and temporary investments on the statement of net position because their use is limited by ARPA regulations.

Carrying balance at the year ended June 30, 2022, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Investment Account	\$ 4,049,064
	<u>\$ 4,049,064</u>

Waterworks and Sewer System Enterprise Fund:

Certain proceeds of Waterworks and Sewer System Fund Revenue Bonds, as well as, certain resources set aside for their repayment, are classified as restricted cash and temporary investments and restricted investments on the statement of net position because their use is limited by applicable bond covenants. The revenue bond current debt service retirement accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The revenue bond renewal and replacement account is used for resources set aside to meet unexpected contingencies or to fund asset renewals or replacements. The construction account is used for resources set aside to fund infrastructure projects.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

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

Carrying balances of restricted cash and temporary investments in the Waterworks and Sewer System Enterprise Fund at June 30, 2022, are as follows:

	<b>Restricted Cash and Temporary Investments</b>
Renewal and replacement fund	\$ 101,868
State Revolving Fund Construction fund - 2019	216,186
State Revolving Fund Construction fund - 2020	1,154,038
Construction fund	1,572
Debt service fund 2017	335,264
Debt service fund 2018A	64,542
Debt service fund 2020A	138,087
Debt service fund 2020B	222,833
Debt service fund SRF 2019	16,778
Debt service fund 2021A	92,540
Debt service fund 2021B	48,556
	<hr/>
	\$ 2,392,264
	<hr/>

Capital Projects Funds:

Certain proceeds of the 2017 Bond financing are classified as restricted cash and temporary investmesnt because their use was limited by the bond.

Carrying balance at the year ended June 30, 2022, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Downtown development	23,900
	<hr/>
	\$ 23,900
	<hr/>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

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

Special Revenue Funds:

Certain proceeds received in the Special Revenue Funds are classified as restricted cash and temporary investments because their use is limited to specific programs by the grantor, donor, other governments' legal restrictions, or authorizing ordinances.

Carrying balances of restricted cash and temporary investments in the Special Revenue Funds at June 30, 2022, are as follows:

	<b>Restricted Cash and Temporary Investments</b>
Police grants and programs	\$ 700
Alcohol permits	153,844
Sidewalk fund	78,221
Drug fund	1,159
Victims' assistance	28,674
Emergency response and recovery	1,000,811
Golden hills tax district	262,278
COVID 19 fund	97,322
Park improvements	47,588
Impact fees	539,206
Accommodations tax	144,680
	<hr/>
	\$ 2,354,483

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**7. Capital Assets**

The following is a summary of capital asset activity in governmental activities for the year ended June 30, 2022:

	<b>Balances June 30, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balances June 30, 2022</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,860,670	\$ 777,284	\$ (74,373)	\$ 8,563,581
Construction in Progress	10,878,537	2,066,848	(6,039,882)	6,905,503
Total capital assets, not being depreciated	<u>18,739,207</u>	<u>2,844,132</u>	<u>(6,114,255)</u>	<u>15,469,084</u>
Capital assets, being depreciated:				
Buildings	17,414,821	6,239,904	-	23,654,725
Vehicles and equipment	6,826,243	1,428,915	-	8,255,158
Furniture	17,563	41,312	-	58,875
Streets and roadways	25,556,990	1,274,740	-	26,831,730
Sidewalks	2,879,481	-	-	2,879,481
Storm drainage	4,246,500	-	-	4,246,500
Total capital assets, being depreciated	<u>56,941,598</u>	<u>8,984,871</u>	<u>-</u>	<u>65,926,469</u>
Less accumulated depreciation for:				
Buildings	4,696,582	465,212	-	5,161,794
Vehicles and equipment	4,986,429	682,581	-	5,669,010
Furniture	2,956	8,362	-	11,318
Streets and roadways	8,810,548	830,073	-	9,640,621
Sidewalks	846,531	74,827	-	921,358
Storm drainage	2,466,906	189,890	-	2,656,796
Total accumulated depreciation	<u>21,809,952</u>	<u>2,250,945</u>	<u>-</u>	<u>24,060,897</u>
Total capital assets, being depreciated, net	<u>35,131,646</u>	<u>6,733,926</u>	<u>-</u>	<u>41,865,572</u>
Governmental activities capital assets, net	<u><u>\$ 53,870,853</u></u>	<u><u>\$ 9,578,058</u></u>	<u><u>\$ (6,114,255)</u></u>	<u><u>\$ 57,334,656</u></u>

Note: In Fiscal Year 2022, two partially depreciated vehicles totaling \$41,963 and accumulated depreciation of \$15,736 were transferred from the Business Type Activities to the Governmental Activities and is included in the additions column in Governmental Activities.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**7. Capital Assets (Continued)**

The following is a summary of capital asset activity in business-type activities for the year ended June 30, 2022:

	<b>Balances</b> <b>June 30, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balances</b> <b>June 30, 2022</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,724,046	\$ 76,565	\$ -	\$ 1,800,611
Construction in progress	16,414,041	7,543,837	(10,675,978)	13,281,900
Total capital assets, not being depreciated	<u>18,138,087</u>	<u>7,620,402</u>	<u>(10,675,978)</u>	<u>15,082,511</u>
Capital assets, being depreciated:				
Buildings and system	147,337,461	13,281,286	(82,837)	160,535,910
Vehicles, machinery and equipment	5,939,343	387,552	(76,813)	6,250,082
Total capital assets, being depreciated	<u>153,276,804</u>	<u>13,668,838</u>	<u>(159,650)</u>	<u>166,785,992</u>
Less accumulated depreciation for:				
Buildings and system	37,048,199	3,642,182	-	40,690,381
Vehicles, machinery and equipment	3,806,329	479,088	(50,586)	4,234,831
Total accumulated depreciation	<u>40,854,528</u>	<u>4,121,270</u>	<u>(50,586)</u>	<u>44,925,212</u>
Total capital assets, being depreciated, net	<u>112,422,276</u>	<u>9,547,568</u>	<u>(109,064)</u>	<u>121,860,780</u>
Business-type activities capital assets, net	<u>\$ 130,560,363</u>	<u>\$ 17,167,970</u>	<u>\$ (10,785,042)</u>	<u>\$ 136,943,291</u>
Intangible assets:				
Capacity reserve	\$ 46,282,449	\$ -	\$ -	\$ 46,282,449
Retail distribution rights	2,502,788	-	-	2,502,788
Total intangible assets	<u>48,785,237</u>	<u>-</u>	<u>-</u>	<u>48,785,237</u>
Amortization of intangible assets:				
Capacity reserve	12,737,385	1,433,913	-	14,171,298
Retail distribution rights	1,101,227	50,055	-	1,151,282
Total amortization of intangible assets	<u>13,838,612</u>	<u>1,483,968</u>	<u>-</u>	<u>15,322,580</u>
Total intangible assets, net	<u>34,946,625</u>	<u>(1,483,968)</u>	<u>-</u>	<u>33,462,657</u>
Total tangible and intangible assets, net	<u>\$ 165,506,988</u>	<u>\$ 15,684,002</u>	<u>\$ (10,785,042)</u>	<u>\$ 170,405,948</u>

Note: In Fiscal Year 2022, two partially depreciated vehicles valued at \$41,962 and accumulated depreciation of \$15,736 was transferred to the Governmental Activities and are included in the disposals column in Business-Type Activities.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**7. Capital Assets (Continued)**

The following is a summary of leased assets for Governmental and Business-Type activities:

<b>Governmental Activities</b>	Balance as of June 30, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease Assets				
Equipment				
Total Equipment Lease Assets	\$ -	\$ 64,978	\$ -	\$ 64,978
Lease Accumulated Amortization				
Total Equipment Lease Accumulated Amortization	-	14,781	-	14,781
Total Governmental Lease Assets, Net	\$ -	\$ 50,197	\$ -	\$ 50,197
 <b>Business-Type Activities</b>	 Balance as of June 30, 2021	 Additions	 Reductions	 Balance as of June 30, 2022
Lease Assets				
Equipment				
Total Equipment Lease Assets	\$ -	\$ 5,595	\$ -	\$ 5,595
Lease Accumulated Amortization				
Equipment				
Total Equipment Lease Accumulated Amortization	-	560	-	560
Total Business-Type Lease Assets, Net	\$ -	\$ 5,035	\$ -	\$ 5,035

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

Governmental activities:

General government	\$ 96,828
Public safety	482,096
Parks and sanitation	475,640
Transportation	1,195,426
Total depreciation and amortization expense – governmental activities	<u>\$ 2,249,990</u>

Business-type activities:

Water and sewer	<u>\$ 5,605,798</u>
Total depreciation and amortization expense – business-type activities	<u>\$ 5,605,798</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**7. Capital Assets (Continued)**

Downtown TIF District Projects

During the year ended June 30, 2022, the Town expended \$137,157 for authorized Downtown TIF District capital projects in accordance with the Icehouse Redevelopment Plan. Expenditures for the Old Mill Trail Project totaled \$8,035. The remaining fund expenditures were for bond issuance costs and interest, which are acceptable TIF District costs but are not project costs.

Corley Mill TIF District Projects

During the year ended June 30, 2022, the Town expended \$790,765 for authorized Corley Mill TIF District capital projects in accordance with the Corley Mill Redevelopment Plan. Expenditures for the Highway 378/Sunset split totaled \$658,699. The remaining fund expenditures were for bond issuance costs, bank custodial fees, and interest, which are acceptable TIF District costs but are not project costs.

Intangible Assets:

Purchase of Sewer Capacity

During the year ended June 30, 2010, the Town entered into an agreement with the City of Cayce to participate in the construction of a new sewer treatment facility to be owned by the City of Cayce. The Agreement provides for the Town to have usage rights to a total available sewer capacity of 12.462 MGD in the new 25 MGD facility. Accordingly, the costs incurred for the Town's proportionate share in the plant, \$35,114,910 are being amortized over 30 years with amortization expense totaling \$1,174,428 recognized during the year ended June 30, 2022. Part of the agreement for participating in the construction of the new facility included participation in the demolition of the old plant. Accordingly, the Town's proportionate share of the demolition costs was \$1,814,379. This amount is being amortized over 30 years with amortization expense totaling \$64,607 recognized during the year ended June 30, 2022. Additionally, the agreement called for participating in the 6 Mile Creek Sewer Main project. The Town's proportionate share of the costs of the Sewer Main project was \$124,233. This amount is being amortized over 30 years with amortization expense totaling \$4,142 recognized during the year ended June 30, 2022.

During the year ended June 30, 2005, the Town entered into an agreement with the Lexington County Joint Municipal Water and Sewer Commission (the "Commission") as described in *Note 12* to acquire wastewater transport capacity in a sewer line that interconnects the Commission's service area and the Town's Regional Sewer System to Cayce's Plant. The interconnection was completed in June 2016. Accordingly, the costs incurred to acquire the transport capacity, \$1,087,664, are being amortized over 30 years with amortization expense totaling \$27,898 recognized during the year ended June 30, 2022. The cost to the Town to make the connection was \$76,300.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**7. Capital Assets (Continued)**

Purchase of Water Capacity

During the year ended June 30, 1998, the Town entered an agreement with the City of West Columbia, South Carolina (“West Columbia”). The terms provided in part for the Town to acquire a maximum of 4.5 MGD of water capacity from West Columbia’s water treatment plant, known as the Lake Murray Water Treatment Facility (the “LMWTF”). The Town agreed to pay the cost of expanding the LMWTF to meet its capacity needs. Accordingly, the cost of the expansion equaled \$4,269,496 and is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$85,390 recognized during the year ended June 30, 2022. During the year ended June 30, 2007, the Town entered an agreement with West Columbia for the purchase of an additional 1 MGD of water treatment capacity at the LMWTF. The cost of the additional capacity of \$1,541,767 is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$30,848 recognized during the year ended June 30, 2022. Additionally, the Town purchased 1 MGD of water treatment capacity at the LMWTF (total purchased capacity is 6.5 MGD) in December 2008. The cost of the additional capacity of \$2,330,000 is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$46,600 recognized during the year ended June 30, 2022.

Purchase of Retail Distribution Rights

The Town’s agreement with West Columbia also provided the Town the non-exclusive right of retail distribution within a certain geographical location (defined in the agreement as the “service area”). Accordingly, the purchase price for the service area rights equaled \$2,980,000 with the rights reported at their discounted value at June 30, 2022, net of accumulated amortization (\$1,451,618, taking into account the imputed cost of capital approximating 5%) and is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$50,055 recognized during the year ended June 30, 2022.

The Town owns three pump stations that had lagoons. All were acquired in FY 2018 as part of the I-20 sewer facility condemnation (see *Note 11*). The first is under administrative order to eliminate further discharge. The flows from this lagoon have been diverted and it was closed out in accordance with SCDHEC regulations in February 2021. The remaining two lagoons were decommissioned in FY 2022.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt**

The following is a summary of debt of the Town for the year ended June 30, 2022:

	<b>Balances June 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances June 30, 2022</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
<b>Short Term Debt:</b>					
Revenue bond anticipation note	\$ 8,035,000	\$ 8,025,000	\$ (8,035,000)	\$ 8,025,000	\$ 8,025,000
General obligation bond anticipation note	7,250,000	7,540,000	(7,250,000)	7,540,000	7,540,000
Total short term debt	<u>\$ 15,285,000</u>	<u>\$ 15,565,000</u>	<u>\$ (15,285,000)</u>	<u>\$ 15,565,000</u>	<u>\$ 15,565,000</u>
<b>Long Term Liabilities:</b>					
GO bond -- direct placement	\$ 300,000	\$ -	\$ (300,000)	\$ -	\$ -
Compensated absences	929,531	553,074	(588,795)	893,810	590,000
Governmental activities					
Long-term liabilities	<u>\$ 1,229,531</u>	<u>\$ 553,074</u>	<u>\$ (888,795)</u>	<u>\$ 893,810</u>	<u>\$ 590,000</u>
<b>Business-type activities:</b>					
<b>Short Term Debt:</b>					
Bond anticipation note	\$ 12,250,000	\$ -	\$ (12,250,000)	\$ -	\$ -
BAN premium	80,197	-	(80,197)	-	-
Total short term debt	<u>\$ 12,330,197</u>	<u>\$ -</u>	<u>\$ (12,330,197)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Long Term Liabilities:</b>					
Revenue bonds payable:					
Revenue bonds	\$ 71,058,640	\$ 17,025,000	\$ (9,316,597)	\$ 78,767,043	\$ 2,130,063
Less deferred amounts:					
For issuance discount	(2,769)	-	2,769	-	-
For issuance premium	4,613,034	1,543,944	(247,636)	5,909,342	-
Total revenue bonds payable	<u>75,668,905</u>	<u>18,568,944</u>	<u>(9,561,464)</u>	<u>84,676,385</u>	<u>2,130,063</u>
Compensated absences	<u>352,531</u>	<u>204,562</u>	<u>(221,853)</u>	<u>335,240</u>	<u>225,000</u>
Business-type activities					
Long-term liabilities	<u>\$ 76,021,436</u>	<u>\$ 18,773,506</u>	<u>\$ (9,783,317)</u>	<u>\$ 85,011,625</u>	<u>\$ 2,355,063</u>

The following is a summary of the lease liability of the Town for the year ended June 30, 2022.

<b>Governmental Activities</b>	<b>Balance as of June 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance as of June 30, 2022</b>	<b>Due Within One Year</b>
Lease Liability					
Equipment					
Total Equipment Lease Liability	\$ -	\$ 64,978	\$ (14,950)	\$ 50,028	\$ 16,636
<b>Business-Type Activities</b>					
Lease Liability					
Equipment					
Total Equipment Lease Liability	\$ -	\$ 5,595	\$ (645)	\$ 4,950	\$ 4,950



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt (Continued)**

**General Obligation Direct Placement Bonds, and Bond Anticipation Notes**

Series 2021 General Obligation Bond Anticipation Notes:

The Town issued General Obligation Bond Anticipation Notes, Series 2021 during the year ended June 30, 2022. The notes were issued to defray a portion of the costs to restore the Gibson Pond Dam; acquire, improve, construct, install, and equip municipal park and recreation facilities; construct street and highway improvements, and acquire, improve, construct, install, and equip other municipal government facilities in the Town of Lexington. Principal of \$7,540,000 and interest of 1.125% per annum are due on September 1, 2022.

Series 2017 General Obligation Bonds – Direct Placement

During the year ended June 30, 2017, the Town issued General Obligation Bond, Series 2017 as a direct placement. The bonds were issued to refund the General Obligation Bond Anticipation Note, Series 2016 which was issued to refund the General Obligation Bond Anticipation Note, Series 2015 which was issued to defray a portion of the costs of certain off-street parking, certain street and road improvements and repairs, and other municipal improvements in the Town of Lexington. The Series 2015 BAN had a principal amount of \$2,640,000. The Town used funds from an increase in franchise fees to pay down this debt. Therefore, the Series 2017 Bonds were issued for \$1,430,000 at a fixed interest rate of 2.79% per annum. The Series 2017 bonds were paid in full in fiscal year 2022.

**Revenue Bonds and Bond Anticipation Notes – Governmental Funds**

Pursuant to *Note 1* the Saxe Gotha Public Facilities Corporation (the “Corporation”) issued \$4,505,000 Revenue Bond Anticipation Notes (BAN), Series 2022 (Ice House Redevelopment Project Area) on the Town’s behalf. The notes are due on May 5, 2023 and carry an interest rate of 3.0% per annum. The proceeds of the 2022 Revenue BAN’s (Ice House), net of costs of issuance, provided a portion of the funds necessary to refund prior Revenue Bond Anticipation Notes which were issued to provide interim financing for the purchase of the Ice House TIF Bond from the Town in accordance with the terms of the Bond Purchase Agreement between the Town and the Corporation. The Ice House TIF Bond was issued to defray the costs of the Ice House Redevelopment Project. Because the Ice House TIF Bond is a cash-flow obligation payable solely from available Ice House TIF Revenues, the Ice House TIF Bonds have a final maturity date of December 31, 2029. The Redevelopment Plan has a final stated termination date of December 31, 2029. After the termination date, TIF revenues will no longer be available to pay debt service on the TIF Bond.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt (Continued)**

**Revenue Bonds and Bond Anticipation Notes – Governmental Funds (Continued)**

The Ice House TIF Bond will bear rates of interest, including the initial rate of 9.8% that will be at rates that are deemed by the Town to be consistent with results of periodic reviews of forecasted and actual TIF Revenues, as well as debt service on the Revenue Bonds. The interest rate on the Ice House TIF Bond will be subject to adjustment as follows: the interest rate will be subject to adjustment, as required to assure that payment of principal and interest on the Ice House TIF bond, from its date of issuance to the earliest of the date of its maturity or the date of its retirement will be sufficient to reimburse the Corporation and the Town for the costs of debt service on the future Revenue Bonds. Interest on the Ice House TIF Bond is payable annually on each May 1, beginning May 1, 2016. Unpaid interest shall be treated as principal for purposes of determining the amount of interest due on the Ice House TIF Bond. To date \$850,130 of TIF Revenues have been applied to Ice House TIF Bond interest. As of June 30, 2022, accrued interest on the Ice House TIF Bond totals \$2,732,817. All unpaid principal and accrued interest shall be due and payable on the Ice House TIF Bond Maturity Date. The Town may prepay the outstanding principal amount of the Ice House TIF Bond, in whole or in part, at any time without penalty or premium.

Also pursuant to *Note 1* the Saxe Gotha Public Facilities Corporation (the “Corporation”) issued \$3,520,000 Revenue Bond Anticipation Notes (BAN) Series 2022 (Corley Mill Redevelopment Project Area) on the Town’s behalf. The notes are due on March 17, 2023 and carry an interest rate of 2.0% per annum. The proceeds of the 2022 Revenue BAN’s net of costs of issuance, provided a portion of the funds necessary to refund prior Revenue Bond Anticipation Notes, which were issued to provide interim financing for the purchase of the Corley Mill Redevelopment Project. Because the Corley Mill TIF Bond is a cash-flow obligation payable solely from available Corley Mill TIF Revenues, the Corley Mill Redevelopment Plan bonds have a final maturity date of December 31, 2036. The Corley Mill Redevelopment Plan has a final stated termination date of December 31, 2036.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt (Continued)**

**Revenue Bonds and Bond Anticipation Notes – Governmental Funds (Continued)**

After the termination date, Corley Mill TIF revenues will no longer be available to pay debt service on the Corley Mill TIF Bond. The Corley Mill TIF Bond will bear rates of interest including the initial rate of 4.78% that will be at rates that are deemed by the Town to be consistent with results of periodic reviews of forecasted and actual Corley Mill TIF Revenues, as well as debt service on the Corley Mill Revenue Bonds. The interest rate on the Corley Mill TIF bond, from its date of issuance to the earliest of the date of its maturity or the date of its retirement will be sufficient to reimburse the Corporation and the Town for the costs of debt service on the future Corley Mill Revenue Bonds. Interest on the Corley Mill TIF Bond will be payable semi-annually on a date designated by the Mayor. Unpaid interest shall not be treated as principal but will accrue and compound annually at the rate of interest currently set for the Bond. To date \$68,355 of Corley Mill TIF Revenues have been applied to Corley Mill TIF Bond interest. As of June 30, accrued interest on the Corley Mill TIF Bond totals \$786,911. All unpaid principal and accrued interest shall be due and payable on the Corley Mill TIF Bond Maturity Date. The Town may prepay the outstanding principal amount of the Corley Mill TIF Bond, in whole or in part at any time without penalty or premium.

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

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt (Continued)**

**Revenue Bonds and Bond Anticipation Notes – Business Type Activities**

Gross revenues of the Waterworks and Sewer System Enterprise Fund, after paying the costs and expenses of operating and maintaining the system, are pledged for repayment of the revenue bonds of the enterprise fund. The Town is in compliance with all applicable bond covenants at June 30, 2022.

Series 2012 Revenue Bonds:

The Town of Lexington, issued South Carolina Combined Waterworks and Sewer System Revenue Bonds on August 1, 2012. The Series 2012 bonds were issued for \$7,650,000 and were refunded in Fiscal Year 2022.

Series 2017 Revenue Bonds

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2017 require semi-annual interest payments at rates of 3.00% to 5.00% and annual principal installments ranging from \$415,000 to \$3,120,000 beginning June 1, 2018 through 2041. The Series 2017 bonds were issued for \$34,620,000 with an outstanding balance at June 30, 2022 of \$34,643,916. (net of unamortized premium of \$2,793,916). Amortization of the premium equaled (\$136,566).

The Series 2017 Bonds were issued as a full refunding of the Series 2001A Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2014 Bonds, and a partial refunding of the Series 2011 Bonds. The total debt service of the Series 2017 bonds (principal and interest) savings compared to the total debt service requirement for the refunded bonds were \$5,921,131. This resulted in a net present value benefit of \$3,443,929.

The Series 2017 Bonds maturing on or prior to June 1, 2028 are not subject to redemption prior to maturity. The Series 2017 Bonds maturing after June 1, 2028, are subject to redemption prior to maturity, at the option of the Town, on or after June 1, 2028, in whole or in part at any time in the maturities as designated by the Town (but only in integral multiples of \$5,000) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

Series 2018 Revenue Bonds

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2018 require semi-annual interest payments at rates or 3.00% to 4.00% beginning December 1, 2018 and annual principal installments ranging from \$25,000 to \$940,000 beginning June 1, 2019 through 2048. The Series 2018 bonds were Issued for \$10,405,000 with an outstanding balance at June 30, 2022, of \$10,284,031 (net of unamortized premium of \$129,031). Amortization of the premium equaled (\$4,979).

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt (Continued)**

**Revenue Bonds and Bond Anticipation Notes – Business Type Activities (Continued)**

The Series 2018 Bonds were issued to permanently finance prior issues of bond anticipation notes which were issued to finance the Highway 378 Regional Pump Station, the 14 Mile Creek Force Main upgrade and various other capital improvements identified in the Capital Improvement Plan for the System. The Series 2018 Bonds maturing on or prior to June 1, 2028 are not subject to redemption prior to maturity. The Series 2018 Bonds maturing after June 1, 2028, are subject to redemption prior to maturity, at the option of the Town, on or after June 1, 2028, in whole or in part at any time in the maturities as designated by the Town (but only in multiples of \$5,000) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

**2019 State Water Pollution Control Revolving Fund (SRF) Loan**

The Town of Lexington, South Carolina State Water Pollution Control Revolving Fund Loan requires quarterly payments of principal and interest in the amount of \$50,270 beginning September 1, 2020 and ending September 1, 2040. Then quarterly payments of principal and interest in the amount of \$9,080 beginning October 1, 2040 and ending June 1, 2050. The 2019 SRF loan was issued for \$3,486,706 at an interest rate of 2.10% for the first 20 years and 2.60% for the last 10 years. The outstanding balance at June 30, 2022 is \$3,226,240.

The 2019 SRF Loan was issued to finance a new I-20 wastewater pump station and force main and to close out the two existing lagoons. The loan may be prepaid in whole or in part, together with any accrued interest thereon, at any time without penalty or premium. All such prepayments shall be applied against principal installments due on this loan in the inverse order of the maturity dates thereof.

**Series 2020A Revenue Bonds:**

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2020A require semi-annual interest payments at rates of 4.00% and annual principal installments ranging from \$260,000 to \$530,000 beginning April 1, 2022 through 2050. The Series 2020A bonds were issued to pay the costs of issuance of the Series 2020A Bonds and provide for the current refunding of a portion of the Town's outstanding Series 2019 Bond Anticipation Notes which were issued to refund prior issues of bond anticipation notes which were issued to provide funds for the acquisition, construction and equipping of various capital projects, including the Cromer Road Pump Station, upgrades to water pumping capacity at the Lake Murray Water Treatment Facility, and acquisition of the I-20 and Watagate Sewer Systems. The Series 2020A Bond was issued for \$6,370,000 with an outstanding balance at June 30, 2022 of \$6,633,366 (net of unamortized premium of \$828,366). Amortization of the discount equaled \$29,236.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt (Continued)**

**Revenue Bonds and Bond Anticipation Notes – Business Type Activities (Continued)**

The Series 2020A Bonds maturing on or prior to April 1, 2027, are not subject to redemption prior to maturity. The Series 2020A Bonds maturing after April 1, 2045 and 2050 are subject to redemption prior to maturity, at the option of the Town, on or after April 1, 2030, as a whole at any time, or in part from time to time on any interest payment date in the maturities as designated by the Town (but only in integral multiples of \$5,000) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

**Series 2020B Revenue Bonds:**

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2020B require semi-annual interest payments at rates of 4.00% to 5.00% and annual principal installments ranging from \$400,000 to \$840,000 beginning April 1, 2021 through 2027. The Series 2020B bonds were issued to provide for the current refunding of the Town's outstanding Combined Waterworks and Sewer System Revenue Refunding Bonds, Series 2011, the proceeds of which provided financing for the System; and to pay the costs of issuance of the Series 2020B Bonds. The Series 2020B Bond was issued for \$6,370,000 with an outstanding balance at June 30, 2022 of \$4,532,385 (net of unamortized premium of \$667,385). Amortization of the premium equaled \$23,555.

The Series 2020B Bonds are not subject to redemption prior to maturity.

**2020C State Water Pollution Control Revolving Fund (SRF) Loan**

The Town of Lexington, South Carolina State Water Pollution Control Revolving Fund Loan, Series 2020C requires quarterly payments of principal and interest in the amount of \$96,947.50 beginning July 1, 2022 and ending April 1, 2042. Then quarterly payments of principal and interest in the amount of \$16,477 beginning July 1, 2043 and ending April 1, 2052. The 2020C SRF loan was issued for \$6,840,803 at an interest rate of 1.80% for the first 20 years and 2.20% for the last 10 years. The outstanding balance at June 30, 2022 is \$6,840,803.

The 2020C SRF Loan was issued to finance repairs to thirteen existing pump stations and closeout two existing aerated equalization lagoons to include removing existing sludge and installing a liner for emergency storage. The loan may be prepaid in whole or in part, together with any accrued interest thereon, at any time without penalty or premium. All such prepayments shall be applied against principal installments due on this loan in the inverse order of the maturity dates thereof.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt (Continued)**

**Revenue Bonds and Bond Anticipation Notes – Business Type Activities (Continued)**

Series 2021A Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2021A require semi-annual interest payments at rates of 3.00% to 4.00% and annual principal installments ranging from \$100,000 to \$2,535,000 beginning April 1, 2022 through 2046. The Series 2021A bonds were issued to pay the costs of issuance of the Series 2021A Bonds and provide for the current refunding of the Town's outstanding Series 2020 Bond Anticipation Notes which were issued to refund prior issues of bond anticipation notes which were issued to provide funds for the acquisition, construction and equipping of various capital projects, including the Cromer Road Pump Station, upgrades to water pumping capacity at the Lake Murray Water Treatment Facility, and acquisition of the I-20 and Watergate Sewer Systems. The Series 2021A Bond was issued for \$12,170,000 with an outstanding balance at June 30, 2022 of \$12,912,272 (net of unamortized premium of \$742,272). Amortization of the discount equaled \$20,763.

The Series 2021A Bonds maturing on or prior to April 1, 2031, are not subject to redemption prior to maturity. The Series 2021A Bonds maturing April 1, 2032, 2043, and 2046 are subject to redemption prior to maturity, at the option of the Town, on or after April 1, 2031, as a whole at any time, or in part from time to time on any interest payment date in the maturities as designated by the Town (but only in integral multiples of \$5,000) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

Series 2021B Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2021B require semi-annual interest payments at rates of 4.00% and annual principal installments ranging from \$905,000 to \$1,305,000 beginning April 1, 2022 through 2032. The Series 2021B bonds were issued to provide for the current refunding of the Town's outstanding Combined Waterworks and Sewer System Revenue Refunding Bonds, Series 2012, the proceeds of which provided financing for the System; and to pay the costs of issuance of the Series 2021B Bonds. The Series 2021B Bond was issued for \$4,855,000 with an outstanding balance at June 30, 2022 of \$5,603,372 (net of unamortized premium of \$748,372). Amortization of the premium equaled \$32,538.

The Series 2021B Bonds maturing on to April 1, 2029, are not subject to redemption prior to maturity. The Series 2021B Bonds maturing on or after April 1, 2030, are subject to redemption prior to maturity, at the option of the Town, on or after April 1, 2029, as a whole at any time, or in part from time to time on any interest payment date in the maturities as designated by the Town (but only in integral multiples of \$5,000) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt (Continued)**

**Revenue Bonds and Bond Anticipation Notes – Business Type Activities (Continued)**

The Series 2021B Bonds maturing on to April 1, 2029, are not subject to redemption prior to maturity. The Series 2021B Bonds maturing on or after April 1, 2030, are subject to redemption prior to maturity, at the option of the Town, on or after April 1, 2029, as a whole at any time, or in part from time to time on any interest payment date in the maturities as designated by the Town (but only in integral multiples of \$5,000) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

The annual debt service requirements to amortize all revenue bonds outstanding as of June 30, 2022, including interest components are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 2,130,063	\$ 2,879,806	\$ 5,009,870
2024	2,217,772	2,799,148	5,016,920
2025	2,320,631	2,703,839	5,024,470
2026	2,398,645	2,603,775	5,002,420
2027	2,511,817	2,500,153	5,011,970
2028-2032	11,817,388	11,041,267	22,858,655
2033-2037	16,812,166	8,599,345	25,411,511
2038-2042	19,141,822	5,286,932	24,428,754
2043-2047	16,530,991	2,090,100	18,621,091
2048-2052	2,885,747	184,354	3,070,102
Subtotal	78,767,043	40,688,719	119,455,762
Plus: net discounts and premiums	5,909,342	-	5,909,342
Total	<u>\$ 84,676,385</u>	<u>\$ 40,688,719</u>	<u>\$ 125,365,104</u>

**Prior Year Defeasance of Debt**

In prior years, the Town defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2022, \$49,275,000 of bonds outstanding are considered defeased.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**9. Debt (Continued)**

**Leases Payable**

On December 31, 2021 the Town entered into a 60-month lease as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$26,107. As of June 30, 2022, the value of the lease liability is \$23,098. The Town is required to make monthly fixed payments of \$1,051. The lease has an interest rate of 1.177%. The equipment estimated useful life was 5 years as of the contract commencement. The value of the right to use the equipment as of June 30, 2022 is \$26,107 with accumulated amortization of \$2,668 (See *Note 7*).

On July 1, 2021 the Town entered into a 42-month lease as lessee for the use of various copiers and printers. An initial lease liability was recorded in the amount of \$44,466. As of June 30, 2022, the value of the lease liability is \$31,881. The Town is required to make monthly fixed payments of \$1,800. The lease has an interest rate of 0.8930%. The equipment estimated useful life was 5 years as of the contract commencement. The value of the right to use asset as of June 30, 2022 is \$44,466 with accumulated amortization of \$12,685 (See *Note 7*).

**10. Capital Contribution Fees and Capital Asset Contributions**

A summary of capital asset contributions from developers and receipts of capital contribution fees during the year ended June 30, 2022, follows:

**Business-type activities:**

Capital contribution fees received	\$ 1,367,621
Capital asset contributions from developers	<u>3,053,719</u>
Total capital contribution fees and capital asset contributions recognized	<u>\$ 4,421,340</u>

The Town has outstanding contracts that allow certain developers to pay capital contribution fees on an installment basis. Total capital contribution fees outstanding (unpaid) approximate \$2,355,075 at June 30, 2022, of which the Town has fully reserved an allowance for doubtful accounts. Upon payment of periodic installments, the Town recognizes capital contribution fee revenue, and developers may claim the applicable number of capital contribution certificates.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**11. Contingencies**

Federal Grants

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

Litigation:

The Town is involved with litigation with the City of West Columbia over the contractual right to serve certain water customers. The amount of customers involved is not likely to have a material adverse impact on the affected funds of the Town. This suit is still ongoing and is in the discovery stage.

Other than as noted above, the Town is involved in litigation that occurs normally in the course of municipal business. These proceedings are not likely to have a material adverse impact on the affected funds of the Town.

**12. Commitments**

Developers and Contractors:

The Town has outstanding contracts to provide certain developers future sewer taps. The Town reserves sewer treatment capacity to provide the future service at the inception of the installment contracts. At June 30, 2022, the number of unredeemed capital contribution certificates representing future taps into the system is approximately 1,771.

Additionally, the Town has outstanding commitments to contractors and others for approximately \$2,504,822.

Wastewater Treatment Service Agreement:

As discussed in *Note 7*, the Town entered into a Wastewater Treatment Service agreement with the City of Cayce, South Carolina, a Municipal Corporation, to provide wastewater treatment capacity for the Town. Under the amended agreement, the Town remains obligated to pay its “pro rata” share of the capacity in the plant for the cost of future capital replacement or improvement to the Plant (replacements and improvements that do not expand capacity), upon receipt of a statement from Cayce setting forth in reasonable detail the calculation of such cost. Wholesale sewer rates are determined by a formula that both parties agreed to, as described in the agreement.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**12. Commitments (continued)**

Regional Sewer Line Interconnection Agreement:

During the year ended June 30, 2005, the Town and the Commission entered into an agreement that provided for the Commission to upsize an interconnection line to Cayce's Plant. The line has been completed and the connection has been made that allows the Town to connect its Regional Sewer System to Cayce's Plant through the Commission's interconnection line. The line is solely owned by the Commission, and the Town's only interest in the line is the contractual rights to non-exclusive utilization of the line for wastewater transport. The Town agreed to pay the pro rata cost of upsizing the line to accommodate its anticipated flows. The Town also must pay, during the term of the agreement, a pro rata share of any modifications or improvements to the interconnection line to satisfy regulatory requirements, which do not increase the actual capacity of the line.

The Town will also be responsible to pay for its flows through the line in accordance with the terms and conditions of the Town's wastewater treatment agreement with Cayce.

Water Sale and Purchase Agreement:

As discussed in *Note 7*, the Town is obligated under a Water Sale and Purchase Agreement with the City of West Columbia, South Carolina whereby the Town purchased capacity of up to 6.5 MGD in the LMWTF. Wholesale water rates are determined by a formula that both parties agreed to, as described in the agreement. The agreement is for the economic life of the LMWTF or for the duration of the lease of the property upon which the facility is operated as executed between the City of West Columbia and the County of Lexington, South Carolina.

**13. Employee Retirement -- Pensions**

*South Carolina Retirement System*

The majority of employees of the Town are covered by a retirement plan through the South Carolina Retirement System (SCRS) a cost sharing, multiple employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all full-time or part-time equivalent Town employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides a life-time monthly retirement annuity benefit to members, as well as disability, survivor options, annual benefit adjustments, death benefits, and incidental benefits to eligible employees and retired members.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**13. Employee Retirement – Pensions (Continued)**

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

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full service retirement annuity effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave.

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service.

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have a minimum of eight years of credited service. An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**13. Employee Retirement – Pensions (Continued)**

Effective July 1, 2021, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 16.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 16.41% and 0.15% contribution rate for the incidental death program. The Town's contributions for the years ended June 30, 2022, 2021, and 2020 are as follows:

Year Ended June 30,	Incidental			Incidental		
	Base	Death	Total	Base	Death	Total
2022	16.41%	0.15%	16.56%	\$ 1,129,765	\$ 10,784	\$ 1,190,549
2021	15.41%	0.15%	15.56%	\$ 1,086,607	\$ 10,577	\$ 1,097,184
2020	15.41%	0.15%	15.56%	\$ 1,063,870	\$ 10,356	\$ 1,074,226

*Police Officers Retirement System*

The South Carolina Police Officers Retirement System (PORS) is a cost sharing, multiple employer defined benefit public employee retirement system. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the PORS as a condition of employment. This plan provides a life-time monthly retirement annuity benefit to members as well as disability, survivor benefits, and incidental benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full-service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full-service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits effective since July 1, 1989 for the PORS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave.

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**13. Employee Retirement – Pensions (Continued)**

Effective July 1, 2021, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 18.84% and 0.20% for the incidental death program and 0.20% for the accidental death program. The Town's contributions for the years ended June 30, 2022, 2021, and 2020 are as follows:

Year Ended June 30,	Incidental & Accidental			Incidental & Accidental		
	Base	Death	Total	Base	Death	Total
2022	18.84%	0.40%	19.24%	\$ 773,262	\$ 16,396	\$ 789,658
2021	17.84%	0.40%	18.24%	\$ 707,496	\$ 15,863	\$ 723,359
2020	17.84%	0.40%	18.24%	\$ 688,767	\$ 15,443	\$ 704,210

The amounts paid by the Town for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

At June 30, 2022, the Town reported a liability of \$13,499,493 and \$6,785,723 for its proportionate share of the net pension liability of SCRS and PORS, respectively. The net pension liability was determined based on the July 1, 2021 actuarial valuations, using most recent membership data projected forward to June 30, 2022, and financial information of the pension trust funds as of June 30, 2021, using generally accepted actuarial procedures. The Town's portion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022 the Town's proportion of SCRS was 0.062378% and of PORS was 0.263737%.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**13. Employee Retirement – Pensions (Continued)**

At June 30, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>	
	<b>SCRS</b>	<b>PORS</b>	<b>SCRS</b>	<b>PORS</b>
Difference between expected and actual experience	\$229,948	\$230,845	\$18,219	\$21,133
Assumption Changes	738,918	483,990	-	-
Net difference between projected and actual investment earnings	-	-	1,960,979	1,521,329
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	416,827	289,246	-	131,238
Pension expenses paid to PEBA during FY2022	1,190,549	789,658	-	-
<b>Total</b>	<b>\$2,576,242</b>	<b>\$1,793,739</b>	<b>\$1,979,198</b>	<b>\$1,673,700</b>

Deferred outflows of \$1,190,549 for SCRS and \$789,658 for PORS reported as resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

<b><u>Year ended June 30,</u></b>	<b><u>SCRS</u></b>	<b><u>PORS</u></b>	<b><u>Net</u></b>
2023	\$ 224,110	\$ 13,588	\$ 237,698
2024	59,246	(64,888)	(5,462)
2025	(143,088)	(87,463)	(230,551)
2026	(733,773)	(530,856)	(1,264,629)
	<u>\$ (593,505)</u>	<u>\$ (669,619)</u>	<u>\$ (1,263,124)</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**13. Employee Retirement – Pensions (Continued)**

The total pension liabilities in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% – 11.0%	3.5% - 10.5%
Inflation Rate	2.25%	2.25%
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2020 valuations for SCRS and PORS are as follows:

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
Educators and Judges	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety, and Firefighters and members of the SC National Guard	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

The long-term expected rate of return on pension plan investments is based upon the 20 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**13. Employee Retirement – Pensions (Continued)**

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

<b>Allocation/Exposure</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets			
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Return	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
			<u>7.43%</u>

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**13. Employee Retirement – Pensions (Continued)**

The following table represents the Town's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.00 percent, as well as what the Town's respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

<b>System</b>	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
<b>SCRS</b>	\$ 17,682,655	\$ 13,499,493	\$ 10,022,420
<b>PORS</b>	9,845,216	6,785,723	4,279,530

Deferred Compensation Plans

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

**14. Post-Employment Benefits Other than Pension**

The Town, as a single employer, has adopted a policy to pay health insurance as a defined benefit (the Plan) until age 65 for retirees who retire with 20 years of service with the Town and retire between the ages of 62 and 65, which would be paid from the fund from which the employee's salary was charged. The Town offers a continuation of health care coverage at group rates to retirees and their spouses with the costs to be paid by the retiree based on 100% premium rates. This policy was adopted by vote of council on June 30, 2004 and may be amended by vote of council. These benefits are neither guaranteed nor mandatory. As of July 1, 2021, the valuation date for the plan year 2022, there were 188 active members and 6 retirees and spouses receiving benefits under this plan.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**14. Post-Employment Benefits Other than Pension (Continued)**

The Town has elected not to fund the Plan at this time and will utilize a pay-as-you go policy. Changes in the Town's annual other postemployment benefits (OPEB) liability from June 30, 2021 to June 30, 2022 are shown in the following table:

	Total OPEB <u>Liability</u>
Balance as of June 30, 2021	\$ 976,808
Changes for the year:	
Service Cost	43,761
Interest on total OPEB liability	22,015
Effect of plan changes	-
Effect of economic/demographic gains or losses	(490,183)
Effect of assumptions changes or inputs	(139,592)
Benefit Payments	<u>(2,708)</u>
Balance as of June 30, 2022	<u>\$ 410,101</u>

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, calculated based on the discount rate and actuarial assumptions below. It was then projected forward to the measurement date, June 30, 2022. The discount rate was based on the Bond Buyer General Obligation 20 Year Bond Municipal Index.

With the exception of mortality, the demographic assumptions were updated to be consistent with those used in the July 1, 2021 valuations of the South Carolina Retirement System (SCRS) and the Police Officers' Retirement System (PORS). These assumptions were the result of an experience study that covered the five-year period ending June 30, 2019. Mortality was based on the Pub-2010 mortality study completed by the Society of Actuaries. The mortality projection scale was updated from MP-2019 to the MP-2021 Ultimate Scale.

<b>Key Actuarial Assumptions:</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>
Discount Rate	2.16%	3.54%
Valuation date	July 1, 2019	July 1, 2021
Measurement date	June 30, 2021	June 30, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.30%	2.30%
Medical trend rate	5.7% - 3.9% over 55 years	Getzen Trend Model
Salary increases including inflation	Graded Scale Including Merit Increases	3.00% for SCRS and 3.50% for PORS plus Merit Increases

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**14. Post-Employment Benefits Other than Pension (Continued)**

The following table presents the total OPEB liability of the Town, calculated using the discount rate of 3.54%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current rate.

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB liability	\$ 430,087	\$410,101	\$385,847

The following presents the total OPEB liability of the Town, calculated using the current healthcare cost trend rates as well as what the Town's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$365,504	\$410,101	\$457,400

The total OPEB expense for the year ending June 30, 2022 is as follows:

<b>OPEB Expense</b>	<b>July 1, 2020 to June 30, 2021</b>	<b>July 1, 2021 to June 30, 2022</b>
Service cost	\$ 79,099	\$ 43,761
Interest on total OPEB liability	21,133	22,015
Effect of plan changes	-	-
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	(1,869)	(48,553)
Recognition of assumption changes or inputs	(6,446)	(19,740)
OPEB Expense	<u>\$ 91,917</u>	<u>\$ (2,517)</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**14. Post-Employment Benefits Other than Pension (Continued)**

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

As of June 30, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (454,712)	\$ -
Changes of assumptions	(187,773)	20,102
Total	<u>\$ (642,485)</u>	<u>\$ 20,102</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2023	\$ (68,293)
2024	(68,293)
2025	(68,293)
2026	(68,293)
2027	(68,572)
Thereafter*	(280,639)

\*Additional future deferred inflows and outflows of resources may impact these numbers.

**15. Tax Abatements**

The Town is subject to tax abatements granted by the County of Lexington. The County offers three tax abatement programs. These programs may be combined.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**15. Tax Abatements (Continued)**

Fee-in-Lieu of Tax (FILOT) Program

The FILOT program offers individual incentive packages by abating property taxes to attract new business to the County and to retain current businesses. The FILOT program was established by the SC Code Title 12, Chapter 44 and Title 4, Chapter 12. Generally, for taxpayers to be approved for this program they must agree to invest the statutory minimum (a higher amount may be negotiated) during the investment period. The investment period begins on the day in which the property described in the agreement is entered into service and ends at an agreed upon point in time. Once the investment period begins, the taxpayer will receive a reduction of assessed value, reduction in millage rate and elimination of (or reduction in) the number of times the millage rates change for the property over the length of the agreement. Repayments of any savings in property taxes are required by state law if the taxpayer fails to maintain the conditions set forth in the agreement. Other recapture provisions may be negotiated on a case by case basis.

Infrastructure Program (IP)

The IP offers individual incentive packages to attract new business to the County by offering one or more of the following: (1) abating property taxes through infrastructure credits or reimbursement of infrastructure spending to the County, (2) giving infrastructure grants, or (3) giving infrastructure owned by the County. The IP was established by the SC Code Sections 12-44-50(B) and 12-44-70. Generally for taxpayers to be approved for this program they must agree to incur costs of designing, acquiring, constructing, improving, or expanding improved or unimproved real estate or personal property used in the operation of a manufacturing or commercial enterprise, infrastructure servicing the project, or certain aircraft within the investment period. The investment period begins on the day in which the property described in the agreement is entered into service and ends at an agreed upon point in time. Generally, the taxpayer agrees to invest the statutory minimum and a job creation minimum within the investment period. Once the investment period begins, the taxpayer will receive one or more of the following benefits:

- (1) a specified percentage refund of their property taxes for the property included in the agreement within 30 days of their property tax payment for the amount of years negotiated in the agreement,
- (2) infrastructure paid for by the County as negotiated in the agreement (The County is then reimbursed for the infrastructure purchased through taxpayer property tax payments. Once the County is reimbursed, the remaining property tax payments are allocated based on millage needs.),
- (3) an infrastructure grant for an amount negotiated in the agreement,
- (4) infrastructure owned by the County is given to the taxpayer without reimbursement required.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**15. Tax Abatements (Continued)**

If the taxpayer fails to maintain conditions set forth in the agreement, the taxpayer will be required to reimburse the County for any tax savings, infrastructure grants, or infrastructure purchased as well as interest based on the negotiated percentage in the agreement beginning on the day that the taxpayer does not meet the qualifications or obligations of the agreement. Other recapture provisions may be negotiated on a case by case basis.

Special Source Revenue Credit Program (SSRC)

The SSRC program offers individual incentives packages by abating property taxes to attract new business to the County and to retain current businesses. The SSRC program was established by the SC Code Sections 4-29-68, 4-1-170, and 12-44-70. Generally, for taxpayers to be approved for this program they must agree to incur costs of designing, acquiring, constructing, improving, or expanding improved or unimproved real estate or personal property used in the operation of a manufacturing or commercial enterprise; infrastructure servicing the project; or certain aircraft within the investment period. The investment period begins on the day in which the property described in the agreement is entered into service and ends at an agreed upon point in time. Once the investment period begins, the taxpayer will receive a specified percentage refund of their property taxes for the property included in the agreement within 30 days of their property tax payment. If the taxpayer fails to maintain conditions set forth in the agreement, state law requires that the taxpayer pay two additional years of property tax if the SSRC was received on personal property. Other recapture provisions may be negotiated on a case by case basis.

The Town of Lexington's property tax revenues were reduced by \$36,770 under agreements entered into by Lexington County as of June 30, 2022. The State of South Carolina reimbursed the County \$623 of these property tax revenues, which Lexington County disbursed back to the Town.

<b>Tax Abatement Program</b>	<b>Amount of Taxes Abated during the Fiscal Year</b>	<b>State of South Carolina Revenue Reimbursement Amount</b>
Fee-in-Lieu of Tax and Infrastructure Program (FILOT+IP)	\$ 18,742	\$ 623
Fee-in-Lieu of Tax and Source Revenue Credit Program (FILOT+SSRC)	18,028	-
	<u>\$ 36,770</u>	<u>\$ 623</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**16. Risk Management**

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

The Town has its tort liability and casualty insurance through Travelers Insurance Company, Inc. The limit of the tort liability is \$3,000,000 with a \$1,000,000 per occurrence limit, while the limit for casualty insurance varies depending on the value of the property. The Town pays an annual experience rated premium to Arthur J. Gallagher Risk Management Services, Inc. for general insurance coverage, totaling approximately \$426,573 in the 2022 fiscal year.

The Town provides for the administration of a plan providing health and dental coverage for all employees through the Employee Insurance Program (EIP). The Town's payments to the EIP plan approximated \$1,826,244 during the year.

The Town maintained its workers compensation insurance with Farmington Casualty Insurance Company through Arthur J. Gallagher Rick Management Services, Inc. The Town paid \$192,048 for this coverage.

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

**17. Subsequent Events**

On August 19, 2022 the Town issued \$7,700,000 Town of Lexington, South Carolina General Obligation Bond Anticipation Notes (BAN), Series 2022. This series was issued to refund the General Obligation BAN, Series 2021, which was issued to fund portions of the Gibson Pond Dam restoration project and the Virginia Hylton Park Improvement project as well as to fund other municipal government capital projects in the Town of Lexington and to pay the costs of issuance of the Series 2022 BAN's.

On March 11, 2021 the Federal Government enacted the American Rescue Plan Act of 2021 (ARPA). The Town's share of ARPA funding is anticipated to be approximately \$11,000,000. On October 12, 2021 the Town received \$5,515,364, the first half of the distribution. The Town received the second half, another \$5,515,364, on October 11, 2022.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2022**

— Continued —

**17. Subsequent Events (Continued)**

On July 25, 2022, the Town signed a contract with Randolph and Son Builders, Inc. for \$7,945,000 for the renovation of Virginia Hylton Park. The renovation adds 8.25 acres to the park, which more than doubles its size, and includes a new entrance, more walking trails, new playground equipment, a new splash pad, and a performance pavilion. Groundbreaking was held on August 23, 2022 and work is expected to be completed in a little over a year.

On December 6, 2022 the Town received \$5,000,000 from the South Carolina Department of Parks Recreation and Tourism as a grant to help fund professional services and sitework related to a conference center to be built in Lexington.

Subsequent events were evaluated through December 22, 2022. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

TOWN OF LEXINGTON, SOUTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEXINGTON, SOUTH CAROLINA

**Town of Lexington, South Carolina**

**Budgetary Comparison Schedule  
General Fund**

**For the Year Ended June 30, 2022**

	Budgeted Amounts		2022	Variance with Final
	Original	Final	Actual	Budget
<b>Revenues</b>				
Property taxes	\$ 3,900,000	\$ 3,900,000	\$ 3,743,491	\$ (156,509)
Franchises, licenses, permits and fees	8,650,000	8,650,000	9,658,566	1,008,566
Other governments	500,000	500,000	688,712	188,712
Fines and forfeitures	210,000	210,000	265,447	55,447
Interest income	12,000	12,000	14,065	2,065
Miscellaneous	109,200	109,200	141,035	31,835
Total revenues	13,381,200	13,381,200	14,511,316	1,130,116
<b>Expenditures</b>				
General government				
Council				
Personnel	65,891	65,891	64,968	(923)
Operations	110,325	110,325	115,984	5,659
Administration				
Personnel	1,016,169	1,016,169	1,000,899	(15,270)
Operations	119,045	119,045	111,854	(7,191)
Finance				
Personnel	220,985	220,985	240,259	19,274
Operations	61,148	61,148	52,789	(8,359)
Planning, building and technology				
Personnel	963,862	963,862	914,960	(48,902)
Operations	590,701	590,701	520,483	(70,218)
Total general government	3,148,126	3,148,126	3,022,196	(125,930)
Public safety				
Personnel	5,702,786	5,702,786	5,448,212	(254,574)
Operations	681,144	681,144	707,736	26,592
Parks and sanitation				
Personnel	1,300,068	1,300,068	1,245,570	(54,498)
Operations	1,312,659	1,312,659	1,287,866	(24,793)
Transportation				
Personnel	600,256	600,256	565,875	(34,381)
Operations	437,615	437,615	543,961	106,346
Total expenditures	13,182,654	13,182,654	12,821,416	(361,238)
Capital outlay:				
General government	430,850	430,850	311,884	(118,966)
Public safety	1,040,381	1,040,381	920,252	(120,129)
Parks and sanitation	345,984	345,984	294,913	(51,071)
Transportation	210,051	210,051	141,518	(68,533)
Total capital outlay	2,027,266	2,027,266	1,668,567	(358,699)
Total expenditures and capital outlay	15,209,920	15,209,920	14,489,983	(719,937)
Excess (deficiency) of revenues over (under) expenditur	(1,828,720)	(1,828,720)	21,333	1,850,053
<b>Other Financing Sources (Uses)</b>				
Other financing source - lease	-	-	64,944	64,944
Transfers in	3,071,769	3,071,769	2,940,540	(131,229)
Transfers out	(1,272,741)	(1,272,741)	(1,288,119)	(15,378)
Total other financing sources (uses)	1,799,028	1,799,028	1,717,365	(81,663)
Net change in fund balances	(29,692)	(29,692)	1,738,698	1,768,390
Fund balances - beginning	7,496,076	7,496,076	7,496,076	-
Fund balances - ending	\$ 7,466,384	\$ 7,466,384	\$ 9,234,774	\$ 1,768,390

**\*\*Notes to required supplementary information:**

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

**Town of Lexington, South Carolina**

**Pension Plan  
Schedule of Proportionate Share of the Net Pension Liability**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>South Carolina Retirement System</b>									
Town's proportion of the net pension liability	0.062378%	0.061882%	0.060799%	0.057133%	0.053872%	0.053235%	0.053845%	0.052853%	0.052853%
Town's proportionate share of the net pension liability	\$ 13,499,493	\$ 15,811,926	\$ 13,882,864	\$ 12,801,680	\$ 12,127,454	\$ 11,370,917	\$ 10,211,964	\$ 9,115,790	\$ 9,099,534
Town's covered payroll	\$ 7,051,311	\$ 6,903,769	\$ 6,420,178	\$ 5,920,564	\$ 5,435,531	\$ 5,155,108	\$ 5,048,629	\$ 4,793,251	\$ 4,719,033
Town's proportionate share of the net pension liability as a percentage of its covered payroll	191.45%	229.03%	216.24%	216.22%	223.11%	220.58%	202.27%	190.18%	189.84%
Plan fiduciary net position as a percentage of the total pension liability	60.70%	50.71%	54.40%	54.10%	53.30%	52.90%	57.00%	59.92%	56.39%
<b>South Carolina Police Officers Retirement System</b>									
Town's proportion of the net pension liability	0.26374%	0.25557%	0.26497%	0.25325%	0.23834%	0.23703%	0.23635%	0.23355%	0.23355%
Town's proportionate share of the net pension liability	\$ 6,785,723	\$ 8,473,334	\$ 7,593,908	\$ 7,175,940	\$ 6,529,579	\$ 6,012,206	\$ 5,151,240	\$ 4,473,833	\$ 4,471,088
Town's covered payroll	\$ 3,965,784	\$ 3,860,803	\$ 3,843,296	\$ 3,505,357	\$ 3,209,713	\$ 3,021,869	\$ 2,928,098	\$ 2,808,975	\$ 2,598,526
Town's proportionate share of the net pension liability as a percentage of its covered payroll	171.11%	219.52%	197.59%	204.71%	203.43%	198.96%	175.92%	159.27%	159.17%
Plan fiduciary net position as a percentage of the total pension liability	70.40%	58.79%	62.70%	61.70%	60.90%	60.40%	64.60%	67.55%	62.98%

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

**Town of Lexington, South Carolina**

**Pension Plan  
Schedule of Contributions**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>South Carolina Retirement System</b>									
Contractually required contributions contribution	\$ 1,190,549	\$ 1,097,184	\$ 1,074,226	\$ 934,778	\$ 802,828	\$ 628,348	\$ 570,155	\$ 550,862	\$ 508,085
Contribution deficiency	(1,190,549)	(1,097,184)	(1,074,226)	(934,778)	(802,828)	(628,348)	(570,155)	(550,862)	(508,085)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Town covered payroll	\$ 7,189,303	\$ 7,051,311	\$ 6,903,769	\$ 6,420,178	\$ 5,920,564	\$ 5,435,531	\$ 5,155,108	\$ 5,048,629	\$ 4,793,251
Contributions as a percentage of covered payroll	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.91%	10.60%

**South Carolina Police Officers Retirement System**

Contractually required contributions contribution	\$ 789,658	\$ 723,359	\$ 704,210	\$ 662,584	\$ 569,270	\$ 457,063	\$ 415,205	\$ 392,658	\$ 360,672
Contribution deficiency	(789,658)	(723,359)	(704,210)	(662,584)	(569,270)	(457,063)	(415,205)	(392,658)	(360,672)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Town covered payroll	\$ 4,099,055	\$ 3,965,784	\$ 3,860,803	\$ 3,843,296	\$ 3,505,357	\$ 3,209,713	\$ 3,021,869	\$ 2,928,098	\$ 2,808,975
Contributions as a percentage of covered payroll	19.26%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

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

**Town of Lexington, South Carolina**

**Schedule of Changes in  
Total OPEB Liability and Related Ratios**

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service cost	\$ 43,761	\$ 79,099	\$ 75,258	\$ 56,068	\$ 57,450
Interest on total OPEB liability	22,015	21,133	33,039	31,536	27,503
Effect of plan changes	-	-	-	-	-
Effect of economic/demographic gains or (losses)	(490,183)	-	(16,820)	-	-
Effect of assumption changes or inputs	(139,592)	4,714	(76,095)	32,726	(23,846)
Benefit payments	(2,708)	(10,471)	(3,481)	(17,253)	(8,986)
Net change in total OPEB liability	(566,707)	94,475	11,901	103,077	52,121
Total OPEB liability -- beginning	976,808	882,333	870,432	767,355	715,233
Total OPEB liability -- ending	<u>\$ 410,101</u>	<u>\$ 976,808</u>	<u>\$ 882,333</u>	<u>\$ 870,432</u>	<u>\$ 767,354</u>
Covered employee payroll	\$ 10,663,797	\$ 9,139,483	\$ 9,139,483	\$ 7,651,873	\$ 7,651,873
Total OPEB liability as a percentage of covered-employee payroll	3.85%	10.69%	9.65%	11.38%	10.03%

The Town implemented GASB 75 during fiscal year 2018. Although GASB 75 requires 10 years of data, if prior years are not reported in accordance with the current GASB standards, recalculations are not required and they should not be reported. Accordingly, we show only four years' calculations.

There are no assets accumulated in a trust that meets GASB requirements to pay related benefits of the Town's OPEB liability. The Town is on a pay as you go basis for OPEB.



## OTHER FINANCIAL INFORMATION

TOWN OF LEXINGTON, SOUTH CAROLINA

COMBINING 'NON-MAJOR' GOVERNMENTAL FINANCIAL  
STATEMENTS

TOWN OF LEXINGTON, SOUTH CAROLINA

**Town of Lexington, South Carolina**

**Combining Balance Sheet  
Nonmajor Governmental Funds**

**June 30, 2022**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and temporary investments	\$ 1,092,102	\$ 617,400	\$ 2,053,926	\$ 3,763,428
Receivables, net	9,025	-	-	9,025
Due from other governments	337,575	-	-	337,575
Restricted - cash and temporary investments	2,354,483	-	23,900	2,378,383
Total assets	<u>\$ 3,793,185</u>	<u>\$ 617,400</u>	<u>\$ 2,077,826</u>	<u>\$ 6,488,411</u>
<b>Liabilities</b>				
Accounts payable	\$ 31,076	\$ -	\$ 7,500	\$ 38,576
Accrued payroll liabilities	11,639	-	-	11,639
Due to other funds	232,885	-	143,131	376,016
Unearned income	931,169	-	-	931,169
Other liabilities	15,678	-	-	15,678
Total liabilities	<u>1,222,447</u>	<u>-</u>	<u>150,631</u>	<u>1,373,078</u>
<b>Fund Balances</b>				
Restricted	2,408,835	-	23,900	2,432,735
Committed	169,050	617,400	2,048,676	2,835,126
Unassigned	(7,147)	-	(145,381)	(152,528)
Total fund balances	<u>2,570,738</u>	<u>617,400</u>	<u>1,927,195</u>	<u>5,115,333</u>
Total liabilities and fund balances	<u>\$ 3,793,185</u>	<u>\$ 617,400</u>	<u>\$ 2,077,826</u>	<u>\$ 6,488,411</u>

**Town of Lexington, South Carolina**

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

**For the Year Ended June 30, 2022**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Grant revenue	\$ 731,354	\$ -	\$ -	\$ 731,354
Road assessment	47,994	-	-	47,994
Alcohol permits	62,100	-	-	62,100
Fines and forfeitures	41,304	-	-	41,304
Impact fees	305,507	-	-	305,507
Interest income	5,408	1,035	4,517	10,960
Accommodations tax	285,131	-	-	285,131
Other Income	449,729	-	-	449,729
Total revenues	<u>1,928,527</u>	<u>1,035</u>	<u>4,517</u>	<u>1,934,079</u>
<b>Expenditures</b>				
Current:				
General government	268,118	-	-	268,118
Public safety	584,786	-	-	584,786
Parks and sanitation	421,466	-	-	421,466
Victims' assistance	89,109	-	-	89,109
Tourism related	202,409	-	-	202,409
Debt service:				
Interest	-	4,613	-	4,613
Principal retirement	-	314,950	-	314,950
Capital outlay:				
General government	8,713	-	-	8,713
Public safety	125,488	-	22,689	148,177
Parks and sanitation	95,987	-	144,676	240,663
Transportation	-	-	93,128	93,128
Total expenditures	<u>1,796,076</u>	<u>319,563</u>	<u>260,493</u>	<u>2,376,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>132,451</u>	<u>(318,528)</u>	<u>(255,976)</u>	<u>(442,053)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	-	74,373	74,373
Transfers in	208,836	615,378	1,323,041	2,147,255
Transfers out	(220,859)	-	-	(220,859)
Total other financing sources (uses)	<u>(12,023)</u>	<u>615,378</u>	<u>1,397,414</u>	<u>2,000,769</u>
Net change in fund balances	120,428	296,850	1,141,438	1,558,716
Fund balances - beginning	2,450,310	320,550	785,757	3,556,617
Fund balances - ending	<u>\$ 2,570,738</u>	<u>\$ 617,400</u>	<u>\$ 1,927,195</u>	<u>\$ 5,115,333</u>

INDIVIDUAL FUND STATEMENTS  
AND  
SCHEDULES

TOWN OF LEXINGTON, SOUTH CAROLINA



# Town of Lexington, South Carolina

## General Fund Balance Sheet

**June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Assets</b>		
Cash and temporary investments	\$ 9,313,132	\$ 1,646,556
Receivables, net	380,596	973,563
Due from other funds	436,395	5,420,981
Prepaid items	405,611	409,867
Due from other governments	202,679	257,714
Total assets	<u>\$ 10,738,413</u>	<u>\$ 8,708,681</u>
<b>Liabilities</b>		
Accounts payable	\$ 688,669	\$ 573,373
Accrued payroll liabilities	461,018	352,784
Other liabilities	212,954	143,079
Total liabilities	<u>1,362,641</u>	<u>1,069,236</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue -- property taxes	140,998	143,369
Total deferred inflows of resources	<u>140,998</u>	<u>143,369</u>
Total liabilities and deferred inflows of resource	<u>1,503,639</u>	<u>1,212,605</u>
<b>Fund Balances</b>		
Nonspendable	405,611	409,867
Committed	600,000	600,000
Unassigned	8,229,163	6,486,209
Total fund balances	<u>9,234,774</u>	<u>7,496,076</u>
Total liabilities and fund balances	<u>\$ 10,738,413</u>	<u>\$ 8,708,681</u>

**Town of Lexington, South Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Final Budget (GAAP Basis) and Actual**  
**General Fund**

**For the Year Ended June 30, 2022**  
(With comparative actual amounts at June 30, 2021)

	2022			2021
	Budget	Actual	Variance with Final Budget	Actual
<b>Revenues</b>				
Property taxes	\$ 3,900,000	\$ 3,743,491	\$ (156,509)	\$ 3,666,428
Franchises, licenses, permits and fees	8,650,000	9,658,566	1,008,566	8,831,087
Other governments	500,000	688,712	188,712	563,011
Fines and forfeitures	210,000	265,447	55,447	230,581
Interest income	12,000	14,065	2,065	8,250
Miscellaneous	109,200	141,035	31,835	90,728
Total revenues	13,381,200	14,511,316	1,130,116	13,390,085
<b>Expenditures</b>				
General government				
Council				
Personnel	65,891	64,968	(923)	65,632
Operations	110,325	115,984	5,659	75,085
Administration				
Personnel	1,016,169	1,000,899	(15,270)	975,784
Operations	119,045	111,854	(7,191)	79,693
Finance				
Personnel	220,985	240,259	19,274	261,500
Operations	61,148	52,789	(8,359)	62,271
Planning, building and technology				
Personnel	963,862	914,960	(48,902)	909,011
Operations	590,701	520,483	(70,218)	451,861
Total general government	3,148,126	3,022,196	(125,930)	2,880,837
Public safety				
Personnel	5,702,786	5,448,212	(254,574)	5,306,183
Operations	681,144	707,736	26,592	596,768
Parks and sanitation				
Personnel	1,300,068	1,245,570	(54,498)	1,236,485
Operations	1,312,659	1,287,866	(24,793)	1,240,389
Transportation				
Personnel	600,256	565,875	(34,381)	506,112
Operations	437,615	543,961	106,346	460,397
Total expenditures	13,182,654	12,821,416	(361,238)	12,227,171
Capital outlay:				
General government	430,850	311,884	(118,966)	8,112
Public safety	1,040,381	920,252	(120,129)	55,300
Parks and sanitation	345,984	294,913	(51,071)	-
Transportation	210,051	141,518	(68,533)	34,392
Total capital outlay	2,027,266	1,668,567	(358,699)	97,804
Total expenditures and capital outlay	15,209,920	14,489,983	(719,937)	12,324,975
Excess (deficiency) of revenues over expenditures	(1,828,720)	21,333	1,850,053	1,065,110
<b>Other Financing Sources (Uses)</b>				
Other financing source - lease	-	64,944	64,944	-
Sale of capital assets	-	-	-	25,589
Transfers in	3,071,769	2,940,540	(131,229)	1,460,263
Transfers out	(1,272,741)	(1,288,119)	(15,378)	(1,186,615)
Total other financing sources (uses)	1,799,028	1,717,365	(81,663)	299,237
Net change in fund balances	(29,692)	1,738,698	1,768,390	1,364,347
Fund balances - beginning	7,496,076	7,496,076	-	6,131,729
Fund balances - ending	\$ 7,466,384	\$ 9,234,774	\$ 1,768,390	\$ 7,496,076

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

# Town of Lexington, South Carolina

## ARPA Fund Balance Sheet

June 30, 2022

	2022
<b>Assets</b>	
Restricted:	
Cash and temporary investments	\$ 4,049,064
Total assets	<u>\$ 4,049,064</u>
<b>Liabilities</b>	
Unearned income	\$ 4,049,064
Total liabilities	<u>4,049,064</u>
<b>Fund Balances</b>	
Restricted	-
Total fund balances	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>

**Town of Lexington, South Carolina**

**ARPA Funds**

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

**For the Year Ended June 30, 2022**

	<u>2022</u>
<b>Revenues</b>	
Grant revenue	\$ 1,466,300
Interest income	<u>12,876</u>
Total revenues	<u>1,479,176</u>
 Excess of revenues over expenditures	 <u>1,479,176</u>
 <b>Other Financing Sources (Uses)</b>	
Transfers out	<u>(1,479,176)</u>
Total other financing sources (uses)	<u>(1,479,176)</u>
 Net change in fund balances	 <u>-</u>
Fund balances - beginning	-
Fund balances - ending	<u><u>\$ -</u></u>

**Town of Lexington, South Carolina**

**Downtown TIF District  
Balance Sheet**

**June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Restricted:		
Cash and temporary investments	\$ 404,718	\$ 405,353
Other receivables	-	12
Due from other governments	31	32
Total assets	<u>\$ 404,749</u>	<u>\$ 405,397</u>
<b>Liabilities</b>		
Accounts payable	\$ 5,710	\$ 3,613
Revenue bonds payable	4,505,000	4,620,000
Total liabilities	<u>4,510,710</u>	<u>4,623,613</u>
<b>Fund (Deficits)</b>		
Unassigned	<u>(4,105,961)</u>	<u>(4,218,216)</u>
Total fund (deficits)	<u>(4,105,961)</u>	<u>(4,218,216)</u>
 Total liabilities and fund balances	 <u>\$ 404,749</u>	 <u>\$ 405,397</u>

# Town of Lexington, South Carolina

## Downtown TIF District Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2022

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Revenues</b>		
Property taxes	\$ 248,873	\$ 205,856
Interest income	539	181
Total revenues	249,412	206,037
<b>Expenditures</b>		
Debt service:		
Interest	13,140	81,062
Bond issuance costs	115,982	78,813
Capital outlay:		
Parks and sanitation	8,035	89,011
Total expenditures	137,157	248,886
Net change in fund balances	112,255	(42,849)
Fund (deficits) - beginning	(4,218,216)	(4,175,367)
Fund (deficits) - ending	\$ (4,105,961)	\$ (4,218,216)

**Town of Lexington, South Carolina**

**Corley Mill TIF District  
Balance Sheet**

**June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Assets</b>		
Restricted:		
Cash and temporary investments	\$ 241,460	\$ 1,080,186
Other receivables	12,136	9,500
Total assets	<u>\$ 253,596</u>	<u>\$ 1,089,686</u>
<b>Liabilities</b>		
Accounts payable	\$ 44,296	\$ 167,134
Due to other funds	9,132	68,536
Other Liabilities	9,500	9,500
Revenue bonds - current	3,520,000	3,415,000
Total liabilities	<u>3,582,928</u>	<u>3,660,170</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue -- property taxes	2,636	-
Total deferred inflows of resources	<u>2,636</u>	<u>-</u>
 Total liabilities and deferred inflows of resource	<u>3,585,564</u>	<u>3,660,170</u>
<b>Fund Balances (Deficits)</b>		
Unassigned	(3,331,968)	(2,570,484)
Total fund balances (deficits)	<u>(3,331,968)</u>	<u>(2,570,484)</u>
 Total liabilities and fund balances (deficits)	<u>\$ 253,596</u>	<u>\$ 1,089,686</u>

**Town of Lexington, South Carolina**

**Corley Mill TIF District**

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

**For the Year Ended June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Revenues</b>		
Property taxes	\$ 29,167	\$ 35,109
Interest income	114	91
Total revenues	<u>29,281</u>	<u>35,200</u>
<b>Expenditures</b>		
Debt service:		
Interest	8,921	66,900
BAN issuance costs	123,145	75,373
Capital outlay:		
Transportation	658,699	337,823
Total expenditures	<u>790,765</u>	<u>480,096</u>
Net change in fund balances	(761,484)	(444,896)
Fund (deficits) - beginning	(2,570,484)	(2,125,588)
Fund (deficits) - ending	<u>\$ (3,331,968)</u>	<u>\$ (2,570,484)</u>



# Town of Lexington, South Carolina

## Hospitality Tax Fund Balance Sheet

**June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Assets</b>		
Restricted:		
Cash and temporary investments	\$ 4,182,806	\$ 3,898,454
Other receivables	311,668	276,577
Total assets	<u>\$ 4,494,474</u>	<u>\$ 4,175,031</u>
<b>Liabilities</b>		
Accounts payable	\$ 64,096	\$ 307,315
Construction payables	265,540	120,944
Total liabilities	<u>329,636</u>	<u>428,259</u>
<b>Fund Balances</b>		
Restricted	<u>4,164,838</u>	<u>3,746,772</u>
Total fund balances	<u>4,164,838</u>	<u>3,746,772</u>
 Total liabilities and fund balances	 <u>\$ 4,494,474</u>	 <u>\$ 4,175,031</u>

**Town of Lexington, South Carolina**

**Hospitality Tax Fund**

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

**For the Year Ended June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Revenues</b>		
Hospitality tax	\$ 3,584,666	\$ 3,199,205
Interest income	11,666	9,507
Total revenues	3,596,332	3,208,712
<b>Expenditures</b>		
Capital outlay:		
Tourism related	1,937,761	1,539,409
Total expenditures	1,937,761	1,539,409
Excess of revenues over expenditures	1,658,571	1,669,303
<b>Other Financing Uses</b>		
Transfers out	(1,240,505)	(1,395,000)
Total other financing (uses)	(1,240,505)	(1,395,000)
Net change in fund balances	418,066	274,303
Fund balances - beginning	3,746,772	3,472,469
Fund balances - ending	\$ 4,164,838	\$ 3,746,772

# Town of Lexington, South Carolina

## Gibson Pond Balance Sheet

**June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Assets</b>		
Restricted:		
Cash and temporary investments	\$ 983,053	\$ 5,209,538
Due from other governments	145,909	2,584,409
Total assets	<u>\$ 1,128,962</u>	<u>\$ 7,793,947</u>
<b>Liabilities</b>		
Accounts payable	\$ 10,093	\$ 1,258,417
Due to other funds	51,247	4,415,723
Construction payables	-	100,000
Revenue BAN payable	7,540,000	7,250,000
Total liabilities	<u>7,601,340</u>	<u>13,024,140</u>
<b>Fund (Deficits)</b>		
Unassigned	<u>(6,472,378)</u>	<u>(5,230,193)</u>
Total fund (deficits)	<u>(6,472,378)</u>	<u>(5,230,193)</u>
 Total liabilities and fund (deficits)	 <u>\$ 1,128,962</u>	 <u>\$ 7,793,947</u>

**Town of Lexington, South Carolina**

**Gibson Pond**

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

**For the Year Ended June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Revenues</b>		
Grant revenue	\$ -	\$ 2,584,409
Interest income	5,033	269
Total revenues	<u>5,033</u>	<u>2,584,678</u>
<b>Expenditures</b>		
Debt service:		
Interest	137,794	-
BAN issuance costs	148,028	(20,135)
Capital outlay:		
Parks and sanitation	220,096	5,644,959
Total expenditures	<u>505,918</u>	<u>5,624,824</u>
(Deficiency) of revenues (under) expenditures	<u>(500,885)</u>	<u>(3,040,146)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers out	(741,300)	(2,060,884)
Total other financing sources (uses)	<u>(741,300)</u>	<u>(2,060,884)</u>
Net change in fund balances	(1,242,185)	(5,101,030)
Fund balances - beginning	(5,230,193)	(129,163)
Fund balances - ending	<u>\$ (6,472,378)</u>	<u>\$ (5,230,193)</u>

**Town of Lexington, South Carolina**

**Special Revenue Funds  
Combining Balance Sheet**

**June 30, 2022**

(With comparative total amounts for the year ended June 30, 2021)

	Alcohol Permits	Drug Fund	Police Grants	Victims' Assistance	Emergency Response and Recovery	COVID 19	Impact Fees	Sidewalk Fund	Accommodations' Tax
<b>Assets</b>									
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ 1,131	\$ -	\$ -	\$ -	\$ -
Receivables, net	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	231,968	-	-	-	-	-	105,607
Restricted - cash and temporary investments	153,844	1,159	700	28,674	1,000,811	97,322	539,206	78,221	144,680
Total assets	<u>\$ 153,844</u>	<u>\$ 1,159</u>	<u>\$ 232,668</u>	<u>\$ 28,674</u>	<u>\$ 1,001,942</u>	<u>\$ 97,322</u>	<u>\$ 539,206</u>	<u>\$ 78,221</u>	<u>\$ 250,287</u>
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ 366	\$ 594	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	7,142	4,497	-	-	-	-	-
Due to other funds	-	6,870	226,015	-	-	-	-	-	-
Unearned income	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	15,678	-
Total liabilities	<u>-</u>	<u>6,870</u>	<u>233,523</u>	<u>5,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,678</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>									
Restricted	153,844	-	-	23,583	1,001,942	97,322	539,206	62,543	250,287
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	(5,711)	(855)	-	-	-	-	-	-
Total fund balances (deficits)	<u>153,844</u>	<u>(5,711)</u>	<u>(855)</u>	<u>23,583</u>	<u>1,001,942</u>	<u>97,322</u>	<u>539,206</u>	<u>62,543</u>	<u>250,287</u>
Total liabilities and fund balances (deficits)	<u>\$ 153,844</u>	<u>\$ 1,159</u>	<u>\$ 232,668</u>	<u>\$ 28,674</u>	<u>\$ 1,001,942</u>	<u>\$ 97,322</u>	<u>\$ 539,206</u>	<u>\$ 78,221</u>	<u>\$ 250,287</u>

**Town of Lexington, South Carolina**

**Special Revenue Funds  
Combining Balance Sheet**

**June 30, 2022**

(With comparative total amounts for the year ended June 30, 2021)  
(Continued)

	Lexington Conference Center	Golden Hills Tax District	Amphitheater	Vision Plan	Veterans' Monument	Tuition Reimbursement	Park Improvements	TOTALS	
								2022	2021
<b>Assets</b>									
Cash and temporary investments	\$ 931,169	\$ -	\$ 15,669	\$ 119,070	\$ 581	\$ 24,482	\$ -	\$ 1,092,102	\$ 472,725
Receivables, net	-	-	9,025	-	-	-	-	9,025	7,000
Due from other governments	-	-	-	-	-	-	-	337,575	311,014
Restricted - cash and temporary investments	-	262,278	-	-	-	-	47,588	2,354,483	1,941,949
Total assets	<u>\$ 931,169</u>	<u>\$ 262,278</u>	<u>\$ 24,694</u>	<u>\$ 119,070</u>	<u>\$ 581</u>	<u>\$ 24,482</u>	<u>\$ 47,588</u>	<u>\$ 3,793,185</u>	<u>\$ 2,732,688</u>
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ 10,444	\$ 18,510	\$ 1,162	\$ -	\$ -	\$ 31,076	\$ 27,700
Accrued payroll liabilities	-	-	-	-	-	-	-	11,639	9,830
Due to other funds	-	-	-	-	-	-	-	232,885	244,848
Unearned income	931,169	-	-	-	-	-	-	931,169	244,848
Other liabilities	-	-	-	-	-	-	-	15,678	-
Total liabilities	<u>931,169</u>	<u>-</u>	<u>10,444</u>	<u>18,510</u>	<u>1,162</u>	<u>-</u>	<u>-</u>	<u>1,222,447</u>	<u>527,226</u>
<b>Fund Balances (Deficits)</b>									
Restricted	-	262,278	-	-	-	-	17,830	2,408,835	1,992,065
Committed	-	-	14,250	100,560	-	24,482	29,758	169,050	458,245
Unassigned	-	-	-	-	(581)	-	-	(7,147)	-
Total fund balances (deficits)	<u>-</u>	<u>262,278</u>	<u>14,250</u>	<u>100,560</u>	<u>(581)</u>	<u>24,482</u>	<u>47,588</u>	<u>2,570,738</u>	<u>2,450,310</u>
Total liabilities and fund balances (deficits)	<u>\$ 931,169</u>	<u>\$ 262,278</u>	<u>\$ 24,694</u>	<u>\$ 119,070</u>	<u>\$ 581</u>	<u>\$ 24,482</u>	<u>\$ 47,588</u>	<u>\$ 3,793,185</u>	<u>\$ 2,977,536</u>

**Town of Lexington, South Carolina**

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

**For the Year Ended June 30, 2022**

(With comparative total amounts for the year ended June 30, 2021)

	Alcohol Permits	Drug Fund	Police Grants	Victims' Assistance	Emergency Response and Recovery	COVID 19	Impact Fees	Sidewalk Fund	Accommodations' Tax
<b>Revenues</b>									
Grant revenue	\$ -	\$ -	\$ 662,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road assessment	-	-	-	-	-	-	-	-	-
Alcohol permits	62,100	-	-	-	-	-	-	-	-
Fines and forfeitures	-	2,874	-	38,430	-	-	-	-	-
Impact fees	-	-	-	-	-	-	305,507	-	-
Interest income	318	23	-	47	988	208	822	103	503
Accommodations tax	-	-	-	-	-	-	-	-	285,131
Miscellaneous	-	-	-	-	-	-	-	54,832	-
Total revenues	62,418	2,897	662,523	38,477	988	208	306,329	54,935	285,634
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	35,503	549,283	-	-	-	-	-	-
Parks and sanitation	55,173	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Victims' assistance	-	-	-	89,109	-	-	-	-	-
Tourism related	-	-	-	-	-	-	-	-	202,409
Capital outlay:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	125,488	-	-	-	-	-	-
Parks and sanitation	18,938	-	-	-	-	-	-	-	-
Total expenditures	74,111	35,503	674,771	89,109	-	-	-	-	202,409
Excess (deficiency) of revenues over (under) expenditure	(11,693)	(32,606)	(12,248)	(50,632)	988	208	306,329	54,935	83,225
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	-	60,000	-	-	-	-	-
Transfers out	-	-	-	-	(182,852)	-	-	-	(38,007)
Total other financing sources (uses)	-	-	-	60,000	(182,852)	-	-	-	(38,007)
Net change in fund balances	(11,693)	(32,606)	(12,248)	9,368	(181,864)	208	306,329	54,935	45,218
Fund balances - beginning	165,537	26,895	11,393	14,215	1,183,806	97,114	232,877	7,608	205,069
Fund balances - ending	\$ 153,844	\$ (5,711)	\$ (855)	\$ 23,583	\$ 1,001,942	\$ 97,322	\$ 539,206	\$ 62,543	\$ 250,287

Town of Lexington, South Carolina

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

For the Year Ended June 30, 2022

(With comparative total amounts for the year ended June 30, 2021)

(Continued)

	Lexington Conference Center	Golden Hills Tax District	Amphitheater	Vision Plan	Veterans' Monument	Tuition Reimbursement	Park Improvements	2022	2021
<b>Revenues</b>									
Grant revenue	\$ 68,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 731,354	\$ 852,055
Road assessment	-	47,994	-	-	-	-	-	47,994	45,980
Alcohol permits	-	-	-	-	-	-	-	62,100	58,914
Fines and forfeitures	-	-	-	-	-	-	-	41,304	55,196
Impact fees	-	-	-	-	-	-	-	305,507	204,109
Interest income	1,169	757	19	333	1	62	55	5,408	4,205
Accommodations tax	-	-	-	-	-	-	-	285,131	169,698
Miscellaneous	-	-	339,143	11,200	-	-	44,554	449,729	111,567
Total revenues	70,000	48,751	339,162	11,533	1	62	44,609	1,928,527	1,501,724
<b>Expenditures</b>									
Current:									
General government	-	-	-	259,829	-	8,289	-	268,118	318,047
Public safety	-	-	-	-	-	-	-	584,786	462,900
Parks and sanitation	-	-	352,184	-	1,582	-	12,527	421,466	6,255
Transportation	-	-	-	-	-	-	-	-	23,588
Victims' assistance	-	-	-	-	-	-	-	89,109	79,269
Tourism related	-	-	-	-	-	-	-	202,409	210,670
Capital outlay:									
General government	-	-	-	8,713	-	-	-	8,713	69,812
Public safety	-	-	-	-	-	-	-	125,488	40,919
Parks and sanitation	-	-	4,725	-	-	-	2,324	95,987	6,408
Total expenditures	70,000	-	356,909	268,542	1,582	8,289	14,851	1,796,076	1,217,868
Excess (deficiency) of revenues over (under) expendi	-	48,751	(17,747)	(257,009)	(1,581)	(8,227)	29,758	132,451	283,856
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	15,000	132,836	1,000	-	-	208,836	210,000
Transfers out	-	-	-	-	-	-	-	(220,859)	(111,315)
Total other financing sources (uses)	-	-	15,000	132,836	1,000	-	-	(12,023)	98,685
Net change in fund balances	-	48,751	(2,747)	(124,173)	(581)	(8,227)	29,758	120,428	382,541
Fund balances - beginning	-	213,527	16,997	224,733	-	32,709	17,830	2,450,310	2,067,769
Fund balances - ending	\$ -	\$ 262,278	\$ 14,250	\$ 100,560	\$ (581)	\$ 24,482	\$ 47,588	\$ 2,570,738	\$ 2,450,310



**Town of Lexington, South Carolina**

**Special Revenue Victims' Assistance Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget (GAAP Basis) and Actual**

**For the Year Ended June 30, 2022**

(With comparative actual amounts for the year ended June 30, 2021)

	2022				2021
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
<b>Revenues</b>					
Fines and forfeitures	\$ 26,671	\$ 26,671	\$ 38,430	\$ 11,759	\$ 30,820
Interest income	-	-	47	47	8
Total revenues	26,671	26,671	38,477	11,806	30,828
<b>Expenditures</b>					
Current:					
Victims' assistance	86,671	86,671	89,109	2,438	79,269
Total expenditures	86,671	86,671	89,109	2,438	79,269
Excess (deficiency) of revenues over (under) expenditures	(60,000)	(60,000)	(50,632)	9,368	(48,441)
<b>Other Financing Sources</b>					
Transfers in	60,000	60,000	60,000	-	60,000
Total other financing sources	60,000	60,000	60,000	-	60,000
Net change in fund balances	-	-	9,368	9,368	11,559
Fund balances - beginning	14,215	14,215	14,215	-	2,656
Fund balances - ending	\$ 14,215	\$ 14,215	\$ 23,583	\$ 9,368	\$ 14,215

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

# Town of Lexington, South Carolina

## Debt Service Fund Balance Sheet

**June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Assets</b>		
Cash and temporary investments	\$ 617,400	\$ 324,825
Total assets	<u>\$ 617,400</u>	<u>\$ 324,825</u>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 4,275
Total liabilities	<u>-</u>	<u>4,275</u>
<b>Fund Balances</b>		
Committed	617,400	320,550
Total fund balances	<u>617,400</u>	<u>320,550</u>
Total liabilities and fund balances	<u>\$ 617,400</u>	<u>\$ 324,825</u>

**Town of Lexington, South Carolina**

**Debt Service Fund**

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

**For the Year Ended June 30, 2022**

(With comparative actual amounts for the year ended June 30, 2021)

	2022				2021
	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual		Actual
<b>Revenues</b>					
Interest income	\$ -	\$ -	\$ 1,035	\$ 1,035	\$ 786
Total revenues	-	-	1,035	1,035	786
<b>Expenditures</b>					
Interest expense	1,000	1,000	4,613	(3,613)	115,905
Principal retirement	599,000	599,000	314,950	284,050	460,000
Total expenditures	600,000	600,000	319,563	280,437	575,905
Excess (deficiency) of revenues over expenditures	(600,000)	(600,000)	(318,528)	(279,402)	(575,119)
<b>Other Financing Sources</b>					
Transfers in	600,000	600,000	615,378	15,378	601,615
Total other financing sources	-	-	615,378	15,378	601,615
Net change in fund balances	-	-	296,850	296,850	26,496
Fund balances - beginning	320,550	320,550	320,550	-	294,054
Fund balances - ending	\$ 320,550	\$ 320,550	\$ 617,400	\$ 296,850	\$ 320,550

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

**Town of Lexington, South Carolina**

**Capital Projects Fund  
Combining Balance Sheet**

**Nonmajor Capital Projects Fund**

**June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	Streets & Infrastructure	Clark House	Ice House Pavillion	Downtown Development	Virginia Hylton Park	TOTALS	
						2022	2021
<b>Assets</b>							
Cash and temporary investments	\$ 1,938,205	\$ -	\$ -	\$ 115,721	\$ -	\$ 2,053,926	\$ 1,455,945
Prepaid items	-	-	-	-	-	-	97
Restricted - cash and temporary investments	-	-	-	23,900	-	23,900	65,031
Total assets	<u>\$ 1,938,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,621</u>	<u>\$ -</u>	<u>\$ 2,077,826</u>	<u>\$ 1,521,073</u>
<b>Liabilities</b>							
Accounts payable	\$ 5,250	\$ -	\$ -	\$ -	\$ 2,250	\$ 7,500	\$ 41,350
Accrued payroll liabilities	-	-	-	-	-	-	2,092
Due to other funds	-	16,436	-	-	126,695	143,131	691,874
Total liabilities	<u>5,250</u>	<u>16,436</u>	<u>-</u>	<u>-</u>	<u>128,945</u>	<u>150,631</u>	<u>735,316</u>
Total liabilities and deferred inflows of resource	<u>5,250</u>	<u>16,436</u>	<u>-</u>	<u>-</u>	<u>128,945</u>	<u>150,631</u>	<u>735,316</u>
<b>Fund Balances (Deficits)</b>							
Nonspendable	-	-	-	-	-	-	97
Restricted	-	-	-	23,900	-	23,900	65,031
Committed	1,932,955	-	-	115,721	-	2,048,676	1,439,945
Unassigned	-	(16,436)	-	-	(128,945)	(145,381)	(719,316)
Total fund balances (deficits)	<u>1,932,955</u>	<u>(16,436)</u>	<u>-</u>	<u>139,621</u>	<u>(128,945)</u>	<u>1,927,195</u>	<u>785,757</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,938,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,621</u>	<u>\$ -</u>	<u>\$ 2,077,826</u>	<u>\$ 1,521,073</u>

**Town of Lexington, South Carolina**

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

**For the Year Ended June 30, 2022**

(With comparative total amounts at June 30, 2021)

	Streets & Infrastructure	Clark House	Ice House Pavillion	Downtown Development	Virginia Hylton Park	TOTALS	
						2022	2021
<b>Revenues</b>							
Interest income	\$ 4,300	\$ -	\$ -	\$ 217	\$ -	\$ 4,517	\$ 3,198
Other Income	-	-	-	-	-	-	29,200
Total revenues	4,300	-	-	217	-	4,517	32,398
<b>Expenditures</b>							
Current:							
General government	-	-	-	-	-	-	5,495
Transportation	-	-	-	-	-	-	36,483
Capital outlay:							
General government	-	-	-	-	-	-	1,351
Public safety	-	22,689	-	-	-	22,689	243,985
Parks and sanitation	-	-	1,306	-	143,370	144,676	2,192,765
Transportation	93,128	-	-	-	-	93,128	200,777
Total expenditures	93,128	22,689	1,306	-	143,370	260,493	2,680,856
(Deficiency) of revenues (under) expenditures	(88,828)	(22,689)	(1,306)	217	(143,370)	(255,976)	(2,648,458)
<b>Other Financing Sources</b>							
Sale of capital assets	-	-	-	74,373	-	74,373	-
Transfers in	581,741	283,854	304,189	-	153,257	1,323,041	2,435,884
Total other financing sources	581,741	283,854	304,189	74,373	153,257	1,397,414	2,435,884
Net change in fund balances	492,913	261,165	302,883	74,590	9,887	1,141,438	(212,574)
Fund balances (deficits) - beginning	1,440,042	(277,601)	(302,883)	65,031	(138,832)	785,757	998,331
Fund balances (deficits) - ending	1,932,955	(16,436)	-	139,621	(128,945)	1,927,195	785,757

**Town of Lexington, South Carolina**  
**Waterworks and Sewer System Enterprise Fund**  
**Statement of Net Position**

**June 30, 2022**

	2022	2021
<b>Assets</b>		
Cash and temporary investments	\$ 20,401,542	\$ 17,707,063
Receivables, net	4,159,382	3,838,467
Inventories - supplies	792,325	762,013
Prepaid items	36,455	63,913
Restricted - cash and temporary investments	2,392,264	8,290,986
Land and construction in progress	15,082,511	18,138,087
Buildings, vehicles, equipment and infrastructure	121,865,815	112,422,276
Intangible - capacity reserve	32,111,151	33,545,064
Intangible - retail distribution rights	1,351,506	1,401,561
Prepaid capital improvements	1,644,984	1,370,820
Total assets	<u>199,837,935</u>	<u>197,540,250</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflow pension related	1,472,342	1,794,513
Deferred charge on refunding	2,277,258	2,388,452
Total deferred outflows of resources	<u>3,749,600</u>	<u>4,182,965</u>
Total assets and deferred outflows of resources	<u><u>203,587,535</u></u>	<u><u>201,723,215</u></u>
<b>Liabilities</b>		
Accounts payable	1,766,800	1,887,430
Accrued payroll liabilities	288,147	218,964
Customer deposits	74,035	68,880
Construction payables	608,405	608,672
Accrued interest	404,005	350,071
Accrued compensated absences-current portion	225,000	160,000
Revenue bonds - current	2,135,013	14,191,794
Accrued compensated absences	110,240	192,531
Revenue bonds payable	82,546,322	73,807,308
Asset retirement obligation	977,902	977,902
OPEB liability	146,301	343,364
Net pension liability	7,519,592	8,581,913
Total liabilities	<u>96,801,762</u>	<u>101,388,829</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflow - leases	307,830	-
Deferred inflow OPEB related	228,889	30,235
Deferred inflow pension related	1,102,468	32,452
Total deferred inflows of resources	<u>1,639,187</u>	<u>62,687</u>
Total liabilities and deferred inflows of resources	<u><u>98,440,949</u></u>	<u><u>101,451,516</u></u>
<b>Net Position</b>		
Net investment in capital assets	89,383,652	82,857,134
Restricted for:		
Capital projects	1,894	1,820
Debt service	466,038	4,804,330
Unrestricted	15,295,002	12,608,415
Total net position	<u><u>\$ 105,146,586</u></u>	<u><u>\$ 100,271,699</u></u>

**Town of Lexington, South Carolina**  
**Waterworks and Sewer System Enterprise Fund**  
**Statement of Revenues, Expenses, and Changes in Net Position**

**For the Year Ended June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Operating Revenues</b>		
Water service	\$ 6,458,378	\$ 6,022,040
Sewer service	16,550,068	14,914,936
Tap and meter fees	85,108	166,463
Other income	584,195	512,301
Total operating revenues	<u>23,677,749</u>	<u>21,615,740</u>
<b>Operating Expenses</b>		
Salaries and benefits	6,198,798	6,336,399
Water and sewer treatment services	4,362,684	4,154,557
Contractual services	801,503	758,339
Supplies	499,695	436,973
Depreciation and amortization	5,605,798	5,237,566
Asset retirement obligation expense	-	29,463
Other operating expense	2,202,918	1,643,257
Total operating expenses	<u>19,671,397</u>	<u>18,596,554</u>
Operating income	<u>4,006,352</u>	<u>3,019,186</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	63,379	33,253
Interest expense	(2,904,545)	(2,441,798)
Sale of capital assets	(23,182)	10,255
Bond issuance costs	(570,621)	(740,165)
Total nonoperating revenues (expenses)	<u>(3,434,969)</u>	<u>(3,138,455)</u>
Income (loss) before contributions and transfers	571,383	(119,269)
<b>Capital Contributions</b>		
Capital contribution fees	1,367,621	4,485,885
Developer capital asset contributions	3,053,719	2,894,975
Total capital contributions	<u>4,421,340</u>	<u>7,380,860</u>
Transfers in (out)	(117,836)	46,052
Total transfers in (out)	<u>(117,836)</u>	<u>46,052</u>
Change in net position	4,874,887	7,307,643
Total net position - beginning	100,271,699	92,964,056
Total net position - ending	<u>\$ 105,146,585</u>	<u>\$ 100,271,699</u>

**Town of Lexington, South Carolina**

**Waterworks and Sewer System Enterprise Fund  
Statement of Cash Flows**

**For the year ended June 30, 2022**

(With comparative amounts for the year ended June 30, 2021)

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Cash receipts from customers	\$ 23,395,653	\$ 21,436,758
Payments to employees	(5,815,975)	(5,736,560)
Payments to suppliers	(8,489,423)	(7,182,718)
Net cash provided by operating activities	<u>9,090,255</u>	<u>8,517,480</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase and construction of capital assets	(7,100,739)	(9,759,802)
Bond issuance costs paid	(570,621)	(740,165)
Principal paid on capital debt	(21,561,647)	(23,323,869)
Interest and fees paid	(3,064,480)	(2,925,248)
Proceeds from bond issuance	18,568,944	32,235,129
Proceeds from capital contribution fees	1,367,621	4,485,885
Gain (loss) on sale of assets	3,045	20,255
Cash from interfund	-	46,052
Net cash provided (used) by capital and related financing activities	<u>(12,357,877)</u>	<u>38,237</u>
<b>Cash Flows from Investing Activities</b>		
Interest received	63,379	33,253
Net cash provided by investing activities	<u>63,379</u>	<u>33,253</u>
Net increase (decrease) in cash and cash equivalents	(3,204,243)	8,588,970
Balances - beginning of year	25,998,049	17,409,079
Balances - end of the year	<u>\$ 22,793,806</u>	<u>\$ 25,998,049</u>
<b>Reconciliation to the Statement of Net Position</b>		
Cash and temporary investments	\$ 20,401,542	\$ 17,707,055
Restricted -- cash and temporary investments	2,392,264	8,290,994
	<u>\$ 22,793,806</u>	<u>\$ 25,998,049</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 4,006,352	\$ 3,019,186
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,605,798	5,237,566
Asset retirement obligation expense	-	29,463
Changes in assets and liabilities:		
Customer receivables	(287,250)	(178,719)
Inventory	(30,312)	(267,379)
Prepaid items	27,458	4,699
Accounts payable - supplier	(620,296)	77,786
Customer deposits	5,154	(262)
Compensated absences	(17,291)	29,854
Salaries and benefits payable	400,642	565,286
Net cash provided by operating activities	<u>\$ 9,090,255</u>	<u>\$ 8,517,480</u>
<b>Noncash investing, capital and financing supplementary information</b>		
Revenue bond principal accretion and discount amortization	\$ 2,769	\$ 250
Revenue bond and BAN premium and deferred amount on refunding amortization	\$ (439,028)	\$ (230,478)
Contributed capital assets from developers	<u>\$ 3,053,719</u>	<u>\$ 2,894,975</u>



## CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS

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

TOWN OF LEXINGTON, SOUTH CAROLINA

**Town of Lexington, South Carolina**

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

**June 30, 2022**

(With comparative amounts at June 30, 2021)

	2022	2021
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 8,563,581	\$ 7,860,670
Buildings	23,654,725	17,414,821
Vehicles and equipment	8,255,158	6,826,243
Streets and roadways	26,831,730	25,556,990
Sidewalks	2,879,481	2,879,481
Storm drainage	4,246,500	4,246,500
Furniture	58,875	17,563
Construction in progress	6,905,503	10,878,537
Total governmental funds capital assets	<u>\$ 81,395,553</u>	<u>\$ 75,680,805</u>
<b>Investments in Governmental Funds Capital Assets by Source:</b>		
General fund	\$ 17,499,958	\$ 16,104,104
Special revenue funds	29,006,279	26,045,929
Capital projects funds	8,985,933	8,897,929
Donations	25,903,383	24,632,843
Total governmental funds capital assets	<u>\$ 81,395,553</u>	<u>\$ 75,680,805</u>

**Town of Lexington, South Carolina**

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

**June 30, 2022**

<b>Function and Activity</b>	<b>Land</b>	<b>Buildings and Improvements</b>	<b>Vehicles and Equipment</b>	<b>Furniture</b>	<b>Streets and Roadways</b>	<b>Sidewalks</b>	<b>Storm Drainage</b>	<b>Construction in Progress</b>	<b>Total</b>
General government:									
Administration	\$ -	\$ -	\$ 69,452	\$ -	\$ -	\$ -	\$ -	\$ -	69,452
Information technology	-	40,021	716,295	-	-	-	-	-	756,316
Building department	-	90,317	217,188	-	-	-	-	-	307,505
Other-unclassified	2,866,845	6,575,963	-	-	-	-	-	-	9,442,808
Total general government	2,866,845	6,706,301	1,002,935	-	-	-	-	-	10,576,081
Public safety:									
Police	-	2,687,285	3,974,221	-	-	-	-	-	6,661,506
Police grants and programs	-	-	860,886	-	-	-	-	-	860,886
Total public safety	-	2,687,285	4,835,107	-	-	-	-	-	7,522,392
Parks and sanitation	1,030,229	11,346,664	1,114,615	58,875	-	-	-	34,664	13,585,047
Streets	2,099,274	20,684	1,302,501	-	22,044,348	2,879,481	4,246,500	(102,388)	32,490,400
Tourism related	2,567,233	2,893,791	-	-	4,787,382	-	-	6,973,227	17,221,633
Total governmental funds capital assets	\$ 8,563,581	\$ 23,654,725	\$ 8,255,158	\$ 58,875	\$ 26,831,730	\$ 2,879,481	\$ 4,246,500	\$ 6,905,503	\$ 81,395,553

**Town of Lexington, South Carolina**

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

**Year Ended June 30, 2022**

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets June 30, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Funds Capital Assets June 30, 2022</b>
General government:				
Administration	\$ 75,254	\$ 19,160	\$ (24,962)	\$ 69,452
Information technology	642,250	114,066	-	756,316
Building department	265,817	41,688	-	307,505
Other-unclassified	9,442,808	-	-	9,442,808
Total general government	<u>10,426,129</u>	<u>174,914</u>	<u>(24,962)</u>	<u>10,576,081</u>
Public safety:				
Police	5,785,631	875,875	-	6,661,506
Police grants and programs	860,886	-	-	860,886
Total public safety	<u>6,646,517</u>	<u>875,875</u>	<u>-</u>	<u>7,522,392</u>
Parks and sanitation	<u>12,521,705</u>	<u>7,149,885</u>	<u>(6,086,543)</u>	<u>13,585,047</u>
Streets	<u>30,679,055</u>	<u>1,811,345</u>	<u>-</u>	<u>32,490,400</u>
Tourism related	<u>15,407,399</u>	<u>1,816,984</u>	<u>(2,750)</u>	<u>17,221,633</u>
Total governmental funds capital assets	<u>\$ 75,680,805</u>	<u>\$ 11,829,003</u>	<u>\$ (6,114,255)</u>	<u>\$ 81,395,553</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

## VICTIMS' ASSISTANCE

TOWN OF LEXINGTON, SOUTH CAROLINA



## Town of Lexington, South Carolina

### Schedule of Court Fines, Fees, Assessments and Surcharges

Year Ended June 30, 2022

	<u>Municipal Court</u>
<b>Total Court Fines and Assessments:</b>	
Court fines and assessments collected	\$ 671,243
Court fines and assessments remitted to State Treasurer	<u>(367,366)</u>
Total Court fines and assessments retained	<u>\$ 303,877</u>
 <b>Surcharges and Assessments retained for Victim's Services</b>	
Surcharges collected and retained	\$ 7,691
Assessments retained	<u>30,739</u>
Total surcharges and assessments retained for victims services	<u>\$ 38,430</u>
 <b>Victim Services Collected</b>	
Carryforward from previous year - beginning balance	\$ 14,215
Victim Service Revenue	
Victim service fines retained by the Town	-
Victim service assessments retained by the Town	30,739
Victim service surcharges retained by the Town	7,691
General funds transferred to victim service fund	<u>60,047</u>
Total funds allocated to victim service fund + beginning balance (A)	<u>112,692</u>
 Expenditures for Victim Service Program	
Operating expenditures	\$ 89,109
General funds transferred from victim service fund	<u>-</u>
Total expenditures from victim service fund/program (B)	<u>89,109</u>
 Total victim service funds retained by the Town (A-B)	<u>23,583</u>
 Carryforward funds - end of year	<u>\$ 23,583</u>

*See independent auditors' report on other financial information*

TOWN OF LEXINGTON, SOUTH CAROLINA

## STATISTICAL SECTION

This section of the Comprehensive Annual Financial Report presents information that will assist in understanding the information in the financial statements, note disclosures, and the required supplementary information about the overall financial health of the Town.

### **Contents**

#### Financial Trends (Pages 125 – 130)

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

#### Revenue Capacity (Pages 131 – 143)

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

#### Debt Capacity (Pages 144 – 148)

These schedules present information that helps the reader assess the affordability of the Town's current levels of outstanding debt and its ability to issue additional debt in the future.

#### Demographic and Economic Information (Pages 149 – 152)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

#### Operating Information (Pages 153– 155)

These schedules contain service and infrastructure data to help the reader understand how the Town's financial report relates to the services the Town provides and the activities it performs.

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 15,512,819	\$ 22,280,682	\$ 17,780,768	\$ 19,153,384	\$ 26,915,354	\$ 31,477,076	\$ 38,263,218	\$ 42,097,399	\$ 44,980,930	\$ 43,264,911
Restricted	4,369,475	1,872,027	1,289,726	2,595,091	1,106,424	3,646,020	2,977,826	4,335,940	6,137,257	5,712,572
Net position related to pensions	-	-	(8,529,887)	-	-	-	-	-	-	-
Unrestricted	4,805,256	1,433,504	7,027,556	(357,045)	(738,191)	(4,975,209)	(7,186,813)	(8,146,993)	(8,817,883)	(976,834)
Total Governmental Activities Net Position	\$ 24,687,550	\$ 25,586,213	\$ 17,568,163	\$ 21,391,430	\$ 27,283,587	\$ 30,147,887	\$ 34,054,231	\$ 38,286,346	\$ 42,300,304	\$ 48,000,649
Business-Type Activities										
Net investment in capital assets	\$ 62,655,081	\$ 60,161,057	\$ 59,324,704	\$ 61,530,756	\$ 66,377,699	\$ 75,354,093	\$ 85,887,406	\$ 83,050,206	\$ 82,857,134	\$ 89,383,652
Restricted	2,828,869	2,770,896	2,882,005	4,635,549	4,678,831	3,055,334	297,373	352,549	4,806,150	467,932
Unrestricted	10,981,789	12,496,964	9,677,164	9,475,096	8,637,771	3,399,978	466,111	9,561,301	12,608,415	15,295,002
Total Business-Type Activities Net Position	\$ 76,465,739	\$ 75,428,917	\$ 71,883,873	\$ 75,641,401	\$ 79,694,301	\$ 81,809,405	\$ 86,650,890	\$ 92,964,056	\$ 100,271,699	\$ 105,146,586
Primary Government										
Net investment in capital assets	\$ 78,167,900	\$ 82,441,739	\$ 77,105,472	\$ 80,684,140	\$ 93,293,053	\$ 106,831,169	\$ 124,150,624	\$ 125,147,605	\$ 127,838,064	\$ 132,648,563
Restricted	7,198,344	4,642,923	4,171,731	7,230,640	5,785,255	6,701,354	3,275,199	4,688,489	10,943,407	6,180,504
Unrestricted	15,787,045	13,930,468	8,174,833	9,118,051	7,899,580	(1,575,231)	(6,720,702)	1,414,308	3,790,532	14,318,168
Total Primary Government Net Position	\$ 101,153,289	\$ 101,015,130	\$ 89,452,036	\$ 97,032,831	\$ 106,977,888	\$ 111,957,292	\$ 120,705,121	\$ 131,250,402	\$ 142,572,003	\$ 153,147,235

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,219,010	\$ 2,452,235	\$ 2,762,611	\$ 2,523,348	\$ 2,894,668	\$ 3,240,056	\$ 3,457,142	\$ 3,596,794	\$ 3,526,511	\$ 3,473,015
Public safety	4,885,709	5,067,670	5,307,208	5,219,328	5,679,893	6,448,736	7,643,258	7,440,083	7,282,842	7,453,585
Parks and sanitation	2,965,844	3,148,892	3,282,748	3,838,062	4,255,565	4,144,077	2,909,386	3,174,258	3,496,682	3,610,656
Transportation	-	-	-	-	-	-	904,302	2,148,751	2,306,875	2,374,041
Victims' assistance	64,050	60,586	70,203	69,444	69,429	74,863	77,410	89,661	90,094	88,079
Tourism related	65,226	117,156	83,747	149,164	212,161	476,416	153,358	177,904	210,670	441,535
Interest on long-term debt	205,715	80,910	412,150	229,181	43,081	91,269	-	-	356,421	-
Ban issuance costs	-	-	-	169,097	187,538	134,968	-	-	134,051	76,241
Total governmental activities expenses	10,405,554	10,927,449	11,918,667	12,197,624	13,342,335	14,610,385	15,144,856	16,627,451	17,404,146	17,517,152
Business-type activities:										
Water and sewer system	12,006,205	14,326,478	14,932,300	16,604,056	16,395,543	18,961,278	19,344,251	20,421,957	21,778,517	23,146,563
Total business-type activities expenses	12,006,205	14,326,478	14,932,300	16,604,056	16,395,543	18,961,278	19,344,251	20,421,957	21,778,517	23,146,563
Total primary government expenses	\$22,411,759	\$25,253,927	\$26,850,967	\$28,801,680	\$29,737,878	\$33,571,663	\$34,489,107	\$37,049,408	\$39,182,663	\$40,663,715
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 397,902	\$ 280,736	\$ 328,703	\$ 546,280	\$ 480,286	\$ 737,423	\$ 658,588	\$ 569,198	\$ 788,678	\$ 756,247
Public safety	303,152	330,134	329,874	289,954	228,524	219,284	222,488	179,400	255,005	268,345
Parks, streets, and sanitation	1,215,474	1,288,368	2,769,945	2,127,623	2,459,542	2,263,636	2,229,282	1,985,289	2,128,629	2,448,635
Transportation	-	-	-	-	-	-	43,926	69,565	218,858	262,640
Victims' assistance	41,430	38,361	41,300	68,915	32,266	29,086	32,510	25,671	30,820	38,430
Tourism related	162,588	204,867	229,004	184,559	194,084	216,984	219,375	186,479	170,572	285,634
Operating grants and contributions	302,618	279,646	149,973	297,213	903,283	601,658	818,991	598,825	1,321,893	813,018
Capital grants and contributions	539,066	1,739,145	114,395	1,461,930	3,135,012	1,002,705	1,391,853	3,225,820	2,950,211	3,269,526
Total governmental activities program revenues	2,962,230	4,161,257	3,963,194	4,976,474	7,432,997	5,070,776	5,617,013	6,840,247	7,864,666	8,142,475
Business-type activities:										
Charges for services:										
Water and sewer system	12,761,048	13,055,451	13,624,132	14,968,276	15,737,510	17,277,469	19,563,039	20,259,911	21,615,740	23,677,749
Capital grants and contributions	3,350,276	2,925,129	2,902,401	5,297,781	4,588,774	3,609,981	4,646,911	6,273,549	7,380,860	4,421,340
Total business-type activities program revenues	16,111,324	15,980,580	16,526,533	20,266,057	20,326,284	20,887,450	24,209,950	26,533,460	28,996,600	28,099,089
Total primary government program revenues	\$19,073,554	\$20,141,837	\$20,489,727	\$25,242,531	\$27,759,281	\$25,958,226	\$29,826,963	\$33,373,707	\$36,861,266	\$36,241,564

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (7,443,324)	\$ (6,766,192)	\$ (7,955,473)	\$ (7,221,150)	\$ (5,909,338)	\$ (9,539,609)	\$ (9,527,843)	\$ (9,787,204)	\$ (9,539,480)	\$ (9,374,677)
Business-type activities	4,105,119	1,654,102	1,594,233	3,662,001	3,930,741	1,926,172	4,865,699	6,111,503	7,218,083	4,952,526
Total primary government net (expense)/revenue	<u>\$ (3,338,205)</u>	<u>\$ (5,112,090)</u>	<u>\$ (6,361,240)</u>	<u>\$ (3,559,149)</u>	<u>\$ (1,978,597)</u>	<u>\$ (7,613,437)</u>	<u>\$ (4,662,144)</u>	<u>\$ (3,675,701)</u>	<u>\$ (2,321,397)</u>	<u>\$ (4,422,151)</u>
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes by source:										
Property tax	\$ 3,215,838	\$ 3,290,669	\$ 3,398,405	\$ 3,561,644	\$ 3,598,334	\$ 3,737,759	\$ 3,957,537	\$ 4,170,612	\$ 3,666,000	\$ 3,741,756
Business license tax	3,984,362	4,002,197	4,387,786	4,813,669	5,018,546	5,584,681	5,764,738	6,038,374	6,126,515	6,900,820
Hospitality tax	-	-	-	1,933,233	2,611,948	2,713,008	2,882,786	2,848,726	3,208,712	3,596,332
State aid not restricted for specific purpose	416,313	418,627	419,223	465,791	532,430	585,881	655,640	1,030,139	563,011	688,712
Unrestricted investment earnings	1,873	1,868	6,616	3,847	16,262	22,552	50,152	45,565	11,363	29,566
Miscellaneous	-	-	62,171	-	-	-	-	-	-	-
Other financing source - bond issuance	-	-	-	-	-	-	64,702	-	-	-
Gain (loss) on sale of capital assets	(97,528)	(48,506)	4,932	266,233	23,975	(27,134)	39,066	(103,249)	23,889	-
Transfers	-	-	134,769	-	-	-	25,000	(16,282)	(46,052)	117,836
Total governmental activities	<u>7,520,858</u>	<u>7,664,855</u>	<u>8,413,902</u>	<u>11,044,417</u>	<u>11,801,495</u>	<u>12,616,747</u>	<u>13,439,621</u>	<u>14,013,885</u>	<u>13,553,438</u>	<u>15,075,022</u>
Business-type activities:										
Water and sewer system:										
Unrestricted investment earnings	33,104	42,670	52,731	95,527	129,565	295,743	267,751	185,381	33,253	63,379
Transfers	-	-	(134,769)	-	-	-	(25,000)	16,282	46,052	(117,836)
Gain (loss) on sale of capital assets	-	-	(65,697)	-	(7,406)	-	49,181	-	10,255	(23,182)
Total business-type activities	<u>33,104</u>	<u>42,670</u>	<u>(147,735)</u>	<u>95,527</u>	<u>122,159</u>	<u>295,743</u>	<u>291,932</u>	<u>201,663</u>	<u>89,560</u>	<u>(77,639)</u>
Total primary government	<u>\$ 7,553,962</u>	<u>\$ 7,707,525</u>	<u>\$ 8,266,167</u>	<u>\$ 11,139,944</u>	<u>\$ 11,923,654</u>	<u>\$ 12,912,490</u>	<u>\$ 13,731,553</u>	<u>\$ 14,215,548</u>	<u>\$ 13,642,998</u>	<u>\$ 14,997,383</u>
<b>Change in net position:</b>										
Governmental activities	\$ 77,534	\$ 898,663	\$ 458,429	\$ 3,823,267	\$ 5,892,157	\$ 3,077,138	\$ 3,911,778	\$ 4,226,681	\$ 4,013,958	\$ 5,700,345
Business-type activities	4,138,223	1,696,772	1,446,498	3,757,528	4,052,900	2,221,915	5,157,631	6,313,166	7,307,643	4,874,887
Total primary government	<u>\$ 4,215,757</u>	<u>\$ 2,595,435</u>	<u>\$ 1,904,927</u>	<u>\$ 7,580,795</u>	<u>\$ 9,945,057</u>	<u>\$ 5,299,053</u>	<u>\$ 9,069,409</u>	<u>\$ 10,539,847</u>	<u>\$ 11,321,601</u>	<u>\$ 10,575,232</u>

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

(Modified Accrual Basis of Accounting)

(Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ 133,596	\$ 9,580	\$ 89,549	\$ 247,405	\$ 254,673	\$ 285,223	\$ 327,716	\$ 320,065	\$ 409,867	\$ 405,611
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	330,000	330,000	-	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Unassigned	3,829,904	3,575,917	3,762,736	4,212,743	4,759,999	5,207,641	5,173,110	5,211,664	6,486,209	8,229,163
Total general fund	\$ 4,293,500	\$ 3,915,497	\$ 3,852,285	\$ 5,060,148	\$ 5,614,672	\$ 6,092,864	\$ 6,100,826	\$ 6,131,729	\$ 7,496,076	\$ 9,234,774
Downtown TIF District										
Restricted	N/A	N/A	N/A	N/A	N/A	\$ 484,797	\$ -	\$ -	\$ -	\$ -
Unassigned	N/A	N/A	\$ (233,532)	\$ (2,442,387)	\$ (3,889,049)	\$ (4,460,505)	\$ (4,080,297)	\$ (4,175,367)	\$ (4,218,216)	\$ (4,105,961)
Total	\$ -	\$ -	\$ (233,532)	\$ (2,442,387)	\$ (3,889,049)	\$ (3,975,708)	\$ (4,080,297)	\$ (4,175,367)	\$ (4,218,216)	\$ (4,105,961)
Corley Mill TIF District										
Unassigned	N/A	N/A	N/A	N/A	N/A	\$ (73,678)	\$ (1,716,384)	\$ (2,125,588)	\$ (2,570,484)	\$ (3,331,968)
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (73,678)	\$ (1,716,384)	\$ (2,125,588)	\$ (2,570,484)	\$ (3,331,968)
Hospitality tax fund										
Restricted	N/A	N/A	N/A	\$ 1,660,790	\$ 3,023,999	\$ 1,727,244	\$ 2,230,385	\$ 3,472,469	\$ 3,746,772	\$ 4,164,838
Total	\$ -	\$ -	\$ -	\$ 1,660,790	\$ 3,023,999	\$ 1,727,244	\$ 2,230,385	\$ 3,472,469	\$ 3,746,772	\$ 4,164,838
Gibson Pond fund										
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ (5,230,193)	\$ (6,472,378)
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,230,193)	\$ (6,472,378)
All other governmental funds										
Special revenue funds										
Nonspendable	\$ 895,737	\$ 933,099	\$ 510,103	\$ 618,327	\$ 671,507	\$ 560,096	\$ 602,441	\$ 1,682,373	\$ 1,992,065	\$ 2,408,835
Restricted	79,495	37	-	-	217,980	292,664	282,411	433,715	458,245	169,050
Committed	22	-	153,035	82,176	-	-	-	-	-	-
Assigned	(17,496)	(494,890)	(2,482)	(72,061)	(21,654)	(68,151)	(129,946)	(174,879)	-	(7,147)
Capital projects and debt service										
Nonspendable	-	-	-	-	-	-	-	-	97	-
Restricted	1,401,520	971,758	521,042	521,047	1,312,292	1,547,120	304,255	66,198	65,031	23,900
Committed	-	-	-	-	-	-	1,089,413	1,564,142	1,760,495	2,666,076
Assigned	-	-	612,540	15,523	-	-	-	-	-	-
Unassigned	-	(428,061)	(47,739)	153,112	(227,671)	(238,134)	(2,603)	(340,558)	(719,316)	(145,381)
Total all other governmental funds	\$ 2,359,278	\$ 981,943	\$ 1,746,499	\$ 1,318,124	\$ 1,952,454	\$ 2,093,595	\$ 2,145,971	\$ 3,230,991	\$ 3,556,617	\$ 5,115,333



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

(Modified Accrual Basis of Accounting)  
(Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes by source:										
Property tax	\$ 3,257,650	\$ 3,291,130	\$ 3,408,719	\$ 3,588,553	\$ 3,648,367	\$ 3,790,760	\$ 4,060,059	\$ 4,299,259	\$ 3,907,393	\$ 4,021,531
Hospitality tax	-	-	-	1,933,233	2,611,948	2,713,008	2,882,786	2,811,664	3,199,205	3,584,666
Franchises, licenses, and permits	5,403,682	5,451,208	7,324,467	7,339,912	7,493,357	8,247,558	8,413,353	8,450,294	8,831,087	9,658,566
Intergovernmental	765,510	1,331,185	659,745	1,107,197	1,487,440	1,286,293	1,369,361	1,716,621	4,104,369	2,948,466
Fines and forfeitures	344,552	366,368	368,523	285,077	260,844	248,340	254,975	205,055	285,777	306,751
Interest income	3,877	3,457	8,137	33,395	21,597	48,100	120,391	122,507	26,487	55,253
Miscellaneous	308,091	358,310	405,947	328,865	664,877	618,512	584,904	460,753	605,302	1,229,396
Total revenues	\$ 10,083,362	\$ 10,801,658	\$ 12,175,538	\$ 14,616,232	\$ 16,188,430	\$ 16,952,571	\$ 17,685,829	\$ 18,066,153	\$ 20,959,620	\$ 21,804,629
<b>Expenditures</b>										
Current:										
General government	\$ 2,087,405	\$ 2,298,407	\$ 2,546,806	\$ 2,385,034	\$ 2,702,188	\$ 2,918,984	\$ 2,827,351	\$ 3,100,508	\$ 3,198,884	\$ 3,290,314
Public safety	4,460,077	4,643,948	4,788,611	4,705,435	5,021,577	5,614,690	6,171,361	6,382,907	6,365,851	6,740,734
Parks and sanitation	2,189,384	2,273,710	2,355,503	2,929,722	3,181,462	3,180,240	2,688,980	2,448,726	2,483,129	2,954,902
Transportation	-	-	-	-	-	-	935,700	994,887	990,097	1,109,836
Victims' assistance	61,316	62,515	70,218	69,112	69,095	74,410	73,545	80,334	79,269	89,109
Tourism related	33,073	117,156	83,747	133,725	197,003	117,525	153,358	179,904	210,670	202,409
Capital outlay	1,766,513	3,000,980	651,885	3,053,714	2,958,262	4,981,592	4,912,649	2,068,142	10,507,001	4,983,839
Debt service:										
Principal	360,000	399,250	389,250	534,250	644,393	626,590	732,690	533,664	560,000	314,950
Interest	107,066	27,465	146,950	101,279	180,987	143,315	286,414	241,446	163,867	164,468
BAN issue costs	-	-	-	-	-	134,968	216,365	234,567	393,337	387,155
Administrative charges	-	-	-	-	-	1,166	-	-	-	-
Total expenditures	\$ 11,064,834	\$ 12,823,431	\$ 11,034,466	\$ 13,913,767	\$ 14,956,133	\$ 17,793,480	\$ 18,998,413	\$ 16,265,085	\$ 24,952,105	\$ 20,237,716
Excess of revenues over (under) expenditures	\$ (981,472)	\$ (2,021,773)	\$ 1,141,072	\$ 702,465	\$ 1,232,297	\$ (840,909)	\$ (1,312,584)	\$ 1,801,068	\$ (3,992,485)	\$ 1,566,913

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

(Modified Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Other financing sources (uses)</b>										
Transfers in	842,134	2,233,260	2,886,195	1,159,943	1,928,781	1,952,105	2,109,471	3,604,720	4,707,762	5,087,795
Transfers out	(842,134)	(2,233,260)	(2,751,426)	(1,159,943)	(1,928,781)	(1,952,105)	(2,084,471)	(3,621,002)	(4,753,814)	(4,969,959)
Proceeds from capital lease/other obligations	-	-	-	308,215	-	-	-	-	-	-
Issuance of special source revenue bonds	3,362,602	-	-	-	-	-	-	-	-	-
Sale of capital assets	284,680	259,949	4,932	266,233	23,975	3,150	39,066	16	25,589	74,373
Refunding bonds issued	(59,892)	6,484	-	-	-	-	-	-	-	-
Other financing sources- bond premium	-	-	62,171	48,607	(1,430,000)	-	-	-	-	-
Bond issue costs	-	-	(215,132)	(169,097)	(187,538)	-	-	-	-	-
Other financing sources- BAN premium	-	-	-	-	36,667	-	-	-	-	-
Other financing sources- BAN issuance	-	-	2,640,000	5,865,000	1,430,000	-	64,702	68,931	259,286	64,944
Other financing sources- BAN repayment	-	-	(3,300,000)	(6,790,000)	-	-	-	-	-	-
Total other financing sources (uses)	3,587,390	266,433	(673,260)	(471,042)	(126,896)	3,150	128,768	52,665	238,823	257,153
Net change in fund balances	\$ 2,605,918	\$ (1,753,340)	\$ 467,812	\$ 231,423	\$ 1,105,401	\$ (837,759)	\$ (1,183,816)	\$ 1,853,733	\$ (3,753,662)	\$ 1,824,066
Capital asset expenditures	\$ 1,766,513	\$ 3,000,980	\$ 651,885	\$ 3,053,714	\$ 2,958,262	\$ 4,981,592	\$ 4,912,649	\$ 2,068,142	\$ 10,507,001	\$ 4,983,839
Debt service as a percentage of noncapital expenditures	5.0%	4.3%	5.2%	5.9%	6.9%	6.0%	7.2%	5.5%	5.0%	3.1%

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

(Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Water Service (Thousands of Gallons)</b>										
In-town										
Residential	346,806	324,390	343,623	370,406	375,811	348,836	370,323	367,373	382,950	386,644
Commercial	344,239	329,868	340,914	359,454	389,301	383,696	397,270	369,173	359,679	381,314
Total	691,045	654,258	684,537	729,860	765,112	732,532	767,593	736,546	742,629	767,958
Out of town										
Residential	92,978	95,131	111,190	124,982	135,035	127,453	139,494	138,285	146,096	144,779
Commercial	31,574	31,688	30,841	32,056	29,309	26,049	29,727	33,798	33,509	31,325
Total	124,552	126,819	142,031	157,038	164,344	153,502	169,221	172,083	179,605	176,104
Total direct rate	\$ 5.67	\$ 6.07	\$ 5.98	\$ 5.75	\$ 5.76	\$ 6.09	\$ 6.13	\$ 6.48	\$ 6.53	\$ 6.84
<b>Sewer Service (Thousands of Gallons)</b>										
In-town										
Residential	359,416	335,846	354,499	391,136	410,072	390,174	429,245	440,501	465,205	473,497
Commercial	263,636	266,636	275,494	286,202	297,686	294,315	299,603	280,422	279,698	300,268
Total	623,052	602,482	629,993	677,338	707,758	684,489	728,848	720,923	744,903	773,765
Out of town										
Residential	434,392	405,229	470,045	537,032	578,742	563,433	609,460	638,546	659,020	654,936
Commercial	55,603	59,522	51,782	63,350	55,257	48,538	52,489	55,576	54,430	55,345
Total	489,995	464,751	521,827	600,382	633,999	611,971	661,949	694,122	713,450	710,281
Total direct rate	\$ 6.71	\$ 7.30	\$ 7.08	\$ 7.28	\$ 7.36	\$ 8.69	\$ 9.47	\$ 9.77	\$ 6.45	\$ 11.15

Source: Utility billing records

TOWN OF LEXINGTON, SOUTH CAROLINA

WATER AND SEWER RATES  
LAST TEN FISCAL YEARS

(Unaudited)

Water Service	2013		2014		2015		2016		2017		2018		2019		2020		2021		2022	
	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume	Monthly Base	Volume
In-town																				
Residential	\$ 7.08	\$ 3.94	\$ 7.29	\$ 4.06	\$ 7.29	\$ 4.06	\$ 7.03	\$ 3.92	\$ 7.21	\$ 4.02	\$ 7.39	\$ 4.12	\$ 7.57	\$ 4.22	\$ 7.76	\$ 4.33	\$ 7.76	\$ 4.33	\$ 8.64	\$ 4.82
Commercial	\$ 7.08	\$ 3.68	\$ 7.29	\$ 3.79	\$ 7.29	\$ 3.79	\$ 7.03	\$ 3.66	\$ 7.21	\$ 3.75	\$ 7.39	\$ 3.84	\$ 7.57	\$ 3.94	\$ 7.76	\$ 4.04	\$ 7.76	\$ 4.04	\$ 8.64	\$ 4.49
Out of town																				
Residential	\$ 11.66	\$ 7.37	\$ 12.01	\$ 7.59	\$ 12.01	\$ 7.59	\$ 12.65	\$ 7.06	\$ 12.97	\$ 7.24	\$ 13.29	\$ 7.42	\$ 13.62	\$ 7.61	\$ 13.96	\$ 7.80	\$ 13.96	\$ 7.80	\$ 15.54	\$ 8.68
Commercial	\$ 11.66	\$ 6.91	\$ 12.01	\$ 7.12	\$ 12.01	\$ 7.12	\$ 12.65	\$ 6.59	\$ 12.97	\$ 6.75	\$ 13.29	\$ 6.92	\$ 13.62	\$ 7.09	\$ 13.96	\$ 7.27	\$ 13.96	\$ 7.27	\$ 15.54	\$ 8.09
Sewer Service																				
In-town																				
Residential	\$ 6.72	\$ 4.66	\$ 6.92	\$ 4.80	\$ 6.92	\$ 4.80	\$ 7.28	\$ 5.05	\$ 7.46	\$ 5.18	\$ 7.65	\$ 5.31	\$ 7.84	\$ 5.44	\$ 8.04	\$ 5.58	\$ 8.04	\$ 5.58	\$ 8.95	\$ 6.21
Commercial	\$ 6.72	\$ 4.66	\$ 6.92	\$ 4.80	\$ 6.92	\$ 4.80	\$ 7.28	\$ 5.05	\$ 7.46	\$ 5.18	\$ 7.65	\$ 5.31	\$ 7.84	\$ 5.44	\$ 8.04	\$ 5.58	\$ 8.04	\$ 5.58	\$ 8.95	\$ 6.21
Out of town																				
Residential	\$ 8.94	\$ 8.22	\$ 9.21	\$ 8.47	\$ 9.21	\$ 8.47	\$ 12.38	\$ 8.59	\$ 12.69	\$ 8.80	\$ 13.01	\$ 9.02	\$ 13.34	\$ 9.25	\$ 13.67	\$ 9.48	\$ 13.67	\$ 9.48	\$ 15.21	\$ 10.55
Commercial	\$ 8.94	\$ 8.22	\$ 9.21	\$ 8.47	\$ 9.21	\$ 8.47	\$ 12.38	\$ 8.59	\$ 12.69	\$ 8.80	\$ 13.01	\$ 9.02	\$ 13.34	\$ 9.25	\$ 13.67	\$ 9.48	\$ 13.67	\$ 9.48	\$ 15.21	\$ 10.55

Source: Town of Lexington water and sewer rate schedules

Note: Monthly base rates apply to 5/8" x 3/4" meters - the majority of meters in use for both residential and commercial users. Higher base rates apply to users with larger meters.  
Volume charges are per 1,000 gallons.

TOWN OF LEXINGTON, SOUTH CAROLINA  
PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

Taxpayer	June 30, 2022					June 30, 2021				
	WATER			SEWER		WATER			SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County government	34,598	1	3.66%	32,656	1	30,892	1	3.35%	27,492	1
Apartment complex	14,345	2	1.52%	13,107	2	14,627	2	1.59%	12,334	3
Apartment complex	13,073	3	1.38%	11,572	3	13,317	3	1.44%	12,169	4
Apartment complex	12,574	4	1.33%	12,574	4	11,038	4	1.20%	11,038	5
Apartment complex	9,579	5	1.01%	9,579	5	9,816	5	1.06%	9,816	6
School district	8,198	6	0.87%	17,917	6	-	-	-	9,709	7
Apartment complex	6,983	7	0.74%	6,983	7	7,234	9	0.78%	7,071	9
Apartment complex	6,715	8	0.71%	6,715	8	7,505	7	0.81%	6,891	10
Medical Center	6,624	9	0.70%	5,264	9	-	-	-	-	-
Manufacturer	6,487	10	0.69%	-	10	-	-	-	-	-
Mobile home park	-	-	-	8,510	-	-	-	-	-	-
Assisted Living	-	-	-	-	-	7,985	6	0.87%	-	-
Apartment complex	-	-	-	-	-	7,326	8	0.79%	7,326	8
Car wash	-	-	-	-	-	6,452	10	0.70%	13,595	2
Totals	119,176	-	12.61%	124,877	-	116,192	-	12.59%	117,441	-
Total consumption	944,062	-	-	1,484,046	-	922,234	-	-	1,458,353	-

Taxpayer	June 30, 2020					June 30, 2019				
	WATER			SEWER		WATER			SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County government	34,862	1	3.84%	32,004	1	36,892	1	3.94%	34,832	1
Apartment complex	13,503	2	1.49%	11,639	3	12,369	2	1.32%	10,709	3
Apartment complex	9,641	3	1.06%	9,641	5	10,425	4	1.11%	10,425	4
Apartment complex	9,617	4	1.06%	9,617	6	9,225	5	0.98%	9,225	6
Apartment complex	8,339	5	0.92%	6,650	9	8,224	9	0.88%	5,994	9
Car wash	7,996	6	0.88%	11,514	4	8,909	7	0.95%	-	-
Apartment complex	7,778	7	0.86%	7,778	7	-	-	-	6,703	8
Apartment complex	7,746	8	0.85%	6,484	10	8,267	8	0.88%	7,254	7
Manufacturer	6,269	9	0.69%	-	-	-	-	-	-	-
School district	6,158	10	0.68%	15,715	2	7,357	10	0.79%	17,751	2
Mobile home park	-	-	-	6,968	8	-	-	-	-	-
Apartment complex	-	-	-	-	-	12,341	3	1.32%	10,004	5
Assisted Living	-	-	-	-	-	8,982	6	0.96%	-	-
Medical	-	-	-	-	-	-	-	-	5,735	10
Totals	111,909	-	12.33%	118,010	-	122,991	-	13.13%	118,632	-
Total consumption	908,628	-	-	1,415,072	-	936,814	-	-	1,390,823	-

TOWN OF LEXINGTON, SOUTH CAROLINA  
PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

(Continued)

Taxpayer	June 30, 2018				June 30, 2017			
	WATER		SEWER		WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County government	37,347	1	4.22%	35,986	1	4.49%	38,825	1
Assisted Living	12,560	2	1.42%	-	-	-	-	-
Apartment complex	11,188	3	1.26%	9,522	3	1.19%	8,786	6
Apartment complex	10,726	4	1.21%	9,500	4	1.19%	9,091	5
Apartment complex	9,135	5	1.03%	9,135	5	1.32%	12,273	3
Apartment complex	8,769	6	0.99%	8,769	7	1.06%	9,830	4
Apartment complex	8,346	7	0.94%	8,164	8	0.97%	7,446	9
Apartment complex	7,829	8	0.88%	7,829	9	0.70%	6,514	10
School district	7,496	9	0.85%	18,012	2	0.78%	15,574	2
Apartment complex	6,615	10	0.75%	-	-	0.73%	-	-
Car wash	-	-	-	8,918	6	0.69%	8,468	7
Mobile home park	-	-	-	7,196	10	0.56%	7,851	8
Totals	120,011		13.55%	123,031		13.34%	124,658	
Total consumption	886,033			1,296,486			1,341,756	

Taxpayer	June 30, 2016				June 30, 2015			
	WATER		SEWER		WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County government	37,252	1	4.20%	35,093	1	3.94%	31,801	1
Apartment complex	12,028	2	1.36%	12,028	2	0.84%	6,969	8
Apartment complex	11,933	3	1.35%	10,141	3	0.79%	9,101	4
Apartment complex	10,712	4	1.21%	8,848	4	1.41%	8,471	6
Apartment complex	10,345	5	1.17%	10,345	5	1.00%	8,244	7
Apartment complex	9,624	6	1.09%	8,892	6	0.70%	8,539	5
Apartment complex	8,769	7	0.99%	7,184	7	0.92%	-	-
Apartment complex	6,819	8	0.77%	-	-	0.78%	6,421	10
School district	6,280	9	0.71%	17,859	8	0.81%	16,630	2
Car Wash	5,892	10	0.66%	-	-	-	-	-
Mobile home park	-	-	-	7,061	9	-	13,153	3
Extended care facility	-	-	-	6,926	10	-	6,755	9
Manufacturer	-	-	-	-	-	-	-	-
Totals	119,654		13.51%	124,377		12.79%	116,084	
Total consumption	886,898			1,277,720			1,154,031	

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

(Continued)

Taxpayer	June 30, 2014				June 30, 2013			
	WATER		SEWER		WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County government	32,777	1	2.51%	28,997	1	3.41%	28,890	1
Apartment complex	17,508	2	1.34%	17,508	2	2.12%	17,285	2
Apartment complex	11,415	3	0.88%	10,769	4	1.40%	8,766	6
Apartment complex	10,224	4	0.78%	8,693	7	1.36%	10,399	3
Apartment complex	10,021	5	0.77%	8,345	8	1.28%	8,627	7
Apartment complex	9,540	6	0.73%	9,540	5	1.21%	8,925	5
Apartment complex	6,708	7	0.51%	-	-	0.90%	-	-
Apartment complex	5,843	8	0.45%	5,843	10	0.90%	7,352	8
Manufacturer	4,560	9	0.35%	-	-	0.58%	-	-
Apartment complex	4,351	10	0.33%	-	-	-	-	-
School district	-	-	-	13,795	2	-	10,043	4
Mobile home park	-	-	-	9,050	6	-	6,829	9
Extended care facility	-	-	-	7,003	9	-	6,329	10
Medical center	-	-	-	-	-	-	-	-
Totals	112,947	-	8.65%	119,543	9	0.86%	113,445	-
Total consumption	1,304,560	-	-	1,062,838	-	14.02%	1,113,047	-

Source: Town of Lexington Billing Records

TOWN OF LEXINGTON, SOUTH CAROLINA  
ASSESSSED AND ESTIMATED ACTUAL VALUE OF PROPERTY  
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Tax Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Assessed Value to Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2013	2012	\$ 75,601,410	\$ 1,546,487,637	\$ 15,469,980	\$ 197,303,286	\$ 91,071,390	\$ 1,743,790,923	35.14	5.22%
2014	2013	77,204,480	1,581,452,032	16,073,550	209,417,714	93,278,030	1,790,869,746	35.14	5.21%
2015	2014	79,307,920	1,626,547,083	16,741,790	219,697,830	96,049,710	1,846,244,913	35.14	5.20%
2016	2015	82,696,890	1,680,927,679	18,082,030	235,984,230	100,778,920	1,916,911,909	35.14	5.26%
2017	2016	85,014,030	1,727,452,025	19,546,450	252,063,440	104,560,480	1,979,515,465	34.29	5.28%
2018	2017	88,524,230	1,801,661,412	20,324,680	256,525,380	108,848,910	2,058,186,792	34.29	5.29%
2019	2018	93,000,340	1,920,804,757	21,837,040	269,772,380	114,837,380	2,190,577,137	34.29	5.24%
2020	2019	98,376,690	2,000,951,977	22,812,390	281,509,360	121,189,080	2,282,461,337	34.29	5.31%
2021	2020	112,264,630	2,286,629,398	25,067,640	305,497,740	137,332,270	2,592,127,138	26.06	5.30%
2022	2021	\$ 116,781,600	\$ 2,387,566,508	\$ 25,763,181	\$ 313,652,140	\$ 142,544,781	\$ 2,701,218,648	26.06	5.28%

Source: Lexington County Auditor's Office

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



TOWN OF LEXINGTON, SOUTH CAROLINA

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

(Unaudited)

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Town of Lexington</u>	<u>Lexington</u>			<u>Midlands</u>		<u>Recreation Commission</u>	<u>Riverbanks Zoo</u>	<u>Mental Health</u>	<u>Total</u>	
			<u>Lexington County</u>	<u>School District 1</u>	<u>School District 2</u>	<u>Technical College</u>	<u>Health</u>				<u>School District 1</u>	<u>School District 2</u>
2013	2012	35.14	83.35	338.11	183.12	4.37	0.50	15.74	1.79	0.50	479.00	324.01
2014	2013	35.14	86.89	349.67	183.12	4.37	0.50	15.74	1.89	0.50	494.20	327.65
2015	2014	35.14	94.25	349.51	176.21	4.37	0.50	16.74	2.39	0.50	502.90	329.60
2016	2015 (1)	35.14	94.44	369.37	225.96	4.35	-	16.00	2.09	-	521.39	377.98
2017	2016	34.29	94.97	384.29	225.96	4.35	-	16.22	2.09	-	536.22	377.89
2018	2017	34.29	94.69	403.25	225.96	4.35	-	16.10	2.09	-	554.77	377.48
2019	2018	34.29	97.16	407.70	225.96	4.35	-	15.90	2.09	-	561.49	379.75
2020	2019	34.29	98.35	412.40	230.22	4.35	-	15.80	1.00	-	566.19	384.01
2021	2020	26.06	96.66	398.86	230.22	4.17	-	14.93	1.00	-	541.68	373.04
2022	2021	26.06	96.21	398.86	234.40	4.17	-	15.06	0.80	-	541.16	376.70

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

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

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

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

Taxpayer	2022			2021			2020		
	Taxable Assessed Value (12/31/2021)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2020)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2019)	Rank	Percentage of Total Taxable Assessed Value
Dominion Energy	\$ 3,774,980	1	2.65%	\$ 3,676,380	1	2.68%	\$ 3,606,300	1	2.98%
CHP Columbia SC Owner, LLC	1,397,670	3	0.98%	1,425,957	2	1.04%	1,215,370	2	1.00%
Lexington at Hope Ferry, LLC	1,260,000	6	0.88%	1,260,000	3	0.92%	1,204,120	3	0.99%
Lauren Ridge Apartments, LP	1,302,860	4	0.91%	1,302,860	4	0.95%	1,132,920	4	0.93%
West Shore Mill, LLC	1,285,980	5	0.90%	1,285,950	5	0.94%	1,118,220	5	0.92%
Lullwater at Saluda Pointe, LLC	1,599,600	2	1.12%	1,282,330	6	0.93%	1,115,070	6	0.92%
Cedarcrest Village Apartments	1,156,940	7	0.81%	1,178,009	7	0.86%	1,007,290	7	0.83%
Morgan Overlook Apartments, LLC	952,200	8	0.67%	952,200	8	0.69%	828,000	8	0.68%
Waterway Apartments	879,750	9	0.62%	879,750	9	0.64%	765,000	9	0.63%
Moore Orthopaedic Clinic	-	-	-	-	-	-	729,180	10	0.60%
W M Lexington Trust	807,860	10	0.57%	807,860	10	0.59%	-	-	-
Totals	\$ 14,417,840		10.11%	\$ 14,051,296		10.24%	\$ 12,721,470		10.50%
Total Assessed Valuations	\$ 142,544,781			\$ 137,332,270			\$ 121,189,080		

Taxpayer	2019			2018			2017		
	Taxable Assessed Value (12/31/2018)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2017)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2016)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 3,599,070	1	3.13%	\$ 3,430,700	1	3.15%	\$ 3,227,130	1	3.09%
CHP Columbia SC Owner, LLC	1,215,370	2	1.06%	-	-	-	-	-	-
Lauren Ridge Apartments, LP	1,132,920	3	0.99%	962,550	5	0.88%	962,550	5	0.92%
West Shore Mill, LLC	1,118,250	4	0.97%	-	-	-	-	-	-
Lullwater at Saluda Pointe, LLC	1,115,070	5	0.97%	1,115,070	2	1.02%	1,115,070	2	1.07%
Cedarcrest Village Apartments	1,007,290	6	0.88%	1,000,500	4	0.92%	1,000,500	4	0.96%
Morgan Overlook Apartments, LLC	828,000	7	0.72%	828,000	6	0.76%	828,000	6	0.79%
Waterway Apartments	765,000	8	0.67%	765,000	7	0.70%	-	-	-
W M Lexington Trust	702,480	9	0.61%	702,480	8	0.65%	702,480	7	0.67%
Hamman Family Real Estate Co L	639,550	10	0.56%	-	-	-	-	-	-
Century Mill Partners, LLC	-	-	-	1,065,820	3	0.98%	1,065,820	3	1.02%
Lowes Home Centers	-	-	-	615,150	10	0.58%	615,150	8	0.59%
Home Depot USA	-	-	-	-	-	-	594,650	10	0.57%
Sherandoah Apartments	-	-	-	-	-	-	606,450	9	0.58%
FC Real Estate Lexington, LLC	-	-	-	646,092	9	0.59%	-	-	-
Totals	\$ 12,123,000		10.56%	\$ 11,143,032		10.23%	\$ 10,717,800		10.26%
Total Assessed Valuations	\$ 114,837,380			\$ 108,848,910			\$ 104,560,480		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

(Unaudited)

(Continued)

Taxpayer	2016			2015			2014		
	Taxable Assessed Value (12/31/2015)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2014)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2013)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 3,020,150	1	3.00%	\$ 2,959,360	1	3.08%	\$ 2,840,070	1	3.04%
Lullwater at Saluda Pointe, LLC	1,115,070	2	1.11%	969,620	2	1.01%	969,620	2	1.04%
Century Mill Partners, LLC	1,065,820	3	1.06%	967,250	3	1.01%	966,530	3	1.04%
Cedarcrest Village Apartments	1,000,500	4	0.99%	870,000	4	0.91%	837,000	5	0.90%
Lauren Ridge Apartments, LP	962,550	5	0.96%	837,000	5	0.87%	870,000	4	0.93%
Morgan Overlook Apartments, LLC	828,000	6	0.82%	720,000	7	0.75%	720,000	7	0.77%
Lowes Home Centers	708,250	7	0.70%	789,340	6	0.82%	807,880	6	0.87%
W M Lexington Trust	702,480	8	0.70%	610,860	8	0.64%	610,850	8	0.65%
Home Depot USA	688,690	9	0.68%	563,150	9	0.59%	-	-	-
Shenandoah Apartments	606,450	10	0.60%	-	-	-	-	-	-
Waterview Apartments	-	-	-	-	-	-	572,650	9	0.61%
Harman Family Real Estate Co L	-	-	-	538,140	10	0.56%	562,150	10	0.60%
Totals	\$ 10,697,960		10.62%	\$ 9,824,720		10.24%	\$ 9,756,750		10.45%
Total Assessed Valuations	\$ 100,778,920			\$ 96,049,710			\$ 93,278,030		

Taxpayer	2013		
	Taxable Assessed Value (12/31/2012)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 2,561,310	1	2.81%
Lullwater at Saluda Pointe, LLC	969,620	2	1.06%
Century Mill Partners, LLC	963,560	3	1.06%
Lauren Ridge Apartments, LP	860,540	4	0.94%
Cedarcrest Village Apartments	856,030	5	0.94%
Morgan Overlook Apartments, LLC	804,740	6	0.88%
Lowes Home Centers	762,680	7	0.84%
W M Lexington Trust	610,850	8	0.67%
Harman Family Real Estate Co L	572,650	9	0.63%
Home Depot USA	557,450	10	0.61%
	\$ 9,519,430		10.44%
Total Assessed Valuations	\$ 91,071,390		

TOWN OF LEXINGTON, SOUTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2012	\$ 3,191,554	\$ 3,105,004	97.29%	\$ 81,655	\$ 3,186,659	99.85%
2014	2013	3,271,133	3,174,423	97.04%	91,685	3,266,108	99.85%
2015	2014	3,357,084	3,274,799	97.55%	76,180	3,350,979	99.82%
2016	2015	3,524,858	3,430,311	97.32%	86,634	3,516,945	99.78%
2017	2016	3,552,417	3,463,162	97.49%	79,924	3,543,086	99.74%
2018	2017	3,695,455	3,597,444	97.35%	83,370	3,680,814	99.60%
2019	2018	3,920,984	3,817,471	97.36%	73,249	3,890,720	99.23%
2020	2019	4,153,585	4,028,539	96.99%	86,885	4,115,424	99.08%
2021	2020	3,619,794	3,518,511	97.20%	64,086	3,582,597	98.97%
2022	2021	\$ 3,714,877	\$ 3,609,177	97.15%	N/A	\$ 3,609,177	97.15%

Source: Lexington County Treasurer's Office as of 6/30/22.

N/A- Not applicable

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

(Unaudited)

<b>Fiscal Year</b>		<b>Business License</b>		<b>Franchise Fees</b>		<b>Building Permits</b>		<b>Total</b>
2013	\$	3,984,361	\$	1,194,037	\$	225,283	\$	5,403,681
2014		4,002,197		1,259,782		189,229		5,451,208
2015		4,387,785		2,722,790		213,893		7,324,468
2016		4,813,669		2,080,233		446,010		7,339,912
2017		5,018,546		2,110,088		364,723		7,493,357
2018		5,584,681		2,130,391		532,486		8,247,558
2019		5,764,738		2,102,207		546,408		8,413,353
2020		6,038,373		1,917,204		466,268		8,421,845
2021		6,126,515		2,020,029		684,543		8,831,087
2022	\$	6,900,820	\$	2,177,309	\$	580,437	\$	9,658,566

Source: Town of Lexington Trial Balance

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL BUSINESS LICENSE FILERS

(Unaudited)

Taxpayer	June 30, 2022				June 30, 2021				June 30, 2020				June 30, 2019			
	Licenses Fees	Rank	Percentage of Total	Licenses Fees	Licenses Fees	Rank	Percentage of Total	Licenses Fees	Licenses Fees	Rank	Percentage of Total	Licenses Fees	Licenses Fees	Rank	Percentage of Total	Licenses Fees
Retail Store	\$ 108,134	1	1.57%		\$ 100,841	1	1.65%	\$ 97,904	\$ 96,047	2	1.62%	\$ 96,047	\$ 96,047	2	1.67%	
Automotive Dealer	93,069	2	1.35%		-	-	-	-	-	-	-	-	-	-	-	-
Pharmacy	79,082	3	1.15%		-	-	-	354,119	275,145	1	5.86%	275,145	275,145	1	4.77%	
Home Improvement Store	68,163	4	0.99%		24,370	9	0.40%	29,703	33,849	8	0.49%	33,849	33,849	9	0.59%	
Retail Store	55,107	5	0.80%		47,850	3	0.78%	39,133	35,611	4	0.65%	35,611	35,611	6	0.62%	
Home Improvement Store	50,243	6	0.73%		41,456	4	0.68%	38,120	36,143	5	0.63%	36,143	36,143	7	0.63%	
Home Improvement Store	50,058	7	0.73%		57,053	2	0.93%	45,747	44,122	3	0.76%	44,122	44,122	4	0.77%	
Grocery Store	42,913	8	0.62%		39,563	5	0.65%	35,099	35,012	7	0.58%	35,012	35,012	3	0.61%	
Automotive Dealer	39,026	9	0.57%		31,142	6	0.51%	-	50,047	5	-	50,047	50,047	5	0.87%	
Automotive Dealer	28,996	10	0.42%		26,574	7	0.43%	29,156	26,415	9	0.48%	26,415	26,415	10	0.46%	
Manufacturer	-	-	-		26,482	8	0.43%	-	-	-	-	-	-	-	-	-
Pharmacy	-	-	-		21,375	10	0.35%	-	-	-	-	-	-	-	-	-
Computer Store	-	-	-		-	-	-	35,773	-	6	0.59%	-	-	-	-	-
Automotive Dealer	-	-	-		-	-	-	24,227	-	10	0.40%	-	-	-	-	-
Totals	\$ 614,791		8.93%	\$ 416,706	\$ 728,981		6.81%	\$ 728,981	\$ 658,024		12.06%	\$ 658,024	\$ 658,024	8	0.44%	
Total License Fees	\$ 6,900,820			\$ 6,126,515	\$ 6,038,373			\$ 6,038,373	\$ 5,764,738			\$ 5,764,738	\$ 5,764,738			

Taxpayer	June 30, 2018				June 30, 2017				June 30, 2016				June 30, 2015			
	Licenses Fees	Rank	Percentage of Total	Licenses Fees	Licenses Fees	Rank	Percentage of Total	Licenses Fees	Licenses Fees	Rank	Percentage of Total	Licenses Fees	Licenses Fees	Rank	Percentage of Total	Licenses Fees
Pharmacy	\$ 193,922	1	3.47%		\$ 171,439	1	3.42%	\$ 122,704	\$ 68,018	1	2.55%	\$ 68,018	\$ 68,018	2	1.55%	
Retail Store	95,648	2	1.71%		95,193	2	1.90%	93,511	90,978	2	1.94%	90,978	90,978	1	2.07%	
Automotive Dealer	49,895	5	0.89%		44,761	3	0.89%	38,664	34,128	5	0.80%	34,128	34,128	6	0.78%	
Pharmacy	44,105	4	0.79%		-	-	-	-	-	-	-	-	-	-	-	-
Grocery Store	35,340	3	0.63%		41,633	5	0.83%	41,438	39,693	3	0.86%	39,693	39,693	3	0.90%	
Home Improvement Store	33,933	7	0.61%		31,201	7	0.62%	27,901	24,360	8	0.58%	24,360	24,360	9	0.56%	
Retail Store	31,947	6	0.57%		31,978	6	0.64%	34,777	33,971	7	0.72%	33,971	33,971	7	0.77%	
Automotive Dealer	24,720	8	0.44%		24,734	9	0.49%	-	-	-	-	-	-	-	-	-
Retail Store	21,870	9	0.39%		21,443	10	0.39%	22,483	-	9	0.47%	-	-	-	-	-
Automotive Dealer	21,746	10	0.39%		-	-	-	21,476	-	10	0.45%	-	-	-	-	-
Home Improvement Store	-	-	-		41,913	4	0.84%	40,427	37,009	4	0.84%	37,009	37,009	4	0.84%	
Lawn and Garden Service	-	-	-		29,825	8	0.59%	36,070	32,382	6	0.75%	32,382	32,382	8	0.74%	
Boat Dealer	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-
Computer Store	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 553,126		9.89%	\$ 534,120	\$ 479,451		10.65%	\$ 479,451	\$ 417,529		9.96%	\$ 417,529	\$ 417,529	10	0.51%	
Total License Fees	\$ 5,584,681			\$ 5,018,546	\$ 4,813,669			\$ 4,813,669	\$ 4,387,785			\$ 4,387,785	\$ 4,387,785			

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL BUSINESS LICENSE FILERS

(Unaudited)

(Continued)

Taxpayer	June 30, 2014			June 30, 2013		
	License Fees	Rank	Percentage of Total License Fees	License Fees	Rank	Percentage of Total License Fees
Retail Store	\$ 90,420	1	2.26%	\$ 88,468	1	2.52%
Grocery Store	37,199	3	0.93%	34,869	2	0.99%
Home Improvement Store	35,020	4	0.88%	33,776	3	0.96%
Retail Store	33,768	5	0.84%	31,981	4	0.91%
Retail Store	22,594	8	0.56%	23,226	7	0.66%
Automotive Dealer	20,805	10	0.52%	23,093	8	0.66%
Lawn and Garden Service	30,344	6	0.76%	28,704	6	0.82%
Home Improvement Store	23,607	7	0.59%	21,556	9	0.61%
Automotive Dealer	22,130	9	0.55%	20,248	10	0.58%
Pharmacy	41,018	2	1.02%	28,985	5	0.82%
Totals	<u>\$ 356,905</u>		<u>8.91%</u>	<u>\$ 334,906</u>		<u>9.53%</u>
Total License Fees	<u>\$ 4,002,197</u>			<u>\$ 3,515,174</u>		

Source: Town of Lexington Business License Records

### RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Governmental Activities						
	General Obligation Bonds	Certificates of Participation	Capital & Other Leases	Notes Payable	Total	Percentage of Actual Tax Value	Per Capita
2013	\$ 1,315,000	\$ 1,039,723	\$ -	\$ 137,000	\$ 2,491,723	0.14%	\$ 124
2014	1,160,000	892,469	-	102,750	2,155,219	0.12%	106
2015	1,000,000	735,435	-	68,500	1,803,935	0.11%	87
2016	835,000	567,860	308,215	34,250	1,745,325	0.08%	83
2017	2,100,000	388,906	233,071	-	2,721,977	0.14%	128
2018	1,660,000	197,752	156,354	-	2,014,106	0.10%	93
2019	1,215,000	-	-	-	1,215,000	0.06%	55
2020	760,000	-	-	-	760,000	0.03%	34
2021	300,000	-	-	-	300,000	0.01%	13
2022	\$ -	\$ -	\$ 50,028	\$ -	\$ 50,028	0.00%	\$ -

Fiscal Year Ended June 30	Business-Type Activities								
	Water and Sewer Revenue Bonds	Water and Sewer Bond Anticipation Notes	Contracts Payable	Other Leases	Total	Per Customer	Total Primary Government	Percentage of Personal Income	Per Capita
2013	\$ 55,496,545	\$ 10,000,000	\$ 1,723,349	\$ -	\$ 67,219,894	\$ 4,621	\$ 69,711,617	11.39%	\$ 3,481
2014	54,576,512	10,047,790	1,347,669	-	65,971,971	4,121	68,127,190	11.01%	3,343
2015	54,897,691	10,067,125	1,086,274	-	66,051,090	3,965	67,855,025	10.99%	3,289
2016	53,808,076	10,060,583	822,399	-	64,691,058	3,648	66,436,383	10.55%	3,168
2017	52,673,460	10,059,750	548,016	-	63,281,226	3,382	66,003,203	10.27%	3,108
2018	63,481,442	-	267,285	-	63,748,727	3,051	65,762,833	10.03%	3,041
2019	65,449,983	7,065,622	-	-	72,515,605	3,340	73,730,605	11.03%	3,328
2020	63,871,818	15,743,818	-	-	79,615,636	3,570	80,375,636	10.70%	3,580
2021	75,668,905	12,330,197	-	-	87,999,102	3,677	88,299,102	11.63%	3,782
2022	\$ 84,676,385	\$ -	\$ -	\$ 4,950	\$ 84,681,335	\$ 3,457	\$ 84,731,363	10.48%	\$ 3,489

**Note:** Details regarding the Town of Lexington's outstanding debt can be found in the notes to the financial statements.

- 144 -



TOWN OF LEXINGTON, SOUTH CAROLINA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

(Unaudited)

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Revenue Ban</b>	<b>GO Bond Anticipation Note</b>	<b>Less: Amounts Available in Debt Service Funds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2013	\$ 1,315,000	\$ -	\$ 3,300,000	\$ -	\$ 4,615,000	0.26%	\$ 230
2014	1,160,000	-	3,300,000	-	4,460,000	0.25%	219
2015	1,000,000	-	2,640,000	-	3,640,000	0.20%	176
2016	835,000	-	1,590,000	-	2,425,000	0.13%	116
2017	2,100,000	-	-	-	2,100,000	0.11%	99
2018	1,660,000	-	-	-	1,660,000	0.08%	77
2019	1,215,000	-	-	159,255	1,055,745	0.05%	48
2020	760,000	-	-	302,616	457,384	0.02%	20
2021	300,000	8,035,000	7,250,000	-	15,585,000	0.60%	667
2022	\$ -	\$ 8,025,000	\$ 7,540,000	\$ -	\$ 15,565,000	0.58%	\$ 641

Note: Details regarding the Town of Lexington's outstanding debt can be found in the notes to the basic financial statements. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data. See the Schedule of Demographic and Economic Statistics for population data.

TOWN OF LEXINGTON, SOUTH CAROLINA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2022  
(Unaudited)

Political Subdivision	<u>Assessed</u>		<u>Gross General Obligation Debt Outstanding</u>		
	<u>Total</u>	Assessed Value Within the <u>Town</u>	Debt <u>Outstanding</u>	Percentage Applicable to the <u>Town</u>	Town's Share of <u>Debt</u>
Direct:					
Town of Lexington	\$ 142,544,781	\$ 142,544,781	\$ 7,540,000	100.00%	\$ 7,540,000
Overlapping:					
Lexington County	1,506,852,111	142,544,781	17,225,000	9.46%	1,629,485
Lexington County School District One	702,460,541	142,052,551	609,122,000	20.22%	123,164,468
Lexington County School District Two	347,572,860	492,230	209,645,000	0.14%	293,503
Lexington County Recreation Commission	1,142,880,561	142,544,781	17,670,000	12.47%	2,203,449
Riverbanks Zoo	3,327,684,917	142,544,781	27,299,000	4.28%	1,168,397
Total Overlapping			<u>880,961,000</u>		<u>128,459,302</u>
Total			<u>\$ 888,501,000</u>		<u>\$ 135,999,302</u>

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

TOWN OF LEXINGTON, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

(Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 7,285,711	\$ 7,462,242	\$ 7,683,977	\$ 8,062,314	\$ 8,364,838	\$ 8,707,913	\$ 9,186,990	\$ 9,695,126	\$ 10,986,582	\$ 11,403,582
Total net debt applicable to debt limit	4,615,000	4,460,000	3,640,000	2,425,000	2,100,000	1,660,000	1,215,000	760,000	7,550,000	7,540,000
Legal debt margin	\$ 2,670,711	\$ 3,002,242	\$ 4,043,977	\$ 5,637,314	\$ 6,264,838	\$ 7,047,913	\$ 7,971,990	\$ 8,935,126	\$ 3,436,582	\$ 3,863,582
Total net debt applicable to debt limit as a percentage of debt limit	63.3%	59.8%	47.4%	30.1%	25.1%	19.1%	13.2%	7.8%	68.7%	66.1%

**Legal Debt Margin Calculation for Fiscal Year 2022**

Total assessed value	\$ 142,544,781
Debt limit (8% of total assessed value)	11,403,582
Amount of debt applicable to debt limit:	7,540,000
Legal debt margin	\$ 3,863,582

Note: The Town's borrowing power is restricted by amended Article X, Section 14, of the State Constitution which became effective November 30, 1977. This Section provides that a local government unit cannot at any time have total general bonded debt outstanding (excluding certain lease and installment obligations) in any amount that exceeds eight percent (8%) of its total assessed property value. Also, excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and other bonded indebtedness existing on or prior to 1995.

TOWN OF LEXINGTON, SOUTH CAROLINA  
 PLEDGED REVENUE COVERAGE  
 WATERWORKS AND SEWER SYSTEM REVENUE BONDS  
 LAST TEN FISCAL YEARS

(Unaudited)

<b><u>Fiscal Year</u></b>	<b><u>Gross Revenues(1)</u></b>	<b><u>Operating Expenses (2)</u></b>	<b><u>Net Revenue Available for Debt Service</u></b>	<b><u>Debt Service Requirements</u></b>			<b><u>Coverage Ratio</u></b>
				<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	
2013	\$ 14,438,362	\$ 8,287,257	\$ 6,151,105	\$ 975,000	\$ 2,378,989	\$ 3,353,989	1.83
2014	14,523,903	9,046,039	5,477,864	995,000	2,303,295	3,298,295	1.66
2015	15,607,266	8,854,272	6,752,994	1,090,000	2,295,101	3,385,101	1.99
2016	17,547,033	10,008,940	7,538,093	1,065,000	2,292,133	3,357,133	2.25
2017	18,078,546	9,897,488	8,181,058	1,110,000	2,251,963	3,361,963	2.43
2018	19,167,317	11,166,999	8,000,318	1,072,958	2,052,986	3,125,944	2.56
2019	22,200,087	12,492,455	9,707,632	1,370,000	2,396,604	3,766,604	2.58
2020	22,786,926	13,340,069	9,446,857	1,430,000	2,350,225	3,780,225	2.50
2021	26,145,133	13,358,988	12,786,145	1,439,869	2,254,495	3,694,364	3.46
2022	\$ 25,085,567	\$ 14,183,434	\$ 10,902,133	\$ 2,717,848	\$ 1,796,597	\$ 4,514,445	2.41

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

<b><u>CCF Revenue</u></b>		<b><u>% Increase (Decrease)</u></b>	<b><u>CCF Revenue</u></b>		<b><u>% Increase (Decrease)</u></b>
2013	1,644,210	33.95	2018	2,056,357	-7.32
2014	1,425,782	-13.28	2019	2,320,116	12.83
2015	1,996,101	40.00	2020	2,341,634	0.93
2016	2,570,332	28.77	2021	4,485,884	91.57
2017	2,218,877	-13.67	2022	1,367,621	-69.51

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

(Unaudited)

<b>Fiscal Year Ended June 30</b>	<b>(1) Population</b>	<b>(2) Per Capita Personal Income</b>	<b>(3) Estimated Total Personal Income</b>	<b>(4) School Enrollment</b>	<b>(5) Unemployment Rate</b>
2013	20,025	\$ 30,574	\$ 612,244,350	22,935	6.90%
2014	20,381	30,352	618,604,112	23,363	4.80%
2015	20,632	29,642	617,340,862	23,953	5.60%
2016	20,973	30,708	629,811,765	24,418	3.60%
2017	21,237	30,987	642,545,784	24,896	2.30%
2018	21,623	32,752	655,494,336	25,511	2.80%
2019	22,157	34,197	668,751,600	25,713	2.50%
2020	22,452	33,451	751,041,852	26,507	7.40%
2021	23,350	32,514	759,201,900	26,325	8.80%
2022	24,284	\$ 33,284	\$ 808,271,425	27,082	4.50%

Data Sources and Notes:

- (1) Information provided by U.S. Census Bureau. Annual estimates of the resident population April 1, 2010 to April 1, 2020. 2022 is estimated based on Town growth rate (approximated prior 9 years).
- (2) Information provided by U.S. Census Bureau American Community Survey (annual ACS 5-year estimates) 2020 estimate based upon Federal Reserve Bank of Richmond's SC Snapshot October, 2020 Median Family Income % decline year over year of 2.18% for the Columbia MSA.
- (3) Estimated by multiplying estimated population by estimated per capita personal income (not an official census estimate).
- (4) Provided by Lexington County School District 1 and includes entire District.
- (5) Provided by SC Labor and Marketing for June each year.

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS  
LAST 10 FISCAL YEARS

(Unaudited)

Employer	2022			2021			2020			2019		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Lexington School District One	1,113	1	8.3%	1,080	1	8.4%	1,077	1	9.2%	1,083	1	9.4%
Lexington County	876	2	6.6%	921	2	7.2%	909	2	7.8%	905	2	7.8%
Walmart	362	3	2.7%	362	3	2.8%	358	3	3.1%	367	3	3.2%
Lowe's Home Centers	280	4	2.1%	215	4	1.7%	160	5	1.4%	150	4	1.3%
Town of Lexington	193	5	1.4%	193	5	1.5%	187	4	1.6%	180	5	1.6%
Target	185	6	1.4%	157	7	1.2%	112	8	1.0%	120	10	1.0%
Publix	170	7	1.3%	170	6	1.3%	140	7	1.2%	160	6	1.4%
Home Depot	150	8	1.1%	158	8	1.2%	158	6	1.4%	150	7	1.3%
Avtec	100	9	0.7%	103	9	0.8%	100	9	0.9%	135	8	1.2%
Kohl's Department Stores, Inc.	74	10	0.6%	74	10	0.6%	91	10	0.8%	107	9	0.9%
Totals	3,503		26.2%	3,433		26.7%	3,292		28.4%	3,357		29.1%
Estimated total employment	13,356.2			12,842.5			11,646.8			11,530.2		

Employer	2018			2017			2016			2015		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Lexington School District One	965	1	8.5%	967	1	8.6%	868	1	7.8%	513	2	4.6%
Lexington County	885	2	7.8%	850	2	7.5%	720	2	6.4%	916	1	8.3%
Walmart	364	3	3.2%	364	3	3.2%	346	3	3.1%	335	3	3.0%
Lowe's Home Centers	182	4	1.6%	164	4	1.5%	160	4	1.4%	150	4	1.4%
Town of Lexington	172	5	1.5%	158	5	1.4%	150	5	1.3%	147	5	1.3%
Publix	157	6	1.4%	150	6	1.3%	-	-	-	-	-	-
Home Depot	140	7	1.2%	140	7	1.2%	128	7	1.1%	-	-	-
Avtec	139	8	1.2%	129	8	1.1%	129	6	1.2%	129	7	1.2%
Kohl's Department Stores, Inc.	125	9	1.1%	119	9	1.1%	121	9	1.1%	107	8	1.0%
Target	98	10	0.9%	110	10	1.0%	126	8	1.1%	140	6	1.3%
Food Lion	-	-	-	-	-	-	89	10	0.8%	84	9	0.8%
KMart Stores	-	-	-	-	-	-	-	-	-	75	10	0.7%
Totals	3,227		28.4%	3,151		27.9%	2,837		25.3%	2,596		23.6%
Estimated total employment	11,414.7			11,300.9			11,187.6			11,075.9		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS  
CURRENT YEAR

(Unaudited)

(Continued)

Employer	2014			2013		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Lexington County	857	1	7.8%	854	1	8.0%
Lexington School District One	493	2	4.5%	472	2	4.4%
Walmart	326	3	3.0%	317	3	3.0%
Target	140	5	1.3%	166	4	1.5%
Kohl's Department Stores, Inc.	129	7	1.2%	152	5	1.4%
Town of Lexington	142	4	1.3%	148	6	1.4%
Lowe's Home Centers	135	6	1.2%	135	7	1.3%
Food Lion	-	-	-	81	8	0.8%
KMart Stores	90	9	0.8%	78	9	0.7%
Avtec	119	8	1.1%	-	-	-
Honda Cars of Columbia	80	10	0.7%	75	10	0.7%
Totals	2,511		22.9%	2,478		23.1%
Estimated total employment	10,924.7			10,720.1		

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

TOWN OF LEXINGTON, SOUTH CAROLINA

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

(Unaudited)

<u>Year</u>	<b>Residential Construction</b> <b>(Single &amp; Multi-Family)</b>		<b>Commercial Construction</b>		<b>Other Building Related Permits</b> <b>Permits</b>		Bank Deposits (x 1,000)
	<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>	
2013	159	\$ 20,450,176	9	\$ 6,755,300	755	\$ 14,502,984	\$ 1,241,592
2014	108	12,774,370	13	6,776,041	758	15,024,718	1,310,754
2015	112	17,465,322	15	16,662,921	742	12,278,172	1,229,571
2016	149	25,500,512	22	65,134,143	1,074	20,087,469	1,347,330
2017	184	34,631,901	21	26,058,280	1,044	22,767,836	1,430,729
2018	224	50,692,139	20	23,295,259	997	24,101,055	1,447,895
2019	253	59,082,850	7	23,367,869	1,005	21,839,049	1,613,465
2020	242	56,729,791	12	11,228,785	986	16,375,526	1,774,701
2021	321	86,029,632	10	25,817,714	1,082	19,133,354	1,826,191
2022	143	\$ 45,809,906	12	\$ 10,691,483	1,001	\$ 57,765,313	\$ 1,991,215

Source: Town of Lexington Building & Zoning Department, Lexington

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



TOWN OF LEXINGTON, SOUTH CAROLINA  
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS

(Unaudited)

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	40.0	38.0	40.0	41.0	42.0	43.0	44.0	48.0	48.0	48.0
Public safety	45.0	49.0	51.0	51.0	53.0	57.0	61.0	61.0	61.0	61.0
Parks and sanitation	15.0	15.0	14.0	14.0	16.0	16.0	16.0	17.0	17.0	17.0
Transportation			1.0	5.0	5.0	8.0	8.0	9.0	9.0	9.0
Victims' assistance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business-type activities:										
Water and sewer system	39.0	39.0	39.0	40.0	41.0	47.0	51.0	55.0	57.0	58.0
Total	140.0	142.0	146.0	152.0	158.0	172.0	181.0	191.0	193.0	194.0

Source: Town of Lexington, South Carolina annual budgets

TOWN OF LEXINGTON, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
<u>Building/Zoning</u>										
Building permits issued	944	826	825	1,084	1,114	1,090	1,112	1,114	1,260	1,013
Building inspections conducted	2,975	2,558	2,132	3,082	2,964	4,619	4,891	4,341	5,152	3,311
Zoning permits issued	404	403	466	449	436	509	492	565	463	432
<u>Information Technology</u>										
Water/sewer customers (online transactions)	30,369	36,460	43,152	50,379	54,350	61,107	71,225	81,902	95,060	115,484
Fines (online transactions)	991	NA	NA	NA	NA	NA	NA	NA	NA	NA
<u>Finance</u>										
Business licenses issued in-town/renewals	3,159	3,256	3,572	3,690	3,778	3,923	3,983	4,146	4,279	4,362
<u>Parks and Sanitation</u>										
Residential solid waste customers	5,987	6,121	6,235	6,331	6,441	6,611	6,845	7,137	7,366	7,539
<u>Public Safety - Police</u>										
Physical arrests	1,854	2,086	1,600	1,515	1,430	1,186	1,323	629	833	732
Parking tickets	34	55	53	30	14	3	-	22	16	9
Traffic violations	8,004	8,983	5,900	6,185	5,205	4,571	6,554	4,098	6,799	7,052
<b>Business-Type Activities</b>										
<u>Water and Sewer System</u>										
Average daily consumption of water (MGD)	2,235	2,140	2,265	2,430	2,546	2,427	2,567	2,489	2,527	2,587
Average daily consumption of sewer (MGD)	3,049	2,924	3,156	3,501	3,676	3,552	3,810	3,877	3,996	4,066
Capital contribution certificates sold- sewer	476	394	707	729	640	668	649	665	1,250	544
Capital contribution certificates sold- water	291	282	209	339	153	284	275	354	378	149
Capital contribution certificates sold (1)	767	676	916	1,068	793	952	924	1,019	1,628	693
Capital contribution certificates unredeemed-sewer	999	813	1,017	962	890	825	838	897	1,247	1,024
Capital contribution certificates unredeemed-water	312	312	312	312	312	312	312	312	312	312
Capital contribution certificates unredeemed (2)	1,311	1,125	1,329	1,274	1,202	1,137	1,150	1,209	1,559	1,336
Capital contribution certificates outstanding-sewer (3)	1,439	1,298	1,096	1,081	957	841	820	660	875	772

Source: Town of Lexington, South Carolina

NA = Data not readily available  
MGD = Million gallons per day

(1)= Paid in full during the fiscal year.  
(2)=Cumulative paid in full at June 30, but not in service at the end of the fiscal year.  
(3)=Cumulative under contract at June 30, but not yet paid in full at end of the fiscal year.

NOTE: In addition to sewer certificates referred to in 2 above, approximately forty (40) additional sewer certificates not associated with any Sanitary Sewer Agreement are eligible to be redeemed for service at June 30, 2022.

TOWN OF LEXINGTON, SOUTH CAROLINA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

(Unaudited)

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
Town Hall ( <i>approx. sq. ft. used</i> )	63,251	63,251	63,251	63,251	63,251	63,251	62,251	62,251	62,251	62,251
<b>Public Safety - Police</b>										
Town Hall ( <i>approx. sq. ft. used</i> )	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800
Number of patrol units	45	49	51	51	53	57	61	61	61	61
Enclosed Storage ( <i>non heated</i> )	-	-	-	-	-	-	800	800	800	800
Covered Storage	-	-	-	-	-	-	1,960	1,960	1,960	1,960
<b>Parks, Streets and Sanitation</b>										
Administrative office building	1	1	1	1	1	1	1	1	1	1
Workshop and storage building	1	1	1	1	1	1	1	1	1	1
Town Hall ( <i>approx. sq. ft. used</i> )	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Office Building	-	-	-	-	-	-	2,700	2,700	2,700	2,700
Enclosed Storage ( <i>heated</i> )	-	-	-	-	-	-	800	800	800	800
Parks and playgrounds	6	6	7	7	8	9	9	9	9	9
Streetsweeper	1	1	1	1	1	1	1	1	1	1
<b>Transportation</b>										
Town Hall ( <i>approx. sq. ft. used</i> )	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enclosed Storage ( <i>heated</i> )	-	-	-	-	-	-	2,400	2,400	2,400	2,400
Enclosed Storage ( <i>non heated</i> )	-	-	-	-	-	-	800	800	800	800
Covered Storage	-	-	-	-	-	-	19,690	19,690	19,690	19,690
<b>Victims' Assistance</b>										
Vehicle	1	1	1	1	1	1	1	1	1	1
<b>Tourism Related</b>										
Roof House ( <i>approx. sq. ft. used</i> )	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
<b>Water and Sewer System</b>										
Office Building	-	-	-	-	-	-	8,400	8,400	8,400	8,400
Enclosed Storage ( <i>heated</i> )	-	-	-	-	-	-	3,200	3,200	3,200	3,200
Enclosed Storage ( <i>non heated</i> )	-	-	-	-	-	-	4,800	4,800	4,800	4,800
Covered Storage	-	-	-	-	-	-	7,840	7,840	7,840	7,840
<b>Water and Sewer System</b>										
Sewer treatment plants	1	1	1	-	-	-	-	-	-	-
Sewer capacity - all sources ( <i>MGD</i> )	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46
Water capacity - all sources ( <i>MGD</i> )	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Water lines ( <i>miles</i> )	215	215	216	216	219	221	221	226	227	227
Sewer lines ( <i>miles</i> )	277	284	290	299	306	313	313	330	390	398

Source: Town of Lexington departmental records

MGD = Million gallons per day

TOWN OF LEXINGTON, SOUTH CAROLINA

SUPPLEMENTARY GOVERNMENTAL AUDITING  
STANDARDS REPORT

TOWN OF LEXINGTON, SOUTH CAROLINA

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET  
POST OFFICE BOX 5949  
WEST COLUMBIA, SOUTH CAROLINA 29171

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lexington, South Carolina (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 22, 2022.

### **Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

The Brittingham Group LLP

West Columbia, South Carolina  
December 22, 2022



# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET  
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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the Town of Lexington, South Carolina, (the "Town's") compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2022. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our Responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide legal determination of the Town's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws,

statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal

control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion was expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "The Brittingham Group LLP". The signature is written in a cursive, flowing style. It is contained within a thin black rectangular border.

West Columbia, South Carolina  
December 22, 2022

TOWN OF LEXINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Identifying Number	Federal Expenditures June 30, 2021
<b>Direct Programs:</b>			
<b>U.S. Department of Homeland Security</b>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 219,342
Total U.S. Department Homeland Security			<u>219,342</u>
<b>U.S. Department of the Treasury</b>			
Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)	21.027		<u>1,479,176</u>
Total U.S. Department of the Treasury			<u>1,479,176</u>
<b>Total Direct Programs:</b>			<u>1,698,518</u>
<b>Total Federal Awards</b>			<u><u>\$ 1,698,518</u></u>

## TOWN OF LEXINGTON

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2022

#### **1. Description**

The Town of Lexington has adopted *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards were adopted to fulfill the financial and compliance audit requirements of federal grantor agencies. For purposes of implementing Uniform Guidance, federal grant awards were made susceptible to audit and are included in the Schedule of Expenditures of Federal Awards.

#### **2. Summary of Significant Accounting Policies**

The financial activity shown on the Schedule of Expenditures of Federal Awards reflects amounts recorded by the Town of Lexington during its fiscal year July 1, 2021, through June 30, 2022 and accordingly, does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the Town's fiscal year. The Town reports these on the accrual basis of accounting.

#### **3. Indirect Costs**

The Town has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF LEXINGTON  
SCHEDULE OF FINDINGS  
JUNE 30, 2022

**Summary of Auditors' Results:**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Town of Lexington (the "Town").
2. No material weakness and no significant deficiency relating to the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements were noted.
4. No instances of noncompliance material to the financial statements of the Town were disclosed during the audit.
5. No material weaknesses or significant deficiencies relating to the audit of major federal awards are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
6. The auditors' report on compliance for the major federal award programs for the Town expresses an unmodified opinion.
7. No audit findings were reported relative to the major federal award program for the Town as depicted below in this schedule.
7. Major federal programs:  
    Coronavirus State and Local Fiscal Recovery Funds (Single or Program Specific Audit) CFDA #21.027
8. The threshold for distinguishing between Type A and Type B Programs was \$750,000.
9. The Town did not qualify as a low-risk auditee.

**Financial Statement Findings:**

There were no items noted.

## **APPENDIX B**

### **DEFINITIONS AND SUMMARIES OF PRINCIPAL DOCUMENTS**

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**DEFINITIONS AND  
SUMMARIES OF PRINCIPAL DOCUMENTS**

**Definitions of Certain Terms**

In addition to the terms defined elsewhere in the Official Statement, the following are definitions of certain terms contained in the Official Statement. Terms used but not defined herein shall have the meanings ascribed to them in the Trust Agreement and Deposit and Reimbursement Agreement.

**“Additional Bonds”** means Bonds issued under Section 3.04 of the Trust Agreement.

**“Annual Debt Service”** means, for any period, the scheduled principal and interest payment requirement with respect to all Outstanding Bonds, or all Outstanding Bonds of one or more Series as applicable, for such period.

**“Assignment of Deposit and Reimbursement Agreement”** means the Assignment of Deposit and Reimbursement Agreement, of even date herewith, from the Corporation to the Trustee.

**“Authorised Denomination”** means \$5,000 and any multiple thereof; provided, however, that any Series of Bonds or BANs may be issued as a single Bond or BAN, as the case may be, in the denomination equal to the entire principal amount of such Series.

**“Authorised Officer”** means the Mayor, the Town Administrator, or other official as designated by the Council.

**“BANs”** means the revenue bond anticipation notes, in the amount of not exceeding \$12,800,000 outstanding at any one time, authorised under Article XIII of the Trust Agreement.

**“Beneficial Owner”** means the holder of an ownership interest in a Bond or BAN under the Book-Entry System as authorised under Section 3.13 or Section 13.09 of the Trust Agreement.

**“Bond” or “Bonds”** means any one or all the Initial Bonds and any Additional Bonds, authorised by and secured under the Trust Agreement.

**“Bond Counsel”** means the firm of attorneys whose opinion is set forth on the Bonds, or any other firm of attorneys selected by the Town experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer’s Municipal Marketplace.

**“Bond Fund”** means the fund of such name established pursuant to Section 5.04 of the Trust Agreement.

**“Bond Payment”** means a payment of interest or principal or both on any Bond.

**“Bond Payment Date”** means, with respect to any series of Bonds, each Interest Payment Date, or date on which principal is to be paid, as provided herein or in the Supplemental Agreement providing for the issuance of such series of Bonds.

**“Bond Proceeds”** means the gross proceeds received from the issuance and sale of the Bonds.

**“Bond Purchase Agreement”** means the bond purchase agreement between the Town and the Corporation pursuant to which the Corporation will purchase the TIF Bond from the Town.

**“Bond Year”** means the period of twelve consecutive months designated by the Corporation, provided that the first Bond Year shall commence on the date of delivery of the Bonds and terminate on a date set forth in the Supplemental Agreement providing for their issuance.

**“Business Day”** means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York is authorised or obligated by law or executive order to remain closed, (d) a day on which the Principal Office of the Trustee is closed, (e) a day on which (i) banking institutions in the State of South Carolina, or in the state in which the Principal Office of the Trustee is located are authorised or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed, (f) any legal or public holidays in the State of South Carolina, or (g) such other day or days as designated in any Supplemental Agreement.

**“Code”** means the Internal Revenue Code of 1986, as amended from time to time, or any successor internal revenue laws of the United States enacted by the Congress of the United States in replacement thereof. References to the Code and sections of the Code include relevant applicable regulations, temporary regulations, and proposed regulations thereunder and any successor provisions to those sections, regulations, temporary regulations, or proposed regulations.

**“Corporation”** means Saxe Gotha-Lexington Public Facilities Corporation, a South Carolina non-profit corporation, and its successors and assigns.

**“Corporation Documents”** means, collectively, the Deposit and Reimbursement Agreement, the Trust Agreement, and the Bond Purchase Agreement.

**“Corporation Representative”** means the person or persons at the time designated to act on behalf of the Corporation in matters relating to the Corporation Documents as evidenced by a written certificate furnished to the Town and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President or any Vice President. Such certificates may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Corporation Representative.

**“Council”** means the Town Council of the Town.

**“Debt Service Account”** means the account of that name created within the Bond Fund.

**“Defeasance Obligations”** means the following obligations used to fund an escrow account established to defease Bonds:

- (a) Cash.
- (b) U.S. Treasury Bonds, Notes, and Certificates (including State and Local Government Series – “SLGs”).
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS, and similar securities.
- (d) Resolution Funding Corp. (REFCORP) only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- (e) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S., or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.
- (f) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.
  - (i) U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed Bonds of beneficial ownership.

- (ii) Farmers Home Administration (FmHA)  
Bonds of beneficial ownership.
- (iii) Federal Financing Bank
- (iv) General Services Administration  
Participation Bonds.
- (v) U.S. Maritime Administration  
Guaranteed Title XI financing.
- (vi) U.S. Department of Housing and Urban Development (HUD)  
Project Notes.  
Local Authority Bonds.  
New Communities Debentures – U.S. government guaranteed debentures.  
U.S. Public Housing Notes and Bonds – U.S. government guaranteed  
public housing notes and bonds.

**“Deposit and Reimbursement Agreement”** means the Deposit and Reimbursement Agreement, of even date herewith, among the Corporation, the Town, and the Trustee, as amended or supplemented from time to time.

**“Eligible Investments”** means the following obligations:

- (a) Government Obligations and Defeasance Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons and interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following which obligations represent the full faith and credit of the United States of America: Farmers Home Administration; U. S. Maritime Administration; Government National Mortgage Association (GNMA); U. S. Department of Housing and Urban Development (PHA’s); and Federal Housing Administration;
- (d) Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) Federal Home Loan Mortgage Corporation AAA-rated obligations or (ii) Federal National Mortgage Association AAA-rated obligations;
- (e) Bonds, notes or other evidences of indebtedness rated “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;
- (f) U.S. dollar denominated deposit accounts fully insured through FDIC or collateralised with Government Obligations held by a third party in which the Trustee has a perfected first security interest, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short-term bonds of deposit on the date of purchase of “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 160 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
- (g) Commercial paper which is rated at least “A-1+” by S&P and “P-1” by Moody’s;
- (h) Investments in a money market fund rated “AAAm”, “Aam” or “AAAm-G” or better by S&P; and
- (i) Pre-refunded municipal obligations defined as follows:

Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the

obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow, in the highest rating category of S&P and Moody's, or any successors thereto; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognised independent certified public account, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

(j) Or any other investment permitted from time to time for funds held by or in the name of the Town under the laws of the State.

**“Event of Default”** means an Event of Default under Section 7.01 of the Trust Agreement.

**“Event of Nonappropriation”** means the exercise of an Event of Nonappropriation by the Council pursuant to the Section 2 of the Deposit and Reimbursement Agreement.

**“Extraordinary Services”** and **“Extraordinary Expenses”** means all services rendered and all reasonable expenses properly incurred by the Trustee, as such and as Registrar and Paying Agent, under the Trust Agreement, other than Ordinary Services and Ordinary Expenses, as determined by the Trustee.

**“Financial Advisor”** means Municipal Advisors Group of Boston, Inc.

**“Fiscal Year”** means the fiscal year of the Town currently beginning on July 1, and ending on the next succeeding June 30.

**“Fitch”** means Fitch, Inc., a corporation organised and existing under the laws of the State of Delaware, its successors and assigns.

**“Government Obligations”** means cash, direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS), and obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, or any legally permissible combination of the foregoing.

**“Holder”** or **“Owner”** or **“Holder of a Bond”** or **“Registered Owner”** means the Person in whose name a Bond is registered on the Register.

**“Initial Bonds”** means the first Series of Bonds issued under the Trust Agreement.

**“Initial Purchaser”** means any underwriter or initial purchaser of any Series of Bonds.

**“Interest Payment Dates”** means, with respect to any Series of Bonds, each Interest Payment Date as provided in the Supplemental Agreement providing for the issuance of such Series of Bonds.

**“Issue Date”** means the date of issuance of a Series of BANs or Bonds.

**“Letter of Representations”** means the Blanket Letter of Representations dated May 14, 2015, executed by the Corporation and delivered to the Securities Depository and any amendments thereto or successor blanket agreements between the Issuer and any successor Securities Depository.

**“Maximum Annual Debt Service”** means as of any date of calculation the highest Annual Debt Service with respect to all Outstanding Bonds of the applicable Series for the current or any succeeding Fiscal Year.

**“Moody’s”** means Moody’s Investors Service, Inc., a corporation organised and existing under the laws of the State of Delaware, its successors.

**“Noteholder”** means the Person in whose name a BAN is registered pursuant to Section 13.05 of the Trust Agreement.

**“Ordinary Services”** and **“Ordinary Expenses”** mean those services normally rendered, and those expenses normally incurred, by a trustee, registrar, or paying agent under instruments similar to the Trust Agreement as determined by the Trustee.

**“Outstanding Bonds,” “Bonds Outstanding,”** or **“Outstanding”** mean, as of the applicable date, all Bonds which have been executed and delivered, or which are being delivered by the Trustee under the Trust Agreement, except:

- (a) Bonds cancelled upon surrender, exchange, or transfer, or cancelled because of payment or redemption on or prior to that date;
- (b) Bonds, or portions thereof, for the payment, redemption, or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity date of those Bonds);
- (c) Bonds or that portion thereof which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Trust Agreement; and
- (d) Bonds in lieu of which others have been executed and delivered under Section 3.11 of the Trust Agreement.

**“Participants”** means institutions which enter into arrangements with DTC to participate under the Book-Entry System as authorised under Section 3.13 and Section 13.09 of the Trust Agreement.

**“Paying Agent”** means the Trustee acting in that capacity with respect to the Bonds pursuant to the terms of the Trust Agreement and any bank or corporate trust department designated as Paying Agent with respect to any series of BANs pursuant to Article XIII of the Trust Agreement.

**“Paying Agent Fund for the BANs”** means the fund by that name established in Section 13.03 of the Trust Agreement.

**“Person”** or words importing “persons” mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, limited liability partnerships, public or governmental bodies, other legal entities, and natural persons.

**“Principal Office”** when used with respect to the Trustee, means one of the principal corporate trust offices of the Trustee, located in Columbia, South Carolina, at which the Trustee conducts its corporate trust business.

**“Project Fund”** means the fund of that name established pursuant to Section 5.02 of the Trust Agreement.

**“Rating Agency”** means Fitch when the Bonds are rated by Fitch, Moody’s when the Bonds are rated by Moody’s, and S&P when the Bonds are rated by S&P.

**“Rebate Fund”** means the fund established pursuant to Section 5.09 of the Trust Agreement.

**“Record Date”** means with respect to each Interest Payment Date, the Trustee’s close of business on the fifteenth (15th) day of the calendar month next preceding the calendar month during which such Interest Payment Date occurs, regardless of whether such day is a Business Day.

**“Redevelopment Project Costs”** has the meaning ascribed to such term in the Redevelopment Plan.

**“Register”** means the books kept and maintained by the Registrar for registration and transfer of Bonds pursuant to Article III of the Trust Agreement.

**“Registrar”** means the Trustee acting in that capacity pursuant to the terms of the Trust Agreement.

**“Reimbursement Payments”** means the payments to be paid by the Town pursuant to Section 2 of the Deposit and Reimbursement Agreement, subject to an Event of Nonappropriation.

**“Related Document”** or **“Related Documents”** mean the Trust Agreement, any Supplemental Agreement, the Deposit and Reimbursement Agreement, the Bond Purchase Agreement, and any other transaction document including any underlying security agreement.

**“Reserve Account”** means the account of such name within the Bond Fund established pursuant to Section 5.04 of the Trust Agreement.

**“Reserve Requirement”** means, with respect to each series of Bonds executed and delivered pursuant to the Trust Agreement, as of the date of its original calculation at the issuance of a series of Bonds, the Reserve Requirement as provided in the Supplemental Agreement providing for the issuance of such Series of Bonds.

**“Revenues”** means, with respect to the Bonds, (a) all payments of debt service under the TIF Bond, (b) the Reimbursement Payments under the Deposit and Reimbursement Agreement, (b) any moneys and investments in the Project Fund and in the Bond Fund, and (c) all income and profit from the investment of the foregoing moneys.

**“Securities Act”** means the Securities Act of 1933, as amended.

**“Security Documents”** means the Deposit and Reimbursement Agreement, the Trust Agreement, any Supplemental Agreements, financing statements, if any, and any other instruments or documents providing security for the Holders of the Bonds.

**“Series”** means all Bonds or BANs, as applicable, designated as being of the same series, issued and delivered on original issuance in a simultaneous transaction, and any Bonds or BANs, as applicable, thereafter delivered in lieu thereof or substitution therefor pursuant to the Trust Agreement.

**“S&P”** means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC.

**“State”** means the State of South Carolina.

**“Supplemental Agreement”** means any agreement supplemental to the Trust Agreement entered into between the Corporation and the Trustee in accordance with Article VIII of the Trust Agreement.

**“TIF Bond”** means the Town’s Corley Mill Redevelopment Project Area Tax Increment Bond, Series 2018.

**“TIF Ordinance”** means the Ordinance enacted by the Town Council on May 1, 2017, providing for the creation of the Redevelopment Project Area.

**“TIF Revenues”** means the TIF Revenues determined in accordance with the terms of the TIF Ordinance.

**“Town”** means Town of Lexington, South Carolina.

**“Town Documents”** means, collectively, the Bond Purchase Agreement, the TIF Bond, and the Deposit and Reimbursement Agreement.

**“Town Representative”** means the person or persons at the time designated to act on behalf of the Town in matters relating to the Bond Purchase Agreement, the Deposit and Reimbursement Agreement, and the Trust Agreement as evidenced by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Town by the Town Administrator. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the Town Representative.

**“Trust Agreement”** means the Trust Agreement and any and all Supplemental Agreements.

**“Trustee”** means U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, a national banking association, or any successor Trustee that may become the Trustee pursuant to the applicable provisions of the Trust Agreement, as Trustee for the Holders of the Bonds.

## **SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT**

The following is a summary of certain provisions of the Trust Agreement. It is not a complete recital of the terms of the Trust Agreement and reference should be made to the Trust Agreement for a complete statement of its terms. Words and terms used in this summary shall have the same meanings as in the Trust Agreement, except where otherwise noted.

### **Provisions Relating to Additional Bonds; Conditions for Issuance.**

*Authorisation for Additional Bonds.* Additional Bonds may be issued under the Trust Agreement and secured on a parity with the Bonds under the conditions set forth herein.

*Purposes for Additional Bonds.* Additional Bonds may be issued for the purpose of providing funds (i) to refund any of the Bonds or Additional Bonds theretofore issued, or (ii) for the purpose of refunding BANs issued to provide interim financing for the costs of purchasing the TIF Bond, or (iii) for such other purposes as are provided in a Supplemental Agreement.

*Conditions to the Issuance of All Additional Bonds.* Prior to issuing any Additional Bonds, there shall have been executed and delivered a Supplemental Agreement authorising such Additional Bonds and prescribing the terms and details thereof and the purpose for the issuance of such Additional Bonds. There shall also be provided to the Trustee certified copies of resolutions or ordinances adopted by the Corporation and the Town authorising the issuance of the Additional Bonds and the execution and delivery of the documents to which each is a party. No Additional Bonds shall be issued under the Trust Agreement unless the Trustee receives an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds, the modifications to the Trust Agreement, and the application of the proceeds of the Additional Bonds as envisioned thereby are authorised and permitted under the Trust Agreement and shall not adversely affect the federal income tax treatment of interest payments received or to be received by the Holders of the Bonds. No Additional Bonds may be issued under the Trust Agreement if at the time there is an Event of Default or an Event of Nonappropriation unless upon the issuance of such Additional Bonds, no other Bonds will be Outstanding under the Trust Agreement.

### **Authorisation and Issuance of BANs.**

The Town has consented to the issuance by the Corporation of one or more series of instalment purchase revenue bond anticipation notes (the "BANs"), in order for the Corporation to borrow on a temporary basis in anticipation of the receipt of the proceeds of the Bonds. The BANs may be renewed from time to time; provided, however, that the aggregate principal amount of such BANs outstanding under the Trust Agreement at any one time may not exceed the difference between \$12,800,000 and the aggregate principal amount of Bonds then Outstanding. Each series of BANs shall be dated their date of issuance, and shall mature on such date as approved by Town Representative. The BANs and the form of assignment thereon shall be substantially in the form thereof set forth in Exhibit B to the Trust Agreement with any appropriate omissions, insertions, and variations as permitted or required by the Trust Agreement.

### **Security for the BANs.**

THE BANs ARE PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE PROCEEDS TO BE DERIVED FROM THE SALE OF BONDS TO BE ISSUED BY THE CORPORATION OR, IF THE BONDS ARE NOT ISSUED PRIOR TO THE MATURITY OF THE BANs, FROM THE SALE OF AN ISSUE OF RENEWAL OR REFUNDING BOND ANTICIPATION NOTES. THE BANs DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE TOWN OR A PLEDGE OF THE FAITH, CREDIT, OR TAXING POWERS OF EITHER THE TOWN OR THE STATE.



### **Registration of Transfer of BANs; Persons Treated as Owners.**

Subject to the provisions of a Supplemental Agreement, any BAN shall be transferable upon the books of registry, only by the Noteholder or by his attorney, duly authorised in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Corporation, duly executed by the Noteholder or his duly authorised attorney. Upon the transfer of any BAN, the Corporation shall issue, subject to the provisions of a Supplemental Agreement, in the name of the transferee, a new BAN or BANs of the same aggregate principal amount as the unpaid principal amount of the surrendered BAN. The provisions of Section 13.09 of the Trust Agreement shall apply with respect to any BAN registered to Cede & Co. or any other nominee of The Depository Trust Company ("DTC") while the Book-Entry Only System provided for therein is in effect and shall, during the period of their application, supersede any contrary provisions of this Trust Agreement. Any Noteholder of a BAN requesting any transfer shall pay any tax or other governmental charge required to be paid with respect thereto. Subject to the provisions of a Supplemental Agreement, as to any BAN in fully-registered form, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and interest on any BAN in fully-registered form shall be made only to or upon the order of the registered holder thereof, or his duly authorised attorney, and the Corporation shall not be affected by any notice to the contrary; but the registration may be changed as herein provided. All payments made in this manner shall be valid and effectual to satisfy and discharge the liability upon the BAN to the extent of the sum or sums paid. At reasonable times and under reasonable regulations established by the Trustee, the books of registry for the BANs may be inspected and copied by or delivered to, the Corporation, the Trustee, or holders of 25% or more in principal amount of the BANs then outstanding, or a designated representative thereof.

### **Exchange of BANs.**

BANs issued in fully-registered form, upon surrender thereof at the office of the Corporation or the Paying Agent, with a written instrument of transfer satisfactory to the Corporation duly executed by the holder of the BAN or his duly authorised attorney, may, at the option of the holder of the BAN, and upon payment by such holder of any charges which the Corporation may make as provided in paragraph (i), be exchanged for a principal amount of BANs of any other authorised denomination equal to the unpaid principal amount of the surrendered BANs.

### **Mutilated, Lost, Stolen, or Destroyed BANs.**

In the event any BAN is mutilated, lost, stolen, or destroyed, the Corporation may execute a new BAN of like denomination as that mutilated, lost, stolen, or destroyed; provided that, in the case of any mutilated BAN, it shall first be surrendered to the Corporation, and in the case of any lost, stolen, or destroyed BAN, there shall be first furnished to the Corporation evidence of the loss, theft, or destruction satisfactory to the Corporation and the Paying Agent, together with indemnity satisfactory to them; provided that, in the case of a holder which is a bank or insurance company, the agreement of the bank or insurance company to indemnify shall be sufficient. In the event any mutilated, lost, stolen or destroyed BAN shall have matured, instead of issuing a duplicate BAN, the Corporation may pay it without surrender thereof. The Corporation may charge the Noteholder of the BAN with the reasonable fees and expenses of the Issuer in this connexion.

### **Defeasance of BANs.**

If the Corporation or the Town deposits with the Paying Agent or other escrow agent moneys or Defeasance Obligations which, together with the earnings thereon, are sufficient to pay the principal of and redemption premium on any particular BAN becoming due, either at maturity or by call for optional redemption or otherwise, together with all interest accruing thereon to the due date or redemption date, and pays or makes provision for payment of all fees, costs, and expenses of the Corporation and the Paying Agent (or other escrow agent) due or to become due with respect to such BAN, all liability of the Corporation and the Town with respect to such Bond or BAN shall cease, such Bond or BAN shall be deemed not to be Outstanding hereunder, and the holder or holders of such BAN shall be restricted

exclusively to the moneys or Defeasance Obligations so deposited, together with any earnings thereon, for any claim of whatsoever nature with respect to such BAN, and the Trustee (or other escrow agent) shall hold such moneys, Defeasance Obligations, and earnings in trust for such holder or holders. In determining the sufficiency of the moneys and Defeasance Obligations deposited pursuant to this Section, the Paying Agent shall receive, and may rely upon: (a) a verification report of a firm of nationally recognised independent certified public accountants or other qualified firm acceptable to the Town and the Paying Agent; and (b) an opinion of Bond Counsel to the effect that (1) all conditions set forth in this Article have been satisfied and (2) that defeasance of the BAN will not cause interest on the BANs to be includable in gross income for federal income tax purposes. Upon such defeasance all rights of the Corporation, including its right to provide for optional redemption of the BAN on dates other than planned pursuant to such defeasance, shall cease unless specifically retained by filing a written notification thereof with the Paying Agent at the time the Defeasance Obligations are deposited with the Paying Agent (or other escrow agent).

#### **Disbursements from the Project Fund.**

The Trustee shall disburse moneys in the Project Fund to pay the costs of issuance of the Bonds or BANs upon receipt of a written direction of the Corporation Representative and the Town Representative to the Trustee which states (i) that such amount is to be paid to persons, firms, or corporations identified therein, and (ii) that such amount is properly payable as a cost of issuance under the Trust Agreement. Amounts on deposit in the Project Fund shall be applied to purchase the TIF Bond by disbursement thereof in accordance with one or more requisitions of the Corporation Representative and the Town Representative to the Trustee upon receipt of such requisition substantially in the form set forth as Exhibit C of the Trust Agreement.

#### **Investment of Funds.**

Moneys in the Project Fund shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of the Town Representative.

#### **Nonpresentment of Bonds.**

If any Bond is not presented for payment when its principal becomes due in whole or in part, or a check or draft for interest is uncashed, and moneys sufficient to pay the principal then due on that Bond or such check or draft shall have been made available to the Trustee for the benefit of its Holder, all liability of the Trustee to that Holder for the payment of the principal then due or of the check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold those moneys, without liability for interest thereon, for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to those moneys for any claim of whatever nature on its part under the Trust Agreement or on, or with respect to, that principal then due or of such check or draft.

Any of those moneys which shall be so held by the Trustee, and which remain unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period of five years after the due date thereof, shall be paid to the Town free of any trust or lien. Thereafter, the Holder of that Bond shall look only to the Town without any interest thereon, and the Trustee shall not have any responsibility with respect to those moneys.

#### **Defaults; Events of Default.**

The occurrence of any of the following events is defined as and constitutes an Event of Default under the Trust Agreement: default in the payment of any interest on any Bond or BAN when it becomes due and payable; default in the payment of principal of (or redemption premium, if any, on) any Bond or BAN when it becomes due and payable; subject to the provisions of Section 7.10, default in the performance, or breach, of any covenant, warranty, or representation of the Corporation contained in the Trust Agreement (other than a default under subsections (a) and (b) of Section 7.01 of the Trust Agreement); and (1) An Event of Bankruptcy of the Town; (2) the appointment of a receiver, liquidator,

assignee, trustee, sequestrator, or other similar official of the Town or of any substantial portion of its property; or (3) the ordering of the winding up or liquidation of the affairs of the Town.

#### **Notice of Event of Default.**

If an Event of Default occurs of which the Trustee has notice pursuant to Section 6.02(f) of the Trust Agreement, the Trustee shall: promptly give telephonic notice thereof to the insurer of the Bonds, if any; give written notice of the Event of Default, by registered or certified mail, to the Town, within ten days after the Trustee has received notice of the Event of Default; and give written notice thereof, within 30 days after the Trustee's receipt of notice of its occurrence, to the Holders of all Bonds then outstanding as shown by the Register at the close of business 15 days prior to the mailing of that notice.

#### **Acceleration Remedies; Rights of Holders.**

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding shall, by notice in writing delivered to the Town, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable, to the extent of any funds coming into the hands of the Town in the current fiscal year. Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding, and if indemnified as provided in Sections 6.01 and 6.02 herein, shall, proceed with any right or remedy granted by the Constitution and laws of the State, as it may deem best, including any suit, action, or special proceeding in equity or at law, for the specific performance of any covenant or agreement contained herein or in the Deposit and Reimbursement Agreement or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorised by law. The rights herein specified are to be cumulative to all other available rights, remedies, or powers and shall not exclude any such rights, remedies, or powers. If any Event of Default shall have occurred, and if requested so to do by the Holders of not less than a majority in the aggregate principal amount of Bonds then Outstanding, and if indemnified as provided in Sections 6.01 and 6.02 herein, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by Article VII of the Trust Agreement as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Holders. No remedy by the terms of the Trust Agreement conferred upon or reserved to the Trustee (or to the Holders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Holders under the Trust Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission in exercising any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default under the Trust Agreement, whether by the Trustee or by the Holders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon. As the assignee of all right, title, and interest of the Corporation in and to the Deposit and Reimbursement Agreement, the Trustee is empowered to enforce each remedy, right, and power granted to the Corporation under the Deposit and Reimbursement Agreement. In exercising any remedy, right, or power thereunder or under the Trust Agreement, the Trustee shall, subject to the provisions of Section 6.01(f)(iv), 6.02(f), and 6.02(j) of the Trust Agreement, take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in Sections 6.01 and 6.02 of the Trust Agreement.

#### **Right of Holders to Direct Proceedings.**

The Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding shall have the right at any time to direct, by an instrument or document or instruments or documents in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken for the enforcement of the terms and conditions of the Trust Agreement or any other proceedings under the Trust Agreement; provided, that (i) any direction shall not be other than in accordance with the

provisions of law and of the Trust Agreement, (ii) the Trustee shall be indemnified as provided in Sections 6.01 and 6.02 of the Trust Agreement, and (iii) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

#### **Application of Moneys.**

After payment of any costs, expenses, liabilities, and advances paid, incurred, or made by the Trustee, including the reasonable fees and expenses of its counsel and agents, pursuant to any right given or action taken under the provisions of Article VII of the Trust Agreement or the provisions of the Deposit and Reimbursement Agreement, unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such remaining moneys shall be applied:

First—To the payment of the persons entitled thereto of all instalments of interest then due on the Bonds, in the order of the maturity of the instalments of such interest and, if the amount available shall not be sufficient to pay in full any particular instalment, then to the payment ratably, according to the amounts due on such instalment, to the persons entitled thereto, without any discrimination or privilege; and

Second—To the payment of the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full principal of and premium, if any, on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal and premium, if any, due on such a date, to the persons entitled thereto without any discrimination or privilege; and

If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over the interest or of interest over principal, or of any instalment of interest over any other instalment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest to the persons entitled thereto without discrimination or privilege.

If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of Article VII of the Trust Agreement, then, subject to the provisions of Paragraph (b) of Section 7.05 of the Trust Agreement (in the event that the principal of all the Bonds shall later become due or be declared due and payable), the moneys shall be applied in accordance with the provisions of Paragraph (a) of Section 7.05 of the Trust Agreement.

Whenever moneys are to be applied pursuant to the provisions of Section 7.05 of the Trust Agreement, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be a Bond Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all payments with respect to the Bonds have been made under the provisions of Section 7.05 of the Trust Agreement and all expenses and charges of the Trustee and all other expenses payable under the Trust Agreement have been paid, any balance remaining in the Bond Fund shall be paid as provided in Section 5.07 of the Trust Agreement subject to any direction by a court of competent jurisdiction by final order not subject to appeal.

**Remedies Vested in Trustee.**

All rights of action (including without limitation, the right to file proofs of claims) under the Trust Agreement or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds, subject to the provisions of the Trust Agreement.

**Rights and Remedies of Holders.**

A Holder of a Bond shall not have any right to institute any suit, action, or proceeding for the enforcement of the Trust Agreement, for the execution of any trust hereof, or for the exercise of any other remedy under the Trust Agreement, unless: there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in paragraph (f) of Section 6.02 of the Trust Agreement, or of which it is deemed to have notice under that paragraph; the Holders of at least 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights, and powers granted herein or to institute the suit, action, or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in Sections 6.01 and 6.02 of the Trust Agreement; and the Trustee thereafter shall have failed or refused to exercise the remedies, rights, and powers granted herein or to institute the suit, action, or proceeding in its own name. At the option of the Trustee, such notification (or notice), request, opportunity, and offer of indemnity are conditions precedent in every case, to the institution of any suit, action, or proceeding described above. No one or more Holders of the Bonds shall have any right to affect, disturb, or prejudice in any manner whatsoever the security or benefit of the Trust Agreement by its or their action, or to enforce, except in the manner provided herein, any remedy, right, or power under the Trust Agreement. Any suit, action, or proceeding shall be instituted, had, and maintained in the manner provided herein for the benefit of the Holders of all Bonds affected thereby then Outstanding. Nothing in the Trust Agreement shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Payments on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources, and in the manner expressed in the Bond.

**Termination of Proceedings.**

In case the Trustee shall have proceeded to enforce any remedy, right, or power under the Trust Agreement in any suit, action, or proceedings, and the suit, action, or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Corporation and the Holders shall be restored to their former positions and rights under the Trust Agreement, respectively, and all rights, remedies, and powers of the Trustee shall continue as if no suit, action, or proceedings had been taken.

**Waivers of Events of Default.**

Except as hereinafter provided, at any time, in its discretion, the Trustee may waive any Event of Default under the Trust Agreement and its consequences and shall do so upon the written request of the Holders of Bonds representing at least a majority of the principal amount of the Bonds Outstanding as of such date. There shall not be so waived, however, any Event of Default described in paragraph (a) Section 7.01 of the Trust Agreement unless at the time of that waiver all payments with respect to Bonds then due and payable have been made or provision has been made therefor. In the case of such waiver, or in case any suit, action, or proceeding taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned, or determined adversely to it, the Trustee and the Holders shall be restored to their former positions and rights under the Trust Agreement, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

### **Supplemental Agreements Generally; Contemplated Supplemental Agreements.**

Pursuant to Section 11.05 of the Trust Agreement, the Corporation and the Trustee may enter into agreements supplemental to the Trust Agreement, as provided in Article 8.01 of the Trust Agreement and pursuant to the other provisions therefor in the Trust Agreement. The Corporation may issue one or more issues of BANs, from time to time, in anticipation of the issuance of Bonds under the Trust Agreement to provide interim financing for the purchase of the TIF Bond, and may issue one or more issues of Bonds under the Trust Agreement to provide permanent financing; provided, however, that the aggregate principal amount of such BANs outstanding at any one time may not exceed the difference between \$12,800,000 and the aggregate amount of Bonds then Outstanding. Each issuance of BANs or Bonds, shall require the entering into of a Supplement Agreement pursuant to Section 8.08, which Supplemental Agreement shall not require the consent of, or notice to, any of the Holders.

### **Other Supplemental Agreements Not Requiring Consent of Holders.**

Without the consent of, or notice to, any of the Holders, the Corporation and the Trustee may enter into agreements supplemental to the Trust Agreement which shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes: to cure any ambiguity, inconsistency, or formal defect or omission in the Trust Agreement; to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, or Town that lawfully may be granted to or conferred upon the Holders or the Trustee; to assign additional Revenues under the Trust Agreement; to add to the covenants, agreements, and obligations under the Trust Agreement, other covenants, agreements, and obligations of the Trustee under the Trust Agreement and the Bonds; to evidence any succession to the Trustee and the assumption by its successor of the covenants, agreements, and obligations of the Trustee under the Trust Agreement and the Bonds; to permit the use of a book entry system to identify the owner of the Bonds; to permit the Trustee to comply with any obligations imposed upon it by law; to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar, and the Paying Agent; to achieve compliance of the Trust Agreement with any applicable federal securities or tax law; to make amendments to the provisions of the Trust Agreement relating to matters under the Code, if, in the opinion of nationally recognised special tax counsel selected by the Corporation, those amendments would not cause the interest component of the Reimbursement Payments applicable to any Bonds Outstanding to become subject to federal income taxation; to permit the issuance of Bonds or BANs in accordance with Section 8.08 of the Trust Agreement; and to permit any other amendment which is not to the prejudice of the Trustee or the Holders. The provisions of paragraphs (h) and (j) of Section 8.02 of the Trust Agreement shall not be deemed to constitute a waiver by the Trustee or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Trust Agreement, and the Bonds.

### **Supplemental Agreements Requiring Consent of Holders.**

Exclusive of Supplemental Agreements to which reference is made in Sections 8.01 and 8.02 of the Trust Agreement and subject to the terms, provisions, and limitations contained in Section 8.03 of the Trust Agreement, and not otherwise, but with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, evidenced as provided in the Trust Agreement, the Corporation and the Trustee may execute and deliver Supplemental Agreements adding any provisions to, changing in any manner, or eliminating any of the provisions of the Trust Agreement or any Supplemental Agreement or restricting in any manner the rights of the Holders. Nothing in Section 8.03 of the Trust Agreement or Section 8.02 thereof shall, however, be construed as permitting: without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or without the consent of the Holders of all Bonds then Outstanding that would be affected by such action, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Agreement. If the Corporation shall request that the Trustee execute and deliver any Supplemental Agreement for any of the purposes of Section 8.03 of the Trust Agreement, upon (i) being satisfactorily indemnified with respect to its expenses and liability in connexion therewith, and (ii) if required by Section

8.04 of the Trust Agreement, receipt of the Town's consent to the proposed execution and delivery of the Supplemental Agreement, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Agreement to be mailed by first class mail, postage prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing. The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by Section 8.03 of the Trust Agreement. Any failure of that nature shall not affect the validity of the Supplemental Agreement when there has been consent thereto as provided in Section 8.03 of the Trust Agreement. The notice shall set forth briefly the nature of the proposed Supplemental Agreement and shall state that copies thereof are on file at the principal trust office of the Trustee for inspection by all Holders. If the Trustee shall receive, within a period described by the Trustee of not less than 60 days but not exceeding one (1) year, following the mailing of the notice, an instrument or document or instruments or documents, in which the Holders of not less than a majority aggregate principal amount of the Bonds then Outstanding affected thereby have consented to the delivery of the Supplemental Agreement (which instrument or document or instruments or documents shall refer to the proposed Supplemental Agreement in the form described in the notice and specifically shall consent to the Supplemental Agreement in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Agreement in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto. Any consent shall be binding upon the Holder of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond executed and delivered in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Agreement). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Agreement. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the Trustee shall make and file with the Town a written statement that the Holders of the required percentage of the Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed. If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Agreement, as provided in Section 8.03 of the Trust Agreement, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Agreement, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee from that execution or delivery or from taking any action pursuant to the provisions thereof.

#### **Modification by Unanimous Consent.**

Notwithstanding anything contained elsewhere in the Trust Agreement, the rights and obligations of the Trustee and of the Holders of the Bonds, and the terms and provisions of the Bonds and the Trust Agreement or any Supplemental Agreement, may be modified or altered in any respect with the consent of (i) the Trustee, (ii) the Holders of all of the Bonds then Outstanding, and (iii) the Town.

#### **Requirement of Supplemental Agreement.**

A Supplemental Agreement executed by the Corporation and the Trustee, and consented to by the Town, is required for the issuance of any Series of Bonds or BANs under the Trust Agreement. Such Supplemental Agreement shall set forth all of the terms, conditions, and other details with regard to the Series of Bonds or BANs, including the interest rate or rates, the form and denomination, the optional, mandatory, and extraordinary redemption provisions, the payment details with regard to the principal and interest payments, provisions with regard to credit enhancement, if any, details with regard to registration, transfers, and exchanges, procedures with regard to mutilated, lost, stolen, or destroyed Bonds or BANs, and other pertinent information.

**Discharge.**

In the event that: the principal of all Bonds and the interest due or to become due thereon together with any redemption premium required by redemption of any of the Bonds prior to maturity shall be paid, or is caused to be paid, or is provided for under Section 9.02, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with Article IX of the Trust Agreement, and all of the covenants, agreements, obligations, terms, and conditions of the Corporation and the Town under the Trust Agreement shall have been kept, performed, and observed and there shall have been paid to the Trustee, the Registrar, and the Paying Agent all sums of money due or to become due to them in accordance with the terms and provisions of the Trust Agreement, then the right, title, and interest of the Trustee in the Revenues shall thereupon cease and the Trustee, on request of the Corporation or the Town and at the expense of the Town, shall release the Trust Agreement and the Revenues and shall execute such documents to evidence such release as may be reasonably required by the Corporation or the Town and shall turn over to the Town, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds under the Trust Agreement except for amounts required to pay such Bonds or held pursuant to Section 5.07. When such payment, or provision therefor, shall have been made, (i) the Town may direct that the Deposit and Reimbursement Agreement be cancelled, satisfied, and terminated; and (ii) the Town, without demand or further action, may direct that the Corporation transfer the TIF Bond to the Corporation; however, that all sums thereunder shall have been paid by the Town and that the Trustee shall have received a written opinion of Bond Counsel acceptable to it to the effect that such cancellation and termination will not adversely affect the tax-exempt status of the Bonds.

**Defeasance; Deposit of Funds for Payment of Bonds.**

If the Town or the Corporation deposits with the Trustee moneys or Defeasance Obligations which, together with the earnings thereon, are sufficient to pay the principal of and redemption premium on any particular Bond or Bonds becoming due, either at maturity, by means of mandatory redemption or by call for optional redemption or otherwise, together with all interest accruing thereon to the due date or redemption date, and pays or makes provision for payment of all fees, costs, and expenses of the Trustee due or to become due with respect to such Bonds, all liability of the Town and the Corporation with respect to such Bond or Bonds shall cease, such Bond or Bonds shall be deemed not to be Outstanding under the Trust Agreement, and the Holder or Holders of such Bond or Bonds shall be restricted exclusively to the moneys or Defeasance Obligations so deposited, together with any earnings thereon, for any claim of whatsoever nature with respect to such Bond or Bonds, and the Trustee shall hold such moneys, Defeasance Obligations, and earnings in trust for such Holder or Holders. In determining the sufficiency of the moneys and Defeasance Obligations deposited pursuant to Section 9.02 of the Trust Agreement, the Trustee shall receive, at the expense of the Town, and may rely upon: (i) a verification report of a firm of nationally recognised independent certified public accountants or other qualified firm acceptable to the Town and the Trustee; and (ii) an opinion of Bond Counsel to the effect that (A) all conditions set forth in Article IX of the Trust Agreement have been satisfied, (B) that defeasance of the Bonds will not cause interest on the Bonds to be includable in gross income for federal income tax purposes and (C) payments of principal of and interest on the Bonds from the proceeds of any deposit to effectuate such defeasance shall not constitute a voidable preference in a case commenced under the Federal Bankruptcy Code by or against the Corporation or the Town. Upon such defeasance all rights of the Town and the Corporation, including the right to provide for optional redemption of Bonds on dates other than planned pursuant to such defeasance, shall cease unless specifically retained by filing a written notification thereof with the Trustee at the time the Defeasance Obligations are deposited with the Trustee. If moneys or Defeasance Obligations have been deposited with the Trustee pursuant to Section 9.02(a) above for payment of less than all Bonds of a Series and maturity, the Bonds of the Series and maturity to be so paid from such deposit shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in authorised denominations) of the principal of Bonds of the Series and maturity of a denomination larger than the smallest authorised denomination. Such selection shall be made within seven (7) days after the moneys or Defeasance Obligations have been deposited with the Trustee. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Bonds in Article IV. After such selection is made, Bonds that are to be paid from such deposit (including Bonds issued in exchange for such Bonds



pursuant to the transfer or exchange provisions of the Trust Agreement) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify Holders whose Bonds (or portions thereof) have been selected for payment from the moneys or Defeasance Obligations on deposit and shall direct such Holders to surrender their Bonds to the Trustee in exchange for Bonds with the appropriate designation. The selection of Bonds for payment from such deposit pursuant to Section 9.02(b) of the Trust Agreement shall be conclusive and binding on the Corporation. The Corporation shall give to the Trustee in form satisfactory to it irrevocable instructions to give notice of the deposit of moneys or Defeasance Obligations, the selection of Bonds to be redeemed including CUSIP numbers, and the anticipated date of redemption. At such times as a Bond shall be deemed to be paid under the Trust Agreement, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Trust Agreement, except for the purposes of any such payment from such money or Defeasance Obligations and except for the provisions of Article IX of the Trust Agreement and Sections 3.01, 3.03, 3.06, 3.07, 3.08, 3.09, 3.12, 4.01, 4.02, 4.03, 4.04, 4.05, 4.06, 5.05, and 5.06, and Article VI of the Trust Agreement.

#### **Notice of Defeasance.**

In case any of the Bonds, for the payment of which moneys or Defeasance Obligations have been deposited with the Trustee pursuant to Section 9.02, are to be redeemed on any date prior to their maturity, the Town shall give to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on the redemption date for such Bonds as provided in Section 4.03. In addition to the foregoing notice, in the event such Bonds to be redeemed are not by their terms subject to redemption within the next succeeding 180 days, the Trustee shall give further notice to the Holders that the deposit required by Section 9.02 has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with Article IX of the Trust Agreement and stating the maturity or redemption date or dates upon which moneys are to be available for the payment of the principal of and redemption premium, if any, on said Bonds; such further notice shall be given promptly following the making of the deposit required by Section 9.02; and such further notice also shall be given in the manner set forth in Section 4.03(b); but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of the deposit. If the Town has retained any rights pursuant to Section 9.02(b) of the Trust Agreement, notice thereof shall be sent to Holders of such Bonds as soon as practicable and not later than any notice required by subsections (a) or (b) of Section 9.02 of the Trust Agreement.

## **SUMMARY OF CERTAIN PROVISIONS OF THE DEPOSIT AND REIMBURSEMENT AGREEMENT**

The following is a summary of certain provisions of the Deposit and Reimbursement Agreement. It is not a complete recital of the terms of the Facilities Agreement and reference should be made to the Deposit and Reimbursement Agreement for a complete statement of its terms. Words and terms used in this summary shall have the same meanings as in the Deposit and Reimbursement Agreement, except where otherwise noted.

### **Payment of Debt Service on Corporation Bonds; Budgetary Appropriation; Application of TIF Revenues.**

The Corporation has agreed to issue the Corporation Bonds to fund, through the purchase of the TIF Bond, the costs of the Redevelopment Projects upon better terms and conditions than the Town could achieve through the issuance of the TIF Bond in the financial markets. Based on the Redevelopment Plan and Other Due Diligence as set forth above, the Town has found that payments of debt service on the TIF Bond in the aggregate to the Corporation as the registered owner of the TIF Bond are expected to be sufficient to fund or reimburse the Town for fiscal appropriations to pay the Corporation Debt Service in full on the Corporation Bonds. In adopting the budget for each Fiscal Year, the Town shall follow its established practice of, subject to the provisions of the following sentence, appropriating out of any legally-available sources, including the Town's general fund, debt service payments on the Corporation Bonds for such Fiscal Year (such budget appropriation or payment being referred to herein as a "Reimbursement Payment"), with such Reimbursement Payments being deemed Revenues pursuant to the Trust Agreement. Notwithstanding the preceding sentence, in adopting its general operating budget or supplemental budget, the Town Council may, in its sole discretion, determine not to appropriate the Reimbursement Payments described in the preceding sentence (an "Event of Nonappropriation"), and such Event of Nonappropriation shall not constitute an Event of Default under the Trust Agreement, nor shall the Town have any obligation to make such Reimbursement Payment. In the Event of Nonappropriation, the Town shall give prompt written notice to the Trustee of such Event of Nonappropriation. Upon assignment of the TIF Bond to the Trustee, the Town will make all Reimbursement Payments directly to the Trustee for deposit into the Debt Service Account of the Bond Fund in accordance with Section 5.04 of the Trust Agreement. To the extent that the Town makes Reimbursement Payments in any Fiscal Year to pay debt service on the Corporation Bonds, the Corporation agrees that the Town may reimburse itself for such Reimbursement Payments from TIF Revenues collected during such Fiscal Year and the Corporation, as the holder of the TIF Bond, agrees to credit the Town under the TIF Bond with the amounts of such Reimbursement Payments during such Fiscal Year. In accordance with the terms of the TIF Bond, the Town will apply the balance of the TIF Revenues collected in such Fiscal Year (net of the aforesaid credit for the Reimbursement Payment) to the payment of interest and principal on the TIF Bond until it is paid in full. Upon assignment of the TIF Bond to the Trustee, the Town will make all debt service payments on the TIF Bond (net of the credit provided in the first sentence of subsection 2(c) of the Deposit and Reimbursement Agreement) directly to the Trustee for deposit into the Debt Service Account of the Bond Fund in accordance with Section 5.04 of the Trust Agreement.

### **Modification of Corporation Debt Service Schedule.**

The Corporation Debt Service schedule as set forth on the attached Exhibit A shall be modified from time to time by the Trustee upon the issuance of Bonds under the Trust Agreement or the refunding or defeasance of Bonds as permitted under the Trust Agreement.

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

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**HOWELL LINKOUS & NETTLES, LLC**

Bond Attorneys & Counsellors at Law

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Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

March 17, 2023

Town Council of Town of Lexington,  
South Carolina  
Lexington, South Carolina

Saxe Gotha-Lexington Public Facilities Corporation  
Lexington, South Carolina

Re: \$3,680,000 Saxe Gotha-Lexington Public Facilities Corporation Revenue Bond  
Anticipation Notes, Series 2023 (Corley Mill Redevelopment Project Area)

Gentlemen:

We have acted as bond counsel to the Town of Lexington, South Carolina (the “Town”) in connexion with the issuance by Saxe Gotha-Lexington Public Facilities Corporation, a South Carolina nonprofit corporation (the “Issuer”), of \$3,680,000 Revenue Bond Anticipation Notes, Series 2023 (Corley Mill Redevelopment Project Area), dated the date hereof (the “Series 2023 BANs”). In such capacity, we have examined the law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Series 2023 BANs are issued pursuant to a Trust Agreement, dated as of March 1, 2018, as supplemented and amended by a Sixth Supplemental Trust Agreement, dated as of March 1, 2023, each between the Issuer and U.S. Bank Trust Company, National Association (the “Trustee”), as successor in interest to U.S. Bank National Association, as trustee (collectively, the “Trust Agreement”), and an Ordinance enacted by the Town Council on February 5, 2018, as amended by an Amending Ordinance enacted by the Town Council on March 6, 2023 (as amended, the “Ordinance”) approving the issuance and sale of the Series 2023 BANs. All capitalised terms not otherwise defined herein shall have the meaning ascribed to such terms in the Trust Agreement.

The Issuer has issued the Series 2023 BANs (i) to provide interim financing pending the issuance of the Issuer’s Revenue Bonds (the “Bonds”) for the acquisition by the Issuer of the Town’s Corley Mill Redevelopment Project Area Tax Increment Bond, Series 2018 (the “TIF Bond”), the

proceeds of which will be used by the Town to defray the costs of certain redevelopment projects with respect to the Corley Mill Redevelopment Project Area; and (ii) to finance the costs of issuance of the Series 2023 BANs. The Issuer and Town have entered into a Deposit and Reimbursement Agreement, dated as of March 1, 2018 (the “Deposit and Reimbursement Agreement”), whereby the Town agreed to reimburse any cash flow shortfalls in TIF Revenues available for the payment of the Issuer’s Bonds by paying debt service in full when due on the Issuer’s Bonds, subject to non-appropriation in any fiscal year by the Town Council, and reimbursing such payment from the TIF Revenues when available. Under the Trust Agreement, the Issuer has pledged and assigned its rights in and to (i) all right, title, and interest of the Issuer in and to the Revenues (as defined below), including, without limitation, amounts receivable by or on behalf of the Issuer under (a) the TIF Bond and (b) the Deposit and Reimbursement Agreement, and (ii) all moneys held by the Trustee in all funds and accounts created under the Trust Agreement (except the Rebate Fund). The term “Revenues” is defined in the Trust Agreement as (i) all payments of debt service under the TIF Bond, (ii) the Reimbursement Payments under the Deposit and Reimbursement Agreement, (iii) any moneys and investments in the Project Fund and in the Bond Fund, and (iv) all income and profit from the investment of the foregoing moneys.

The Town is not a party to the Trust Agreement or the Series 2023 BANs. The Series 2023 BANs, the Deposit and Reimbursement Agreement, and the obligation of the Town to make Reimbursement Payments do not constitute a debt of, or a pledge of the faith, credit, or taxing power of the Town. The financial obligations of the Town under the Deposit and Reimbursement Agreement do not constitute general obligations of the Town to which its faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made by the Town Council to pay the reimbursement payments due in each fiscal year under the Deposit and Reimbursement Agreement. The Town’s obligations under the Deposit and Reimbursement Agreement are from year to year only and do not constitute a mandatory payment obligation of the Town in any fiscal year in which funds are not appropriated by the Town to pay the reimbursement payments due in such fiscal year. The Town has no continuing obligation to appropriate funds to pay reimbursement payments due under the Deposit and Reimbursement Agreement and may terminate its obligations under the Deposit and Reimbursement Agreement on an annual basis without any penalty.

Regarding questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Trust Agreement and in the certified proceedings of the Town and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. We have also relied upon the opinion of even date herewith of the Town Attorney with regard to the authorisation and execution of the Deposit and Reimbursement Agreement by the Town.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing nonprofit corporation under the laws of the State of South Carolina with the power to enter into the Trust Agreement and the Deposit and Reimbursement Agreement, perform the agreements on its part contained therein, and issue the Series 2023 BANs.

2. The Town is duly created and validly existing as a body corporate and politic and municipal corporation under the laws of the State of South Carolina, with the corporate power to enact the Ordinance enter into the Deposit and Reimbursement Agreement, and perform the agreements on its part contained therein.

3. The Trust Agreement and the Deposit and Reimbursement Agreement have been duly authorised and executed by the Issuer, and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

4. The Deposit and Reimbursement Agreement has been duly authorised and executed by the Town, and constitutes the valid and binding obligation of the Town enforceable upon the Town.

5. The Series 2023 BANs have been duly authorised, executed, and delivered, and are valid and binding limited obligations of the Issuer, payable solely from proceeds of the Issuer's Bonds (the "Bond Proceeds") to be issued pursuant to the Trust Agreement. The Series 2023 BANs are not a general obligation or indebtedness of the Town within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Town or a charge against its general credit or taxing power.

6. The Trust Agreement creates a valid lien on the Bond Proceeds to be issued pursuant to the Trust Agreement as security for the Series 2023 BANs.

7. Interest on the Series 2023 BANs is excludable from gross income for federal and South Carolina income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Series 2023 BANs. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Town comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2023 BANs in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer and the

Town Council of Town of Lexington,  
South Carolina  
Saxe Gotha-Lexington Public Facilities Corporation  
March 17, 2023  
Page 4

Town have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2023 BANs to be included in gross income for federal and South Carolina income tax purposes retroactively to the date of issuance of the Series 2023 BANs.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Series 2023 BANs. Owners of the Series 2023 BANs should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2023 BANs, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

The rights of the owners of the Series 2023 BANs and the enforceability of the Series 2023 BANs, the Trust Agreement, and the Deposit and Reimbursement Agreement are limited by bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity. We note that, unless perfected, the lien on the Bond Proceeds may not be effective.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Series 2023 BANs, or regarding the perfection or priority of the lien on the Bond Proceeds or other funds created by the Trust Agreement. We refer you to our letter of even date herewith with regard to certain matters regarding the Official Statement.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel for purposes of rendering the foregoing opinions have been based on our review of such legal proceedings, documents, and certificates from the Issuer and the Town as we deem necessary to make the statements contained in this letter with respect to the validity of the Series 2023 BANs, and the tax-exempt status of the interest on the Series 2023 BANs. We have not examined any documents or other information concerning the business or financial resources of the Issuer or the Town, and we express no opinion herein as to the accuracy or completeness of any information with respect to the Issuer or the Town that may have been relied upon by the owners of the Series 2023 BANs in making their decision to purchase the Series 2023 BANs.

Very truly yours,



## **APPENDIX D**

### **FORM OF DISCLOSURE DISSEMINATION AGREEMENT**

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## DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of March 17, 2023, is executed and delivered by the Town of Lexington, South Carolina (the “Town”), and Saxe Gotha-Lexington Public Facilities Corporation (the “Issuer”), and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Town in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Town through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Town or anyone on the Town’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the annual financial statements of the Town for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” or “Series 2023 BANs” means the bond anticipation notes as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary

Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Town and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Town pursuant to Section 9 hereof.

“Disclosure Representative” means Kathy S. Pharr, or her designee, or such other person as the Town shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Town’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial obligation” as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Town, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2023 BANs (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Town and the Issuer in connection with the Series 2023 BANs, as listed in Exhibit A.

“Trustee” means the institution, if any, identified as such in the document under which the Series 2023 BANs were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

## SECTION 2. Provision of Annual Reports.

(a) The Town shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than seven months after the end of each fiscal year of the Town, commencing with the fiscal year ending June 30, 2023. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in

writing (which may be by e-mail) to remind the Town of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Town will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Town irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Town are prepared but not available prior to the Annual Filing Date, the Town shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Town pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  - 1. “Principal and interest payment delinquencies;”
  - 2. “Non-Payment related defaults, if material;”

3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
  4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
  5. “Substitution of credit or liquidity providers, or their failure to perform;”
  6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
  7. “Modifications to rights of securities holders, if material;”
  8. Bond calls, if material, and tender offers;
  9. “Defeasances;”
  10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
  11. “Rating changes;”
  12. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
  13. “Merger, consolidation, or acquisition of the obligated person, if material;”
  14. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
  15. “Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;” and
  16. “Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required”

when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Town pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”
2. “change in obligated person;”
3. “notice to investors pursuant to bond documents;”
4. “certain communications from the Internal Revenue Service;” other than those communications included in the Rule;
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;” and
10. “other event-based disclosures.”

- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Town pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “Timing of annual disclosure (120 days);”
3. “change in fiscal year/timing of annual disclosure;”
4. “change in accounting standard;”
5. “interim/additional financial information/operating data;”
6. “budget;”



7. “investment/debt/financial policy;”
8. “information provided to rating agency, credit/liquidity provider or other third party;”
9. “consultant reports;” and
10. “other financial/operating data.”

(viii) provide the Town evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Town may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

### SECTION 3. Content of Annual Reports.

(a) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Town is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Town will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Town is required to explain, in narrative form,

the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

#### SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the

existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties.

The Town shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Town desires to make, contain the written authorization of the Town for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Town desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Town or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Town determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that

has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Town desires to make, contain the written authorization of the Town for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Town desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Town as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Town will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Town acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Town, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Town acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Town may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Town desires to make, contain the written authorization of the Town for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Town desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Town as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Town may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Town desires to make, contain the written authorization

of the Town for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Town desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Town as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(b) The parties hereto acknowledge that the Town is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(c) Nothing in this Disclosure Agreement shall be deemed to prevent the Town from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Town chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Town shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

**SECTION 8. Termination of Reporting Obligation.** The obligations of the Town and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Town is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

**SECTION 9. Disclosure Dissemination Agent.** The Town has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Town may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Town or DAC, the Town agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Town shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Town.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Town or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Town has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Town and shall not be deemed to be acting in any fiduciary capacity for the Town, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Town's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Town has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Town at all times.

The obligations of the Town under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Town.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Town, the Issuer, and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Town and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds

and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Town or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Town. No such amendment shall become effective if the Town shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Town, the Issuer, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent, the Issuer, and the Town have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,  
as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



TOWN OF LEXINGTON, SOUTH CAROLINA,  
as obligated person

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SAXE GOTHA-LEXINGTON PUBLIC  
FACILITIES CORPORATION,  
as the Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT A**

### **NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer	Saxe Gotha-Lexington Public Facilities Corporation
Obligated Person(s)	Town of Lexington, South Carolina
Name of Bond Issue:	Revenue Bond Anticipation Notes, Series 2023 (Corley Mill Redevelopment Project Area)
Date of Issuance:	March 17, 2023
Date of Official Statement	March 8, 2023

CUSIP Number:	805547 AP1
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## EXHIBIT B

Issuer: Saxe Gotha-Lexington Public Facilities Corporation

Obligated Person: Town of Lexington, South Carolina

Name(s) of Bond Issue(s): Revenue Bond Anticipation Notes, Series 2023 (Corley Mill Redevelopment Project Area)

Date(s) of Issuance: March 17, 2023

Date(s) of Disclosure Agreement: March 17, 2023

CUSIP Number: 805547 AP1

NOTICE IS HEREBY GIVEN that the Town has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement by and among the Issuer, the Town, and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Town has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_, \_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_

Digital Assurance Certification, L.L.C., as  
Disclosure Dissemination Agent, on behalf of the  
Issuer

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cc: Town

**EXHIBIT C-1**  
**EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Town of Lexington, South Carolina

Issuer's Six-Digit CUSIP Number: \_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ "Principal and interest payment delinquencies;"
2. \_\_\_\_\_ "Non-Payment related defaults, if material;"
3. \_\_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. \_\_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. \_\_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform;"
6. \_\_\_\_\_ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. \_\_\_\_\_ "Modifications to rights of securities holders, if material;"
8. \_\_\_\_\_ "Bond calls, if material;" Tender offers;
9. \_\_\_\_\_ "Defeasances;"
10. \_\_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. \_\_\_\_\_ "Rating changes;"
12. \_\_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. \_\_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. \_\_\_\_\_ "Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and
16. \_\_\_\_\_ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street, Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_, \_\_\_\_\_

**EXHIBIT C-2**  
**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary event disclosure” may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement, dated as of March 17, 2023, by the Town of Lexington, South Carolina (the “Town”), and Saxe Gotha-Lexington Public Facilities Corporation (the “Issuer”), and DAC.

Issuer’s and/or Other Obligated Person’s Name:

Town of Lexington, South Carolina

Issuer’s Six-Digit CUSIP Number: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_\_ “amendment to continuing disclosure undertaking;”
2. \_\_\_\_\_ “change in obligated person;”
3. \_\_\_\_\_ “notice to investors pursuant to bond documents;”
4. \_\_\_\_\_ “certain communications from the Internal Revenue Service;”
5. \_\_\_\_\_ “secondary market purchases;”
6. \_\_\_\_\_ “bid for auction rate or other securities;”
7. \_\_\_\_\_ “capital or other financing plan;”
8. \_\_\_\_\_ “litigation/enforcement action;”
9. \_\_\_\_\_ “change of tender agent, remarketing agent, or other on-going party; and”
10. \_\_\_\_\_ “other event-based disclosures.”

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_, \_\_\_\_\_

**EXHIBIT C-3**  
**VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary financial disclosure” may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement, dated as of March 17, 2023, by the Town of Lexington, South Carolina (the “Town”), and Saxe Gotha-Lexington Public Facilities Corporation (the “Issuer”), and DAC.

Issuer’s and/or Other Obligated Person’s Name:

Town of Lexington, South Carolina

Issuer’s Six-Digit CUSIP Number: \_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_\_ “quarterly/monthly financial information;”
2. \_\_\_\_\_ “change in fiscal year/timing of annual disclosure;”
3. \_\_\_\_\_ “change in accounting standard;”
4. \_\_\_\_\_ “interim/additional financial information/operating data;”
5. \_\_\_\_\_ “budget;”
6. \_\_\_\_\_ “investment/debt/financial policy;”
7. \_\_\_\_\_ “information provided to rating agency, credit/liquidity provider or other third party;”
8. \_\_\_\_\_ “consultant reports;” and
9. \_\_\_\_\_ “other financial/operating data.”

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_, \_\_\_\_\_

## **APPENDIX E**

### **DTC AND BOOK-ENTRY ONLY SYSTEM**

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THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY (“DTC”) AND DTC’S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE SAXE GOTHA-LEXINGTON PUBLIC FACILITIES CORPORATION (THE “ISSUER”) BELIEVES TO BE RELIABLE, BUT THE ISSUER TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Revenue Bond Anticipation Notes, Series 2023 (Corley Mill Redevelopment Project Area) (the “Series 2023 BANs”) of the Issuer. The Series 2023 BANs will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note will be issued for the Series 2023 BANs, in the aggregate principal amount of the Series 2023 BANs, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organised under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerised book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2023 BANs under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 BANs on DTC’s records. The ownership interest of each actual purchaser of each Series 2023 BAN (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 BANs are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 BANs, except in the event that use of the book-entry system for the Series 2023 BANs is discontinued.

To facilitate subsequent transfers, all Series 2023 BANs deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of Series 2023 BANs with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 BANs; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2023 BANs are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2023 BANs may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 BANs, such as redemptions, tenders, defaults, and

proposed amendments to any of the resolutions under which any Series 2023 BANs is issued. For example, the Beneficial Owners of Series 2023 BANs may wish to ascertain that the nominee holding the Series 2023 BANs for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 BANs are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 BANs unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2023 BANs are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption payments and principal and interest payments on the Series 2023 BANs will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, the Town, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption payments and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the Issuer, the Town, or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to any Series 2023 BANs at any time by giving reasonable notice to the Issuer, the Town, and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The Issuer or the Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

NEITHER THE ISSUER, THE TOWN, NOR THE PAYING AGENT IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF ANY DIRECT PARTICIPANTS OR ANY INDIRECT PARTICIPANTS TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE SERIES 2023 BANs OR ANY ERROR OR DELAY RELATING THERETO.

Neither the Issuer, the Town, nor the Paying Agent gives any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners of the Series 2023 BANs (i) payments of principal, premium, if any, and interest, with respect to the Series 2023 BANs, (ii) confirmation of beneficial ownership interests in the Series 2023 BANs, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Series 2023 BANs, or that they will do so on a timely basis, or that DTC, DTC Participants, or Indirect Participants will serve or act in the manner described in this Official Statement.

All capitalized terms not otherwise defined in this Appendix shall have the meaning ascribed to such term in this Official Statement.

## **APPENDIX F**

### **ADDITIONAL DEBT INFORMATION**

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**ADDITIONAL DEBT INFORMATION**

Bond Anticipation Notes

Article X of the South Carolina Constitution and Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as continued by Title 11, Chapter 27 of the Code of Laws of South Carolina 1976, as amended, authorise counties, incorporated municipalities, special purpose districts, and school districts to issue bond anticipation notes, maturing not later than one year from the date of issuance, pending the issuance and sale of any general obligation bonds authorised by law. Such bond anticipation notes are secured by a pledge of the proceeds of the bonds in anticipation of which such bond anticipation notes are issued and by a pledge of the full faith, credit, and taxing power of the county, incorporated municipality, special purpose district, or school district.

Tax Anticipation Notes

Article X of the South Carolina and Title 11, Chapter 27 of the Code of Laws of South Carolina 1976, as amended, authorise counties, incorporated municipalities, special purpose districts, and school districts to incur general obligation debt in anticipation of the collection of ad valorem taxes or (in the case of counties, incorporated municipalities, and special purpose districts) licenses, which shall be expressed to mature not later than ninety (90) days from the date as of which such taxes or licenses may be paid without penalty. Such tax anticipation notes are secured by a pledge of the taxes or licenses in anticipation of which such tax anticipation notes are issued and by a pledge of the full faith, credit, and taxing power of the county, incorporated municipality, special purpose district, or school district.

Grant Anticipation Notes

Title 11, Chapter 19 of the Code of Laws of South Carolina 1976 authorises any county, incorporated municipality, special purpose district, or school district which is entitled to any moneys to be received from the United States Government or any of its agencies intended to be used for the construction of facilities for any waterworks systems, facilities for the collection, treatment, and disposal of sewage, and the construction and improvement of any public works as to which an unconditional grant has been made by the granting agency and for which the funds have been appropriated to borrow not exceeding ninety percent (90%) of the estimated amount of such grant pending receipt thereof and to evidence such debt by the issuance of a note expressed to mature not later than the occasion on which the proceeds of the grant are expected to be received. The statute requires that the proceeds of such grant be pledged for the payment of the principal and interest of the indebtedness and authorises, in addition, the pledge of the full faith, credit, and taxing power of the borrower.

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