

## 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 2024 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 2024 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. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Series 2024 BANs. See "LEGAL MATTERS - Tax Exemption" herein for additional information regarding the tax status of interest on the Series 2024 BANs.*

**\$4,400,000**  
**SAXE GOTH-LEXINGTON PUBLIC FACILITIES CORPORATION**  
**REVENUE BOND ANTICIPATION NOTES**  
**SERIES 2024**  
**(ICE HOUSE REDEVELOPMENT PROJECT AREA)**

Dated: Date of Delivery  
Interest Rate: 6.750%

Maturity Date: May 2, 2025  
CUSIP No. 805547 AS5

The Revenue Bond Anticipation Notes, Series 2024 (Ice House Redevelopment Project Area) (the "Series 2024 BANs") are being issued by Saxe Gotha-Lexington Public Facilities Corporation (the "Issuer") for the purpose of providing funds (i) to refund the Issuer's Revenue Bond Anticipation Notes, Series 2023 (Ice House Redevelopment Project Area) (the "2023 BANs") which were issued 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") Ice House Redevelopment Project Area Tax Increment Bond, Series 2015 (the "TIF Bond"), the proceeds of which are being used by the Town to defray a portion of the costs of certain redevelopment projects with respect to the Ice House Redevelopment Project Area and (ii) to finance the costs of issuance of the Series 2024 BANs. See "PLAN OF FINANCING" herein.

The Series 2024 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 2024 BANs. The Series 2024 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 2024 BANs. For so long as any purchaser is the beneficial owner of a Series 2024 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 2024 BAN. See "THE SERIES 2024 BANS – Book-Entry Only System" herein and "Appendix E – DTC and Book-Entry Only System."

**THE SERIES 2024 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 2024 BANS, FROM THE SALE OF AN ISSUE OF RENEWAL OR REFUNDING BOND ANTICIPATION NOTES. THE SERIES 2024 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 2024 BANS" HEREIN.**

The Series 2024 BANs mature on the Maturity Date set forth above. Interest on the Series 2024 BANs will be payable on the Maturity Date at the interest rate set forth above. The Series 2024 BANs are not subject to redemption prior to their maturity.

Investment in the Series 2024 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 2024 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 to the Town. 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 2024 BANs in definitive form will be available for delivery through the facilities of DTC on or about May 3, 2024.

**OPPENHEIMER & CO.**

Dated: April 24, 2024

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 2024 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 2024 BANs; or (iii) the tax exempt status of the interest on the Series 2024 BANs.

IN CONNEXION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 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 2024 BANs.

The Series 2024 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 2024 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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## 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, 2023” for additional information regarding the Town.
The Series 2024 BANs	\$4,400,000 Saxe Gotha-Lexington Public Facilities Corporation Revenue Bond Anticipation Notes, Series 2024 (Ice House Redevelopment Project Area), are being issued as fully-registered notes and are initially issued in book-entry only form. See “THE SERIES 2024 BANS” for a description of the terms of the Series 2024 BANs.
Purpose of the Issue	The proceeds of the Series 2024 BANs will be used (i) to refund the Issuer’s Revenue Bond Anticipation Notes, Series 2023 (Ice House Redevelopment Project Area) (the “2023 BANs”) which were issued 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”) Ice House Redevelopment Project Area Tax Increment Bond, Series 2015 (the “TIF Bond”), the proceeds of which are being used by the Town to defray a portion of the costs of certain redevelopment projects with respect to the Ice House Redevelopment Project Area and (ii) to finance the costs of issuance of the Series 2024 BANs.
Date of Issue and Delivery	The Series 2024 BANs will be dated their date of delivery. It is expected that the Series 2024 BANs will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about May 3, 2024, against payment therefor.
Maturities	The Series 2024 BANs mature on the Maturity Date set forth on the cover page.
Interest Payments	Interest on the Series 2024 BANs will be payable on the Maturity Date or any earlier redemption date at the interest rate set forth on the cover page.
No Optional Redemption	The Series 2024 BANs are not subject to redemption prior to their maturity.

Source of Payment	<p><b>THE SERIES 2024 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 2024 BANS, FROM THE SALE OF AN ISSUE OF RENEWAL OR REFUNDING BOND ANTICIPATION NOTES. THE SERIES 2024 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 2024 BANS” HEREIN.</b></p>
Tax Status of Interest on the Series 2024 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 2024 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 2024 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. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Series 2024 BANS. See “LEGAL MATTERS - Tax Exemption” herein for additional information regarding the tax status of interest on the Series 2024 BANS.</p>
Continuing Disclosure	<p>The Issuer and the Town have undertaken for the benefit of holders of the Series 2024 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 2024 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 2024 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**  
**\$4,400,000**  
**SAXE GOTHA-LEXINGTON PUBLIC FACILITIES CORPORATION**  
**REVENUE BOND ANTICIPATION NOTES**  
**SERIES 2024**  
**(ICE HOUSE 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 \$4,400,000 Revenue Bond Anticipation Notes, Series 2024 (Ice House Redevelopment Project Area) (the “Series 2024 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 2024 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 2023” means the Fiscal Year ended June 30, 2023.

**The Issuer**

The Issuer of the Series 2024 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 2023-2024 is approximately \$15,672,982 and the total assessed valuation of taxable property located within the Town of Lexington as of June 30, 2023 was \$150,920,880.

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, 2023” 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 2024 BANs under the Trust Agreement, dated as of May 1, 2015, between the Issuer and U.S. Bank Trust Company, National Association, as successor trustee, as amended or supplemented (the “Trust Agreement”).

## **Purpose of the Series 2024 BANs**

The Issuer is issuing the Series 2024 BANs for the purpose of providing a portion of the funds necessary (i) to refund the Issuer’s Revenue Bond Anticipation Notes, Series 2023 (Ice House Redevelopment Project Area) in the outstanding principal amount of \$4,445,000 (the “2023 BANs”) which were issued 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”) Ice House Redevelopment Project Area Tax Increment Bond, Series 2015 (the “TIF Bond”), the proceeds of which are being used by the Town to defray a portion of the costs of certain redevelopment projects with respect to the Ice House Redevelopment Project Area and (ii) to finance the costs of issuance of the Series 2024 BANs. For more complete information, see “PLAN OF FINANCING” herein.

## **Security and Sources of Payment for the Series 2024 BANs**

THE SERIES 2024 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 2024 BANs, FROM THE SALE OF AN ISSUE OF RENEWAL OR REFUNDING BOND ANTICIPATION NOTES. THE SERIES 2024 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 2024 BANs, or (b) Additional BANs to refund the Series 2024 BANs in the event the Revenue Bonds are not issued prior to the maturity date of the Series 2024 BANs. See the discussion under the heading “RISKS AND INVESTMENT CONSIDERATIONS” herein for a discussion of certain considerations which potential purchasers of the Series 2024 BANs should take into account in evaluating the security for the Series 2024 BANs.

For more complete and detailed information regarding the security and sources of payment for the Series 2024 BANs, see “SECURITY AND SOURCES OF PAYMENT FOR THE Series 2024 BANs” herein.

## **Description of Series 2024 BANs**

The Series 2024 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 2024 BANs at the corporate trust office of the Paying Agent in St. Paul, Minnesota. The Series 2024 BANs are issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof. The Series 2024 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 2024 BANs, see “THE SERIES 2024 BANs” herein.

## **Book-Entry Only System**

The Series 2024 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 2024 BANs. Purchasers will not be entitled to receive physical delivery of the Series 2024 BANs. For so long as any purchaser is the beneficial owner of a Series 2024 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 2024

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 2024 BANs are not subject to redemption prior to their maturity.

### **Tax Status of Interest on Series 2024 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 2024 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 2024 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. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Series 2024 BANs. See “LEGAL MATTERS - Tax Exemption” herein for additional information regarding the tax status of interest on the Series 2024 BANs.

### **Authorisation**

The Series 2024 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 2, 2020 (the “Amending Ordinance”), and as supplemented by a Resolution (the “Resolution”) adopted by the Town Council on April 1, 2024 (the Original Ordinance, as amended by the Amending Ordinance and as supplemented by the Resolution, the “Ordinance”), and resolutions adopted by the Board of Directors of the Issuer on March 4, 2024. The Series 2024 BANs will be issued pursuant to the provisions of the Trust Agreement.

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

The Series 2024 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 2024 BANs will be available for delivery on or about May 3, 2024, 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 LLP, 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 2024 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 2024 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 2024 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 2024 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 2024 BANs. Additional investment considerations relating to the purchase of the Series 2024 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 2024 BANs at the time necessary to pay debt service on the Series 2024 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 2024 BANs.

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

The sole security for the Series 2024 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 2024 BANs, from the sale of an issue of renewal or refunding bond anticipation notes. The Series 2024 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 in September, 2014, approving the Ice House Redevelopment Plan (the “Redevelopment Plan”) for downtown Lexington as part of the establishment of the Ice House 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 Redevelopment Plan includes, in part, redevelopment of parcels at the corner South Church Street and Main Street in downtown Lexington. The redevelopment features a 900 seat amphitheatre, public parking, and perimeter site preparation for commercial development. Additionally, the Redevelopment Plan includes construction of the Old Mill Pond Trail (see, “- Recent Developments with Regard to the Old Mill Pond Trail Project” below), and façade and infrastructure improvements in the downtown area. The Redevelopment Plan updated total project costs are estimated at approximately \$10,114,503. Estimated Redevelopment Project Costs are set forth in the following table:

### Town of Lexington Icehouse Redevelopment Project

#### Estimated Redevelopment Project Budget

<u>Project Icehouse<sup>(1)</sup></u>	
Property acquisition	\$1,047,188
Demolition	98,350
Pedestrian and streetscape improvements	169,151
Amphitheater and site prep	<u>3,498,790</u>
Total Project Icehouse Amount	<u>\$4,813,479</u>
 <u>Facade Improvements Program<sup>(2)</sup></u>	
Grant award budget	70,000
 <u>Main Street Improvements<sup>(3)</sup></u>	 58,379
 <u>Old Mill Pond Trail<sup>(4)</sup></u>	 3,898,200
 <u>Sewer Line Rehabilitation for Main Street<sup>(5)</sup></u>	 537,122
 <u>Provision for Other Redevelopment Project Outlays<sup>(4)</sup></u>	 87,323
 <u>Financing costs and required reserves<sup>(6)</sup></u>	 <u>650,000</u>
Total Estimated Redevelopment Project Costs	<u>\$10,114,503</u>

<sup>(1)</sup> Project Icehouse totals are estimated at \$4,813,479, of which \$3,667,941 is anticipated to be funded by the Town’s tax increment financing, incremental revenues or other sources. Property acquisition costs were initially funded through the issuance of the Town’s general obligation notes, which the Town has elected to repay from the Town’s General Fund. Demolition costs were funded by proceeds from the sale of property.

<sup>(2)</sup> Anticipated to be funded by Facade general funds.

<sup>(3)</sup> Funded by Vision Plan general funds.

<sup>(4)</sup> Anticipated to be funded by tax increment financing, incremental revenues, and other sources.

<sup>(5)</sup> Funded entirely by Water and Sewer CIP

<sup>(6)</sup> Includes construction period interest, funding of a debt service reserve fund, and bond issuance and/or reissuance costs.

Notes: Costs estimates include provision for required professionals’ services.

Funding for the Redevelopment Plan is expected to come from the following sources and in the following amounts:

#### **Estimated Redevelopment Funding Sources**

##### **Estimated Redevelopment Funding Sources**

Water and sewer CIP – sewer line rehab	\$ 537,122
Town of Lexington façade general funds	70,000
Town of Lexington Vision Plan general funds	58,379
Net proceeds from sale of real property	800,000
Town of Lexington general obligation bonds and bond anticipation notes refunded or repaid by general fund sources	1,047,188
Town of Lexington Hospitality Tax (sidewalk work moved to One-Way Pair Project) <sup>1</sup>	169,151
Town of Lexington Streets & Infrastructure general funds	1,345,000
Bonds, notes, incremental tax revenues and other sources	<u>6,087,663</u>
<b>Total Estimated Redevelopment Funding Sources</b>	<b><u>\$10,114,503</u></b>

<sup>1</sup>Note: The Town determined that the planned sidewalk improvements in the Redevelopment Plan were an integral part of the Town's separate Downtown One-Way Pair Traffic Project. Accordingly, this portion of the Redevelopment Plan was funded within that project.

The Town has previously funded 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 \$4,000,000. Construction on the Project Icehouse Amphitheater accounts for approximately \$3,406,962 of the costs and was completed in September, 2016. Work on the Old Mill Trail was suspended due to the breaching of the Old Mill Dam in October, 2015 as a result of flooding. Prior to the flooding approximately \$127,854 in trail costs were incurred. Subsequent to the 2015 flood, engineering and design work resumed in anticipation of the dam repair resulting to date in an additional \$2,818,027 in trail costs for a total to date of \$2,945,881. The balance represents financing and issuance costs.

The Town elected to repay from Town general funds the general obligation bond anticipation notes, and any future related bonds, which were utilized to fund the purchase of property used for Project Icehouse. The Sewer Line Rehabilitation for Main Street funded by the Water and Sewer CIP was completed in March, 2016. Initial Main Street Improvements including installation of new trees, brick planters, and improved irrigation were completed in May, 2016.

Approximately \$318,173 in TIF collections have been distributed by Lexington County through March 31, 2024, for Fiscal Year 2024.

#### **Recent Developments with Regard to the Old Mill Pond Trail Project**

The Old Mill Pond Trail (the "Trail") is designed to follow a path that runs along the shores of Lexington's Old Mill Pond (the "Pond") and crosses the Old Mill Pond Dam (the "Dam"), an earthen dam that was constructed to impound waters of 12-Mile Creek, forming and supporting the Pond. Privately-owned, the Dam was built in the 1890s to serve a textile mill that was located in the Old Mill building, a mixed-use facility that currently houses a number of shops, offices, exercise facilities and food service businesses. In early October, 2015 serious flooding caused the Dam to be breached and large portions of its structure to be carried away. Consequently, the Pond was emptied, leaving dry land on either side of 14-Mile Creek in areas formerly covered by waters of the Pond. Subsequent to the 2015 flood, engineering and design work resumed in anticipation of the dam repair. A private developer is currently rebuilding the Dam. The Trail construction began in 2023 in coordination with the dam reconstruction project, and is expected to be completed in summer, 2024.

## **Plan of Financing**

The Town's plan of financing for the Redevelopment Projects involves the issuance of the Series 2024 BANs by the Issuer in the amount of \$4,400,000 to refund the Issuer's 2023 BANs in the outstanding principal amount of \$4,445,000. The 2023 BANs were issued to indirectly provide construction financing for the Redevelopment Projects by means of the purchase of the TIF Bond by the Issuer. Permanent financing for the acquisition of the TIF Bond is expected to occur by the issuance of Revenue Bonds by the Issuer in the amount of not exceeding \$6,000,000 to (i) refund the Series 2024 BANs and (ii) fund a debt service reserve, thereby providing permanent financing for the Redevelopment Projects.

The Issuer is issuing the Series 2024 BANs for the purpose of providing interim financing (pending the issuance of the Issuer's Revenue Bonds) for the purchase of the TIF Bond from the Town 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 Ice House Redevelopment Project Area and available under the TIF Act. The Town has used and will use the proceeds received from the sale of the TIF Bond to defray the costs of acquisition and construction of the Redevelopment Projects. As a condition to the purchase of and the funding of the TIF Bond by the Issuer, the Town entered into a Deposit and Reimbursement Agreement dated as of May 1, 2015 (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 2024 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 May 28, 2015, in the original principal amount of \$4,000,000. Because the TIF Bond is a cash-flow obligation payable solely from available TIF Revenues, the TIF Bonds have a final maturity date of December 31, 2029 (the "TIF Bond Maturity Date"). 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. The TIF Bond will bear rates of interest, including the initial rate of 9.8% (the "Initial 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 annually on each May 1 during the term thereof. As of March 31, 2024, total cumulative TIF Revenues in the amount of \$1,401,246.78 have been collected and released to the Town to make the initial TIF Bond debt service payments. Unpaid interest shall be treated as principal for purposes of determining the amount of interest due on the TIF Bond. All unpaid principal and accrued interest shall be due and payable on the TIF Bond Maturity Date.

The Town may prepay the outstanding principal amount of the TIF Bond, in whole or in part, at any time without penalty or premium.

## 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 2024 BANs and TIF Revenues.

<u>Sources</u>	
Series 2024 BAN Par Amount	\$4,400,000
Premium	126,852
TIF Revenues	294,432
Underwriter's Discount/Expenses	(22,580)
Total	<u>\$4,798,704</u>
 <u>Uses</u>	
Principal of 2023 BANs	\$4,445,000
Interest on 2023 BANs	243,117
Costs of Issuance <sup>1</sup>	<u>110,587</u>
Total	<u>\$4,798,704</u>

<sup>1</sup> 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 2024 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 March 2018, the Issuer entered into various leases and contracts with respect to the issuance of Saxe Gotha-Lexington Public Facilities Corporation Revenue Bond Anticipation Notes, Series 2018 (Corley Mill Project Area) (the “Series 2018 Corley Mill BANs”) in the original principal amount of \$2,000,000 used for the acquisition by, and funding the initial advance by, the Issuer of the Town’s Corley Mill Redevelopment Project Area Tax Increment Bond, Series 2018 (the “Corley Mill TIF Bond”), the proceeds of which are being be used by the Town to defray the costs of certain redevelopment projects with respect to the Corley Mill Redevelopment Project Area. In March 2024, the Issuer issued its Saxe Gotha-Lexington Public Facilities Corporation Revenue Bond Anticipation Notes, Series 2024 (Corley Mill Project Area) (the “Series 2024 Corley Mill BANs”) for the refinancing of the Series 2023 Corley Mill BANs, which refinanced a prior issuance of Corley Mill BANs. See “TOWN DEBT STRUCTURE – Outstanding Debt - Tax Increment Bonds and Appropriation-Supported Obligations” herein for additional information regarding the Series 2024 Corley Mill BANs. No revenues under the Corley Mill Redevelopment Project Area are available to pay debt service on the TIF Bonds securing the Revenue Bonds.

Beginning in 2015, the Issuer has issued its revenue bond anticipation notes on an annual basis to provide interim financing, pending the issuance of the Issuer’s Revenue Bonds, for the acquisition by the Issuer of the TIF Bond, the proceeds of which are being be used by the Town to defray the costs of certain redevelopment projects with respect to the Ice House Redevelopment Project Area. See “PLAN OF FINANCING” herein for additional information regarding the prior issues of revenue bond anticipation notes by the Issuer.

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

## **THE SERIES 2024 BANS**

### **Description**

The Series 2024 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 2024 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 2024 BANs will be made in book-entry form, and purchasers will not receive certificates representing interests in the Series 2024 BANs so purchased. If the book-entry system is discontinued, Series 2024 BANs will be delivered as described in the Trust Agreement, and Beneficial Owners will become the registered owners of the Series 2024 BANs. See “THE SERIES 2024 BANS –Book-Entry Only System” herein.

### **No Optional Redemption**

The Series 2024 BANs are not subject to redemption prior to their maturity.

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

The Series 2024 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 2024 BANs. Purchasers will not be entitled to receive physical delivery of the Series 2024 BANs. For so long as any purchaser is a beneficial owner of a Series 2024 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 2024

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 2024 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 2024 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 2024 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 2024 BANS**

### **Special Limited Obligations**

THE SERIES 2024 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 2024 BANS, FROM THE SALE OF AN ISSUE OF RENEWAL OR REFUNDING BOND ANTICIPATION NOTES. THE SERIES 2024 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 2024 BANs, or (b) Additional BANs to refund the Series 2024 BANs in the event the Revenue Bonds are not issued prior to the Maturity Date of the Series 2024 BANs. See the discussion under the heading “RISK FACTORS” herein for a discussion of certain considerations which potential investors in the Series 2024 BANs should take into account in evaluating the security for the Series 2024 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 Bonds as cash-flow obligations payable solely from available TIF Revenues available under the TIF Act and sold them to the Issuer. As a condition to the purchase of the TIF Bonds by the Issuer, the Town has entered into the Deposit and Reimbursement Agreement 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. 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 May 1, 2015, as security for the payment of the Revenue Bonds. The rights to receive debt service payments under the TIF Bonds 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 2024 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 2024 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	21,860
2018	22,430
2019	23,000
2020	23,554
2021	24,208
2022	24,880
2023	25,571

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 \$38,796 and median household income is \$78,164 (American Community Survey, 2022 5-Year Estimates, 2022 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>
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
2022	57,076	53,618	65,470

Note: Per Capita personal income computed by the Bureau of Economic Analysis using Census midyear population estimates. Estimates updated November, 2023.

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

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

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## Retail Sales

The following table shows total gross sales and net taxable sales in the Town and in Lexington County for the Fiscal Years 2014-2023.

<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>
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
2023	3,038,042,106	18,967,822,101	1,101,743,377	6,335,465,266

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.

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## 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>	
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
2023	2,525,399,700	157	57,548,983	9	19,521,218	1,035	43,650,654	2,046,386

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” or “District”) serves residents of the Town as well as contiguous portions of Lexington County. For 2023-2024, the School District operated thirty (30) public schools with an enrollment of approximately 27,260 students (as of September 25, 2023, including three- and four-year old students). Enrollment has been growing rapidly in recent years and the District remains one of the fastest growing school districts in the State, currently ranking sixth in total enrollment (180-day headcount – 2022-2023). In the past ten years, the student enrollment has grown on average by 467 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 District’s excellent reputation, which is demonstrated by the fact that the District’s 2023 high school graduates earned \$128.3 million in scholarships, 62.6% of the District’s 2023 graduates went on to college, and students consistently perform well on nationally normed assessments. The District’s on-time graduation rate was 88.2% for 2023.

According to the U.S. Census Bureau (American Community Survey 5-year Estimates 2022), 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	931	5.6%
High school graduates (includes equivalency)	3,057	18.7
Some college, or associates degree	4,877	29.8
Bachelor’s degree	4,983	30.5
Graduate or professional degree	2,511	15.3

Note: The percentage statistical estimates contain margins of error averaging approximately 3.39%.

## 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 2023, the airport served over one million two hundred thirty-four thousand total passengers, enplaned approximately 22,000 tons of cargo, and landed a total weight of 1.14 billion pounds, of which 397 million pounds was cargo/freight weight.

## 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 607-bed teaching hospital located just off Interstate 26 and Highway 378. The facility's rooms are 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 3,000 animals and a substantial botanical garden with over 5,700 varieties of plants. 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, barbeque 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 competes in the Coastal Plain League and plays home games at the Lexington County Baseball Stadium located three miles from downtown Lexington. Attendance for the 2023 and 2022 seasons totaled 25,411 and 23,444, or an average of 1,155 and 1,172 per game, respectively (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 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. The current Mayor is Hazel Livingston, who served as a Council Member for 25 years until being elected Mayor in November, 2023 for a term that expires in November, 2027. Current Council members are:

<u>Name</u>	<u>Occupation</u>	<u>Years of Service</u>
Ron Williams, Mayor Pro-Tem	Operations Manager-Not for Profit	11
Todd Carnes	Principal – Real Estate Brokerage	11
Todd Lyle	Lawyer/Private Practice	6
Gavin Smith	President - Public Relations Firm	1
Will Allen	Restaurateur	1
Jeannie Michaels	Realtor	1

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.

Rachelle Gleaton has served as Town Administrator since November, 2023. Prior to being hired as Town Administrator, Ms. Gleaton had served as Assistant Town Administrator for the City of North Augusta, South Carolina since 2019. Stuart Ford, CPA has served as Assistant Town Administrator since January, 2009, and as the Town's Finance Director from 2001 until 2006, having also served as Interim Town Administrator in 2023. Kathy Pharr, CPA is the Finance Director and has served in such capacity since June, 2007. David Wiman serves as the Director of Utilities and has served in such capacity since October, 2023.

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  
David Wiman, Utilities  
Kathy Pharr, Finance  
Randy Edwards, Transportation

The Town currently has approximately 196 full-time employees. Of these, 64 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 2024; 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 7,600 water customers and 8,600 sewer customers. Outside the corporate limits the Town serves approximately 2,600 water customers and 14,300 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**

**Governmental Funds** - Total Governmental Funds Revenues for Fiscal Year 2023 increased by \$6,028,682, or 27.6%. The largest increase was in Other Revenue, \$4,293,582, which was largely due to an increase of \$3,046,453 in non-recurring ARPA funding associated with ongoing capital projects (primarily Virginia Hylton Park). The increase in Other Revenue also included an increase of \$846,453 in Interest Income with the dramatic year-over-year increase in interest rates and yields on invested funds. On February 1, 2020, the Town adopted an Impact Fee ordinance. Impact Fee revenue, which is included in Other Revenue, increased \$110,952, as growth in construction activity continued. Total Property tax revenue increased \$154,879, or 3.9%, as new properties were added to the tax rolls. Franchise Licenses, Permits and Fees increased \$875,100, or 9%. The majority of this increase, \$600,907, was due to an increase in Business License Fees -- revenue associated with Municipal Association of South Carolina collection programs (primarily insurance company related) were up \$285,896 while other Business License Fees were up \$310,873. Hospitality tax revenues increased \$631,318, or 17.6%, reflecting the addition of 23 new hospitality-related businesses and continuing local economic growth.

**General Fund** – General Fund revenue increased \$1,366,305, or 9.4%. This was due to the increase in Franchises, Licenses and Permits of \$875,100, as well as an increase in Property Taxes of \$170,053 and Other Revenues of \$321,152.

**Property Taxes** – Property taxes account for 24.6% 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 \$170,053, or 4.5% in Fiscal Year 2023 which is only 5.8% less than Fiscal Year 2020 collections.

**Other Revenues** – Other revenues (Other Government Revenues, Fines and Forfeitures, Interest, and Miscellaneous) account for 9% of the General Fund revenues and increased \$321,152 or 28.9%, largely due to the \$214,927 increase in Interest Income attributable to the significant increase in investment yields. Other Government Revenue increased \$67,139, or 9.7% partly due to an increase in State of South Carolina Local Government Fund appropriations, which was driven in part by growth in State revenues and partly due to an increase in signal maintenance fees from SCDOT.

**Franchise, Licenses and Permits** – Franchise, Licenses and Permits account for 66.3% of General Fund revenue. Total revenues in this category were up 9%, or \$875,100 in Fiscal Year 2023. Business License Fees are the largest component of this category at 71.2%. The Town of Lexington is a thriving community and experienced an increase in business license revenue for Fiscal Year 2023 of 8.7%, or \$600,907. Franchise Fees, the second largest component at 23.6% increased by 14.3%, or \$310,873. 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 5.2% of this category, experienced a revenue decrease of 6.3%, or \$36,680.

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

<u>Fiscal Year</u>	<u>Business License</u>	<u>Franchise Fees</u>	<u>Building Permits</u>	<u>Total</u>
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
2023	7,501,727	2,488,182	543,757	10,533,666

#### *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>
2019	\$ 2,882,786
2020	2,811,664
2021	3,199,205
2022	3,584,665
2023	4,215,984

Hospitality Tax revenue recognized from inception through Fiscal Year 2023 totals \$23,952,493. In Fiscal Year 2024, collections through December, 2023, totaled \$2,399,623, which is 19% higher than the comparable period in Fiscal Year 2023.

#### Expenditures

The Governmental Fund expenditures for the Town increased \$3,457,217, or 17% for Fiscal Year 2023. The increase is largely attributable to a \$4,748,428 increase in Parks related capital expenditures (primarily Virginia Hylton Park) and a \$1,531,190 decrease in Tourism related capital expenditures.

Total expenditures in the General Fund overall in Fiscal 2023 were essentially flat in Fiscal 2023 compared to 2022, increasing only 0.07%. Operating expenditures increased \$655,307, or 5.1% with a 2.0% employee cost of living increase being offset to an extent by unusually high staff vacancies in Public Safety and Parks and Sanitation departments. There was one new position added in Fiscal Year 2023. 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. Capital outlay expenditures across all departments decreased \$644,672 year-over-year.

#### **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 her 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 2021-2022, for Fiscal Year 2022-2023, and Fiscal Year 2023-2024 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>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
Taxes	\$ 3,900,000	\$ 3,900,000	\$ 4,150,000
Franchise Fees	2,100,000	2,275,000	2,275,000
Business Licenses	6,000,000	6,827,000	7,500,000
Permits	550,000	620,000	560,000
Fines and Forfeitures	210,000	280,000	280,000
Rental Income	60,000	80,000	100,000
Other Governments	500,000	580,000	650,000
Miscellaneous Income	<u>49,200</u>	<u>47,000</u>	<u>57,500</u>
Total Revenue	<u>\$ 13,369,200</u>	<u>\$ 14,609,000</u>	<u>\$ 15,572,500</u>
Operating Expenditures:			
Council Department	\$ 176,216	\$ 186,244	190,534
Administration Department	1,135,214	1,278,155	1,341,305
Finance Department	282,133	330,200	355,249
Planning, Building and Technology Department	1,554,563	1,596,630	1,791,878
Police Department	6,383,930	6,821,006	7,144,742
Parks, Streets and Sanitation Department	2,612,727	2,772,686	2,932,090
Transportation Department	<u>1,037,871</u>	<u>1,011,647</u>	<u>1,111,803</u>
Total Operating Expenditures	<u>\$ 13,182,654</u>	<u>\$ 13,996,568</u>	<u>\$ 14,867,601</u>
Other Sources and (Uses):			
Interest Income	\$ 12,000	\$ 16,100	\$ 114,482
Capital Outlay	(388,090)	(1,325,174)	(452,350)
Capital Outlay – Specific Encumbrance	-0-	(294,008)	(607,370)
Capital Outlay Contingent on America Rescue Plan			
Act Regulations	(1,479,176)	-0-	-0-
Contingent Funds from American Rescue Plan			
Regulations	1,479,176	-0-	-0-
Transfer (to)/from Emergency Response and Recovery	182,852	275,000	-0-
Transfer to Debt Service Fund	(600,000)	(600,000)	(600,000)
Transfer to Victim's Advocate	(60,000)	(60,000)	(72,000)
Transfer to Streets and Infrastructure	(581,741)	(675,910)	(776,480)
Transfer to Monument Fund	(1,000)	(500)	(1,000)
Transfer to Amphitheater	(15,000)	(25,005)	(30,000)
Transfer to Special Events	(15,000)	(10,000)	-0-
Transfer to Vision Plan	-0-	-0-	(5,000)
Fiscal Year 2022 Surplus for Capital	-0-	311,524	-0-
Other Transfer In – Accommodations Tax	33,000	35,000	38,000
Contingent Capital Outlay	(160,000)	(195,250)	(196,250)
Prior Fiscal Year Unspent Contingency Funds	160,000	195,250	196,250
Transfer In – Hospitality Tax	1,240,505	1,377,726	1,210,680
Transfer to Tuition Reimbursement	-0-	(5,000)	(10,000)
Enterprise Fund Franchise Fee	136,236	293,184	460,800
Specific Encumbrance	70,410	294,008	607,370
Contingency Reserve (@1.5% of Revenue)	<u>(200,718)</u>	<u>(219,377)</u>	<u>(582,031)</u>
Total Other Sources and (Uses)	<u>\$ (186,546)</u>	<u>\$ (612,432)</u>	<u>\$ (704,899)</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, 2019-2023:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>REVENUES:</b>					
Property Taxes	\$ 4,060,059	\$ 4,299,259	\$ 3,907,393	\$ 4,021,531	\$ 4,176,410
Franchises, Licenses & Permits	8,413,353	8,450,294	8,831,087	9,658,566	10,533,666
Hospitality Tax	2,882,786	2,811,664	3,199,205	3,584,666	4,215,984
Other Governments	1,587,817	1,902,189	563,011	688,712	755,851
Fines and Forfeitures	254,975	205,055	285,777	306,751	313,415
Other Revenues	<u>486,839</u>	<u>397,692</u>	<u>4,173,147</u>	<u>3,544,403</u>	<u>7,837,985</u>
Total	\$17,685,829	\$18,066,153	\$20,959,620	\$21,804,629	\$27,833,311
<b>EXPENDITURES:</b>					
General Government	\$ 2,827,351	\$ 3,100,508	\$ 3,198,884	\$ 3,290,314	3,796,112
Public Safety	6,171,361	6,382,907	6,365,851	6,740,734	6,987,476
Parks & Sanitation	2,688,980	2,448,726	2,483,129	2,954,902	3,066,501
Transportation	935,700	994,887	990,097	1,109,836	1,113,670
Victim's Assistance	73,545	80,334	79,269	89,109	89,043
Tourism	153,358	179,904	210,670	202,409	247,539
Capital Outlay	4,912,649	2,068,142	10,507,001 <sup>(1)</sup>	4,983,839	7,690,212
Debt Service	<u>1,235,469</u>	<u>1,009,677</u>	<u>1,111,204</u>	<u>866,573</u>	<u>704,380</u>
Total	\$18,998,413	\$16,265,085	\$24,952,105	\$20,237,716	\$23,694,933
Excess of Revenue Over (Under)					
Expenditures	\$(1,312,584)	\$ 1,801,068	\$(3,922,485)	\$ 1,566,913	\$ 4,138,378
<b>OTHER FINANCING SOURCES</b>					
<b>(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 – Subscriptions	-0-	-0-	-0-	-0-	34,355
Other Financing Source – BAN Premium	64,702	68,931	259,286	64,944	196,425
Operating Transfers In	2,109,471	3,604,720	4,707,762	5,087,795	8,247,104
Bond Issue Costs	-0-	-0-	-0-	-0-	-0-
Sale of Capital Assets	39,066	16	25,589	74,373	123,812
Operating Transfers Out	<u>(2,084,471)</u>	<u>(3,621,002)</u>	<u>(4,753,814)</u>	<u>(4,969,959)</u>	<u>(8,247,104)</u>
Total Other Financing					
Sources (Uses)	<u>\$ 128,768</u>	<u>\$ 52,665</u>	<u>\$ 238,833</u>	<u>\$ 257,153</u>	<u>\$ 354,592</u>
Excess Revenues and Other Financing					
Sources Over Expenditures and Other					
Financing and Uses	\$(1,183,816)	\$ 1,853,733	\$(3,753,662)	\$ 1,824,066	\$ 4,492,970
Fund Balance, July 1	<u>\$ 5,864,317</u>	<u>\$ 4,680,501</u>	<u>\$ 6,534,234</u>	<u>\$ 2,780,572</u>	<u>\$ 4,604,638</u>
Fund Balance, June 30	<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>	<u>\$ 9,097,608</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:

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>
2023	9,097,608

<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 2023 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, 2023 (the "2023 Financial Statements"), are included in this Official Statement as Appendix A. The 2023 Financial Statements have been audited by The Brittingham Group, L.L.P., CPA's, as set forth in its report dated January 8, 2024. 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 January 8, 2024.

The Town's Annual Comprehensive Financial Report (the "ACFR") for the Fiscal Year ended June 30, 2023, 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 2024 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 2023 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, 2023.

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, 2022, which was the 25<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, 2023 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
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
2023	1,299,256	866,331	2,165,587

For Fiscal Year 2023 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 20.24% on police officers' salaries and 17.56% 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 pension liability of \$14,879,472 for Governmental Activities and \$7,530,641 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 12 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 2023, 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 3.65% 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 4.69% of annual covered payroll.

For Fiscal Year 2023, the Town’s OPEB expense was \$(19,196) for the Plan. The following table shows the Town’s total OPEB cost for the year ended June 30, 2023:

Service Cost	\$28,380
Interest on Total OPEB Liability	15,457
Recognition of economic/demographic gains or losses	(48,553)
Recognition of Assumption Changes	<u>(14,480)</u>
OPEB Expense	<u><u>\$(19,196)</u></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 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 2022-2023 fiscal year amounted to \$86,359.

## **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 is 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 for 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.

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## Assessed Value

The table below sets forth the assessed value of all taxable property in the Town as of June 30, 2023.

### Assessment Summary of the Town

<u>Class of Property</u>	<u>Assessment</u>
Real property and Mobile Homes	\$ 121,033,110
Motor Vehicles	14,516,800
Public Utilities	5,038,290
Manufacturing Property (Real and Personal)	2,090,780
Marine Boats and Equipment	709,530
Airplanes	3,680
Merchant's Furniture, Fixtures and Equipment	6,481,930
Fee-in-lieu of tax property	<u>1,046,760</u>
TOTAL	<u>\$150,920,880</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	
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
2023	2022	123,145,010	2,525,399,700	27,775,870	337,020,680	150,920,880	2,862,420,380	5.27

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>
2014	\$3,271,076	\$3,174,423	97.05%	\$ 91,812	\$ 4,841	0.15%
2015	3,356,739	3,274,799	97.56	76,398	5,542	0.17
2016	3,524,510	3,430,311	97.33	86,880	7,319	0.21
2017	3,551,937	3,463,162	97.50	80,277	8,498	0.24
2018	3,694,096	3,597,444	97.38	83,163	13,489	0.37
2019	3,910,507	3,817,471	97.62	73,519	19,517	0.50
2020	4,134,651	4,028,539	97.43	86,473	19,639	0.47
2021	3,598,440 <sup>(1)</sup>	3,518,511 <sup>(1)</sup>	97.78	56,715	23,214	0.65
2022	3,695,662	3,609,177	97.66	57,860	28,625	0.77
2023	3,949,181	3,810,344	96.48	N/A	138,837	3.52

<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>
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
2023	2022	26.06	96.21	398.86	242.40	4.17	15.06	0.80	0.00	541.16	384.70

<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 2023, their assessed value, and percentage of total taxable assessed value are set forth below:

<u>Taxpayer</u>	<u>(12/31/23) Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Value</u>
Dominion Energy	\$4,021,500	2.66%
Lullwater at Saluda Pointe, LLC	1,599,600	1.06
CHP Columbia SC Owner, LLC	1,397,670	0.93
Lauren Ridge Apartments, LP	1,302,860	0.86
West Shore Mill, LLC	1,285,950	0.85
Lexington at Hope Ferry, LLC	1,260,000	0.83
Cedarcrest Village Apartments	1,157,180	0.77
Morgan Overlook Apartments, LLC	952,200	0.63
Waterway Apartments	879,750	0.58
WM Lexington Trust	807,860	0.54

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, which has been received. The Town is expending ARPA funding strategically in accordance with ARPA and related regulations for various planned projects to include but not be limited to capital purchases, renovation of Virginia Hylton Park and other eligible water, sewer, and stormwater projects. Of the ARPA allocation, \$5,979,053 has been spent in accordance with ARPA requirements and considered earned Grant Revenue. The remaining funds, \$5,051,675, are held as Unearned Revenue until expenditures on the relevant projects are completed.

## **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 \$7,975,000 General Obligation Bond Anticipation Notes of 2023 (the “Series 2023 G.O. BANs”) issued to provide interim financing for the costs of acquisition and construction of several capital improvement projects. The Series 2023 G.O. BANs mature August 30, 2024, by which time the Town anticipates issuing a renewal series of bond anticipation notes to refund the Series 2023 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

As of January 31, 2024, the Town had outstanding the aggregate principal amount of \$66,965,000 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.

Also, as of January 31, 2024, the Town had 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 \$2,864,721) and a \$6,840,803 State of SC Revolving Fund Loan (with a current principal balance of \$6,331,906), 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 Corley Mill Redevelopment Plan (the “Corley Mill TIF Plan”) in 2017. Under the Corley Mill TIF Plan, on March 22, 2018, the Town issued its \$10,000,000 Corley Mill Redevelopment Project Area Tax Increment Bond, Series 2018 (the “Corley Mill TIF Bond”), which was temporarily financed by the Town from proceeds of the Issuer’s revenue bond anticipation notes (“Corley Mill TIF Revenue Bond Anticipation Notes”) currently outstanding in the amount of \$3,965,000, in anticipation of the issuance of revenue bonds by the Issuer. The Corley Mill TIF Bond has a final maturity date of December 31, 2036. The Town expects that the Issuer’s revenue bonds (“Corley Mill TIF Revenue Bonds”) will be issued upon completion of the Corley Mill TIF Plan projects to provide permanent financing. The Issuer issued its Revenue Bond Anticipation Notes, Series 2024 (Corley Mill Redevelopment Project Area) on March 15, 2024, to provide temporary financing pending the issuance of the Corley Mill TIF Revenue Bonds. The obligation to pay debt service on the Corley Mill 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 May 28, 2015, the Issuer issued the TIF Bond with respect to the Ice House Redevelopment Project Area and its Revenue Bond Anticipation Notes, Series 2015 (Ice House Redevelopment Project Area) (the “2015 BANs”) to fund the purchase of the TIF Bond. The 2015 BANs have been subsequently refunded from a portion of the proceeds of additional series of revenue bond anticipation notes, including the 2023 BANs being refunded by the issuance of the Series 2024 BANs offered hereby. See “PLAN OF FINANCING” herein for additional information about the Ice House Redevelopment Project Area, the TIF Bond, and the Series 2024 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 2024 BANS” herein.

**Ratio of General Obligation 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>
2014	\$1,160,000	\$3,300,000	\$4,460,000	0.25%	\$221
2015	1,000,000	2,640,000	3,640,000	0.20	176
2016	835,000	1,590,000	2,425,000	0.13	114
2017	2,100,000	-0-	2,100,000	0.11	96
2018	1,660,000	-0-	1,660,000	0.08	74
2019	1,215,000	-0-	1,215,000	0.05	53
2020	760,000	-0-	760,000	0.03	32
2021	300,000	7,250,000	7,550,000	0.29	312
2022	-0-	7,540,000	7,540,000	0.28	303
2023	-0-	7,700,000	7,700,000	0.27	301

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

<u>Fiscal Year Ended June 30</u>	<u>Governmental Activities</u>							<u>% of Estimated</u>	
	<u>General Obligation Bonds</u>	<u>G.O. Bond Anticipation Note</u>	<u>Certificates of Participation</u>	<u>Leases &amp; Subscriptions</u>	<u>Notes Payable</u>	<u>Corporation BANs<sup>1</sup></u>	<u>Total</u>	<u>Actual Value</u>	<u>Per Capita</u>
2014	\$1,160,000	\$3,300,000	\$892,469	\$ -0-	\$102,750	\$ -0-	\$5,455,219	0.31%	\$271
2015	1,000,000	2,640,000	735,435	-0-	68,500	4,150,000	8,593,935	0.47	415
2016	835,000	1,590,000 <sup>2</sup>	567,860	308,215	34,250	4,275,000	7,610,325	0.40	357
2017	2,100,000	-0-	388,906	233,071	-0-	4,365,000	7,086,977	0.36	324
2018	1,660,000	-0-	197,752	156,354	-0-	6,460,000	8,474,106	0.41	379
2019	1,215,000	-0-	-0-	-0-	-0-	7,750,000	8,965,000	0.41	390
2020	760,000	-0-	-0-	-0-	-0-	7,990,000	8,750,000	0.38	371
2021	300,000	7,250,000	-0-	-0-	-0-	8,035,000	15,585,000	0.60	644
2022	-0-	7,540,000	-0-	50,028	-0-	8,025,000	15,615,028	0.58	628
2023	-0-	7,700,000	-0-	60,326	-0-	8,125,000	15,885,326	0.56	621

<sup>1</sup> The Corporation BANs are the Series 2023 Corley Mill BANs and the Series 2023 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 and GASB 96, the Town has lease and subscription obligations of \$60,326 in the general fund requiring average annual payments of approximately \$17,000 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>	2023 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	\$1,586,855,062	\$150,920,880	\$ 13,800,000	\$ 1,312,380
Lexington School District One	739,707,392	150,428,650	582,318,100	118,443,502
Lexington School District Two	368,253,540	492,230	202,510,000	263,263
Lexington County Recreation Commission	1,205,862,262	150,920,880	16,460,000	2,060,792
Riverbanks Zoo	3,475,316,832	150,920,880	25,225,000	1,094,765

## 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 \$7,975,000 Bond Anticipation Note, Series 2023 on or prior to its maturity date of August 30, 2024. 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 2023 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 3, 2024, 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 Revenue Bond Anticipation Notes to refund the Series 2024 Corley Mill BANs on or prior to their maturity date of March 14, 2025, and to 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 \$150,920,880, the Town’s eight percent (8%) constitutional debt limit is \$12,073,670. The Town has outstanding \$7,975,000 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 \$4,098,670. 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.

The Independent Financial Advisor’s due diligence with respect to the Town and the Series 2024 BANs has been conducted in compliance with its fiduciary obligations under applicable rules of the Municipal Securities Rulemaking Board (“MSRB”). 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 should not assume that the due diligence findings of the Independent Financial Advisor made with respect to the Town or the Series 2024 BANs or any recommendations to the Town by the Independent Financial Advisor are a part of or the basis for 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 BANs being included in gross income for federal and South Carolina income tax purposes, possibly from the date of original issuance of the Series 2024 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 2024 BANs may adversely affect the value of, or the tax status of interest on, the Series 2024 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 2024 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.

Prospective owners of the Series 2024 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 2024 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 2024 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 2024 BANs. Prospective purchasers of the

Series 2024 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 2024 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 2024 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 2024 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 2024 BANs ends with the issuance of the Series 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 BANs may affect the tax status of interest on the Series 2024 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 2024 BANs.

## **Original Issue Premium**

The Series 2024 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 2024 BANs. Payment of the fees to such professionals are each contingent upon the issuance of the Series 2024 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 2023 BANs, and is also serving as counsel to the Issuer with respect to the issuance of the Series 2024 BANs.

## **MISCELLANEOUS**

### **Underwriting**

The Series 2024 BANs are being purchased for reoffering by Oppenheimer & Co., Inc. (the “Underwriter”). The Underwriter has agreed to purchase the Series 2024 BANs at an aggregate purchase price of \$4,504,272.00, which amount is the par amount of the Series 2024 BANs plus net original issue premium of \$126,852.00 less underwriter’s discount of \$22,000.00 and underwriter’s expenses of \$580.00. The initial public offering price is set forth on the cover page of this Official Statement. The Underwriter may offer and sell the Series 2024 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 2024 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 2024 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 2024 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 2024 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 2024 BANs.

Currently, the only “obligated person” (within the meaning of the Rule) with respect to the Series 2024 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 2024 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 2024 BANs without cost to Holders of the Series 2024 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") is expected to assign the Series 2024 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 2024 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/ Hazel Livingston  
President

**TOWN OF LEXINGTON, SOUTH CAROLINA**

By: /s/ Hazel Livingston  
Its: Mayor

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**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE TOWN  
FOR YEAR ENDED JUNE 30, 2023**

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*Town of Lexington Water Tower*

*Annual Comprehensive Financial Report  
Year Ended June 30, 2023*

*111 Maiden Lane, Lexington, SC 29072*





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**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

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YEAR ENDED JUNE 30, 2023

Prepared by: Finance Department

Rachelle M. Gleaton, 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, 2023

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TOWN OF LEXINGTON, SOUTH CAROLINA

**Mayor**  
Hazel Livingston

**Mayor Pro-Tem**  
Ron Williams



**Council**  
Todd Carnes  
Todd Lyle  
Gavin Smith  
Will Allen  
Jeannie Michaels

## LETTER OF TRANSMITTAL

January 8, 2024

To the Honorable Hazel Livingston, 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, 2023, 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, 2023, 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 489 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 404 miles of sewer lines and 229 miles of water lines and serves approximately 10,454 water accounts and 22,677 sewer accounts (over 23,509 individual residential and commercial customers).

During the year, approximately 221 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 147 residential units (excluding manufactured homes) 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, 2022. This was the twenty-fifth 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 black ink that reads "Kathy S. Pharr, CPA". The signature is written in a cursive, flowing style.

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, 2022

*Christopher P. Morill*

Executive Director/CEO

# TOWN OF LEXINGTON

## SOUTH CAROLINA LIST OF PRINCIPAL OFFICIALS

### MAYOR

Hazel Livingston

### MAYOR PRO-TEM

Ron Williams

### COUNCIL MEMBERS

Todd Carnes

Todd Lyle

Gavin Smith

Will Allen

Jeannie Michaels

### TOWN ADMINISTRATOR

Rachelle M. Gleaton

### MUNICIPAL CLERK

Laura Hinson

### TOWN ATTORNEY

Brad T. Cunningham

### MANAGEMENT TEAM

Stuart W. Ford, Assistant Town Administrator

Kathy S. Pharr, Finance

John D. Hanson, Planning, Building and Technology

Chief Terrence Green, Police

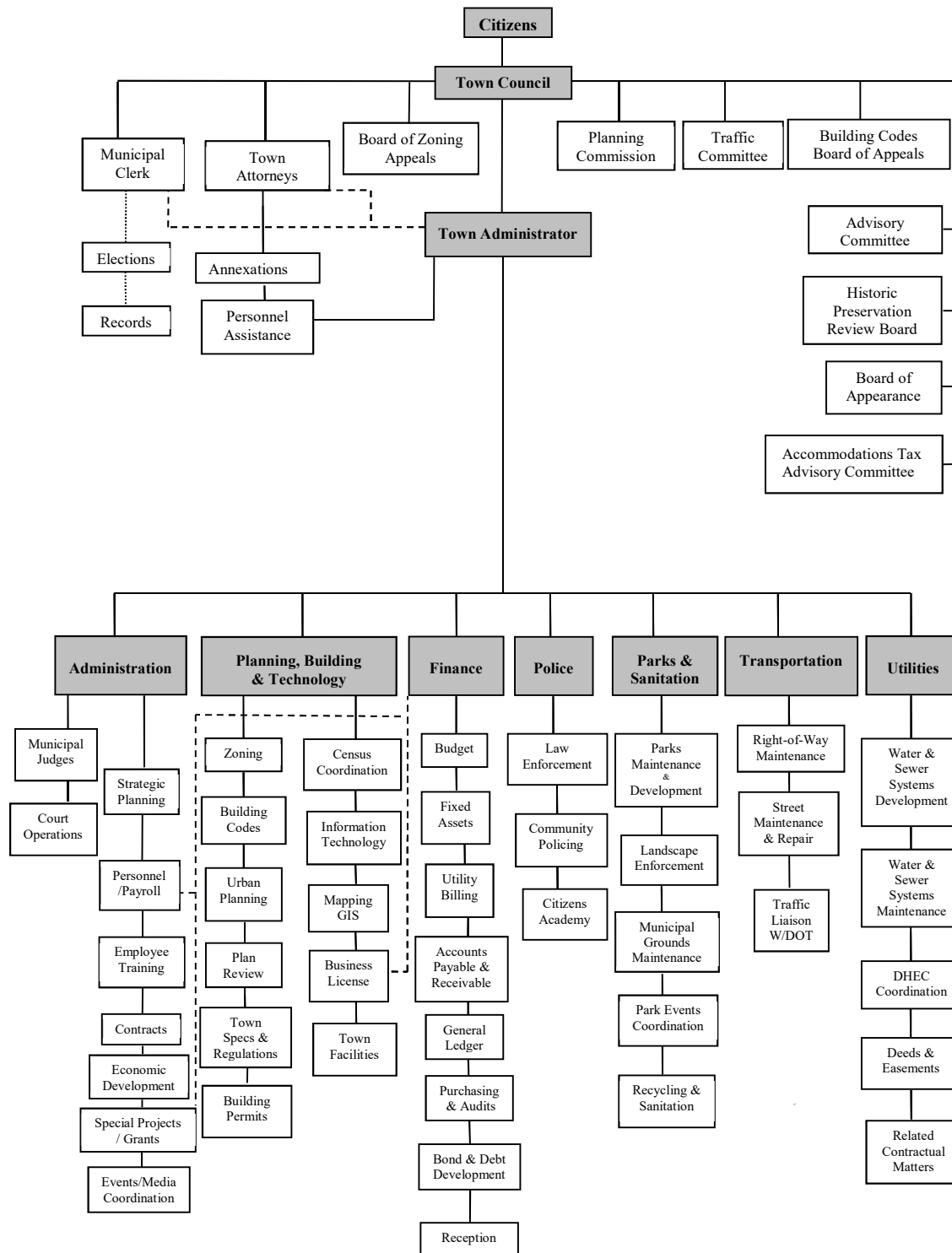
Dan H. Walker, Parks and Sanitation

J. Randy Edwards, Transportation

David R. Wiman, Utilities



# Town of Lexington Organization Chart



Revised June 30, 2023

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, 2023, 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, 2023, 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 2023, the Town adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 90, the Pension Plan Schedule of Proportionate Share of the Net Pension Liability on page 91, The Pension Plan Schedule of Contributions on page 92, and the Schedule of Changes in Total OPEB Liability and Related Ratios on page 93, 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 January 8, 2024 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  
January 8, 2024

Town of Lexington, South Carolina  
Management's Discussion and Analysis  
Year Ended June 30, 2023

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, 2023. 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, 2023 by \$170,909,682 (*net position*). Of the total net position at June 30, 2023, \$22,512,726 was unrestricted.
- The Town's total net position increased by \$17,762,447, as revenues of \$59,848,798 exceeded expenses of \$42,086,351. Governmental Activities contributed \$9,637,221 and Business-type activities contributed \$8,125,226 of the overall increase in net position.
- Governmental funds reported combined ending fund balances at June 30, 2023, of \$9,097,608, an increase of \$4,492,970, compared to the prior year. Due to three Bond Anticipation Notes outstanding totaling \$15,825,000, unassigned fund balance across the governmental funds is a negative \$4,388,566, an increase of approximately \$1,445,106.
- General Fund unassigned fund balance at June 30, 2023, was \$10,025,628 or approximately 69 percent of total fund expenditures.
- The Town had \$99,181,188 in bonds, notes, contracts, leases, and compensated absences payable at year end, a decrease of \$2,344,225 from the prior year. The decrease occurred primarily by general repayments of principal.
- Capital assets, and intangible assets totaled \$234,047,941 at June 30, 2023, an increase of \$6,252,105 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), 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 \$170,909,682 at year end June 30, 2023.



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, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Totals	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Assets:</b>						
Cash and cash equivalents:						
Unrestricted	\$ 15,869,020	\$ 13,076,560	\$ 25,080,942	\$ 20,401,542	\$ 40,949,962	\$ 33,478,102
Restricted	21,701,562	12,239,484	1,337,349	2,392,264	23,038,911	14,631,748
Other current assets	2,209,213	1,805,230	5,261,255	4,988,158	7,470,468	6,793,388
Capital assets, net	63,388,350	57,384,853	170,659,591	170,410,987	234,047,941	227,795,840
Prepaid Capital Improvements	-	-	1,919,148	1,644,984	1,919,148	1,644,984
Total Assets	103,168,145	84,506,127	204,258,285	199,837,935	307,426,430	284,344,062
Deferred outflows of resources						
Resources	2,474,466	2,917,740	3,270,000	3,749,600	5,744,466	6,667,340
Total assets & deferred outflows	<u>\$ 105,642,611</u>	<u>\$ 87,423,867</u>	<u>\$ 207,528,285</u>	<u>\$ 203,587,535</u>	<u>\$ 313,170,896</u>	<u>\$ 291,011,402</u>
<b>Liabilities and Net Position:</b>						
Current liabilities	\$ 13,931,037	\$ 6,542,462	\$ 1,915,628	\$ 2,128,982	\$ 15,846,665	\$ 8,671,444
Current liabilities payable						
From restricted assets	1,192,047	376,470	515,853	1,012,410	1,707,900	1,388,880
Current portion of long term debt	16,443,382	16,171,636	2,436,250	2,360,013	18,879,632	18,531,649
Non-current liabilities	15,503,829	13,366,626	88,685,933	91,300,357	104,189,762	104,666,983
Total liabilities	47,070,295	36,457,194	93,553,664	96,801,762	140,623,959	133,258,956
Deferred inflows of						
Resources	934,446	2,966,024	702,809	1,639,187	1,637,255	4,605,211
Total liabilities & deferred inflows	<u>48,004,741</u>	<u>39,423,218</u>	<u>94,256,473</u>	<u>98,440,949</u>	<u>142,261,214</u>	<u>137,864,167</u>
Net invested in capital assets	48,264,541	43,264,911	90,918,129	89,383,652	139,182,670	132,648,563
Restricted	8,635,035	5,712,572	579,251	467,932	9,214,286	6,180,504
Unrestricted	738,294	(976,834)	21,774,432	15,295,002	22,512,726	14,318,168
Total net position	<u>57,637,870</u>	<u>48,000,649</u>	<u>113,271,812</u>	<u>105,146,586</u>	<u>170,909,682</u>	<u>153,147,235</u>
<b>Total liabilities and</b>						
<b>Net position</b>	<u>\$ 105,642,611</u>	<u>\$ 87,423,867</u>	<u>\$ 207,528,285</u>	<u>\$ 203,587,535</u>	<u>\$ 313,170,896</u>	<u>\$ 291,011,402</u>

By far the largest portion of the Town’s net position, \$139,182,670 or 81 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, \$9,214,286 or 5 percent, represents resources that are subject to external restrictions on how they may be used. This leaves *unrestricted net position* at \$22,512,726, or 13 percent.

At the end of the current fiscal year, the Town can report ‘positive’ balances in each category of net position for governmental and business-type activities. Unrestricted net position for governmental funds has increased in fiscal 2023 compared to fiscal 2022 by \$1,715,128.

The Town’s components of changes in net position for Fiscal Years 2023 and 2022 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 4,624,742	\$ 4,059,931	\$ 25,364,529	\$ 23,677,749	\$ 29,989,271	\$ 27,737,680
Operating grants and contributions	1,055,181	813,018	-	-	1,055,181	813,018
Capital grants and contributions	6,163,503	3,269,526	4,320,871	4,421,340	10,484,374	7,690,866
General revenues:						
Property taxes	3,921,475	3,741,756	-	-	3,921,475	3,741,756
Business licenses taxes	7,501,727	6,900,820	-	-	7,501,727	6,900,820
Hospitality tax	4,397,594	3,596,332	-	-	4,397,594	3,596,332
State aid not restricted for specific purpose	755,851	688,712	-	-	755,851	688,712
Gain (loss) on sale of capital assets	123,812	-	-	-	123,812	-
Unrestricted investment earnings	569,317	29,566	853,770	63,379	1,423,087	92,945
Other financing source - bond issuance	196,426	-	-	-	196,426	-
Total revenues	29,309,628	23,099,661	30,539,170	28,162,468	59,848,798	51,262,129
<b>EXPENSES</b>						
Governmental activities:						
General government	4,143,697	3,473,015	-	-	4,143,697	3,473,015
Public safety	7,865,678	7,453,585	-	-	7,865,678	7,453,585
Parks and sanitation	3,962,133	3,610,656	-	-	3,962,133	3,610,656
Transportation	2,457,378	2,374,041	-	-	2,457,378	2,374,041
Victims' assistance	95,674	88,079	-	-	95,674	88,079
Tourism related	501,878	441,535	-	-	501,878	441,535
Debt service	645,969	76,241	-	-	645,969	76,241
Business-Type activities:						
Water and sewer system	-	-	22,413,944	23,169,745	22,413,944	23,169,745
Total expenses	19,672,407	17,517,152	22,413,944	23,169,745	42,086,351	40,686,897
Change in net position before special items and transfers	9,637,221	5,582,509	8,125,226	4,992,723	17,762,447	10,575,232
Transfers	-	117,836	-	(117,836)	-	-
Change in net position	9,637,221	5,700,345	8,125,226	4,874,887	17,762,447	10,575,232
Net position - beginning	48,000,649	42,300,304	105,146,586	100,271,699	153,147,235	142,572,003
Net position - ending	\$ 57,637,870	\$ 48,000,649	\$ 113,271,812	\$ 105,146,586	\$ 170,909,682	\$ 153,147,235

**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, 2023. The percentage 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	\$ 4,143,697	\$ 5,270,754	\$ 1,127,057	127.20%	-27.20%
Public safety	7,865,678	984,233	(6,881,445)	12.51%	87.49%
Parks and sanitation	3,962,133	3,706,327	(255,806)	93.54%	6.46%
Transportation	2,457,378	1,533,247	(924,131)	62.39%	37.61%
Victims' assistance	95,674	35,700	(59,974)	37.31%	62.69%
Tourism related	501,878	313,165	(188,713)	62.40%	37.60%
Debt service	645,969	-	(645,969)	0.00%	100.00%
Total	\$ 19,672,407	\$ 11,843,426	\$ (7,828,981)	60.20%	39.80%

#### General Revenues by Source – Governmental Activities

	2023	2022
Property taxes	\$ 3,921,475	\$ 3,741,756
Business licenses taxes	7,501,727	6,900,820
Hospitality tax	4,397,594	3,596,332
State aid not restricted for specific purpose	755,851	688,712
Gain (loss) on sale of capital assets	123,812	-
Unrestricted investment earnings	569,317	29,566
Other financing source - bond issuance	196,426	-
Transfers	-	117,836
Total	\$ 17,466,202	\$ 15,075,022

**Revenue and Expenses – Governmental Activities** – Significant factors effecting governmental activities revenue and expenses during the year ended June 30, 2023, included the following:

- Charges for services increased \$564,811, or 14%. Franchise Fees, which makes up 53% of this category, were up \$310,873 or 14%. Of the franchise fee total, revenue from gas and electric utilities increased approximately 10%. Impact Fees were up \$110,952 or 36% for the year attributable to the continuing increase in residential development in the Town. Concert and vending revenue at the Icehouse Amphitheater increased \$82,602 or 45% reflecting strong growth in event attendance at the Town's popular downtown performance venue. Accommodations' tax revenue increased \$27,545 or 9% over the prior year.

- Grants and contributions increased in fiscal 2023, \$3,136,140 or 76%, substantially attributable to the \$3,046,453 increase in non-recurring appropriations from the American Rescue Plan Act (ARPA) which totaled \$4,512,753 for the year. The Town received capital contributions of streets and roadways in the amount of \$1,148,149 as subdivisions were completed in fiscal 2023.
- Property tax revenues increased by \$179,719, or 4%. The increase reflects continued development and increases to assessed values resulting from property transactions. There was no property tax millage increase in fiscal 2023.
- Business license revenues increased \$600,907, or 8%. License fee revenue associated with the Municipal Association of South Carolina's collection programs (primarily insurance related) increased over \$286,000 or 7.2%. Fee revenue from all other sources increased by 8%, as the number of licensed businesses and overall reported gross revenues continue to grow.
- Hospitality tax revenue collections increased \$801,262 or 22% reflecting the addition of 23 new hospitality-related businesses and continuing local economic growth.
- Unrestricted state revenues increased \$67,139, or 9% which is primarily attributable to an increase in State of South Carolina Local Government Fund appropriations, which is driven in part by growth in state revenues.
- Unrestricted investment earnings increased substantially during fiscal 2023 with the dramatic year-over-year increase in interest rates and yields on invested funds.

**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 \$8,125,226, accounting for 46% of the total gain in net position. Operating revenues increased 7.1% in 2023 while operating expenses excluding depreciation and amortization decreased by 2.7%. Capital contributions decreased 2.3%. The significant factors related to the changes are as follows:

- Charges for services increased \$1,686,780, or 7.1%. The Town's customer base has increased approximately 1.6% plus there was a 5.5% rate increase in 2023.
- Operating expenses in total were relatively flat, increasing \$38,707 or 0.2%, with a significant decrease in personnel costs offsetting other cost increases in the higher inflationary operating environment of fiscal 2023.
- There was a 2.0% employee cost of living increase for fiscal 2023; however, salaries and benefits decreased overall by \$976,028 or 15.7% due to the unusually high number of vacant staff positions during the year

- Water and sewer treatment costs have risen \$209,829 or 4.8%, resulting from a 5.5% increase in contract treatment rate and the aforementioned 1.6% increase in customer base.
- Contractual services decreased \$18,165 or 2.3% due to fewer water line repair projects needed in fiscal year 2023.
- Supplies and other operating expenses increased for fiscal year 2023 by \$399,688 or 14.8% due to higher inflation and the growth of the system.
- Depreciation and amortization expense increased due to the completion of more water and sewer projects.
- Capital contribution fees (CCF) increased \$1,459,651 with 35% more certificates sold in FY2023 (350 vs. 260 in FY2022). On the other hand, Developer capital asset contributions decreased \$1,560,120 due to fewer residential subdivisions being completed in FY2023. The overall result was a net decrease in total capital contributions of \$100,469 or 2.3%.

### **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 2023, the Town's governmental funds reported combined ending fund balances of \$9,097,608, an increase of \$4,492,970 or 97.6%. The General Fund increased \$1,836,537, the Hospitality Tax Fund increased \$2,613,297, the Downtown TIF fund decreased \$125,680, the Corley Mill TIF Fund decreased \$129,168, the Gibson Pond Fund decreased \$136,418, and the Virginia Hylton Park Fund increased \$35,109, while the Other Governmental Funds increased \$399,293. The fund balances that decreased are related to Bond Anticipation Notes (short term debt) that are carried on the balance sheet.

Of the \$9,097,608 governmental fund balances, unassigned fund balance is (\$4,388,566). Nonspendable fund balance of \$445,683 represents prepaid expenditures. Another portion of fund balance, \$8,644,123 is *restricted* to indicate it is subject to externally enforceable legal restrictions and therefore not available for general operations. \$4,396,368 of fund balance has been committed by Council, which consists of a \$600,000 commitment to match our local electric utility for underground electrical work, a \$1,886,865 commitment to Streets and Infrastructure Fund, a \$115,968 commitment to the Downtown Development Fund, \$3,766 to the Amphitheater operations, \$324,708 for the Vision Plan, \$1,195,549 for Debt Service, \$250,942 for Emergency Response and Recovery, and \$18,570 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 in the General Fund was \$10,025,628 or 69% of total fund expenditures.

The Town has received \$11,030,728 in grant funding from the federal government through the end of fiscal year 2023, through the American Rescue Plan Act of 2021 (ARPA). Of these funds, \$5,051,675 are considered unearned as of June 30, 2023, because the Town has not met the requirements for their use on the qualifying capital projects that were still in progress at year-end.

The Town re-instituted the Hospitality Tax in fiscal 2016. The Hospitality Tax Fund ended the year with a restricted fund balance of \$6,778,135. 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 established the Downtown TIF District in fiscal 2015. The Downtown TIF District ended fiscal 2023 with a negative fund balance of \$4,231,641 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 2023 with a negative fund balance of \$3,461,136 primarily due to initially funding project expenditures with short term Bond Anticipation Notes (BAN).

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 2023 with a negative fund balance of \$6,608,796 because the BAN's are short term financing that is carried on the balance sheet.

The Virginia Hylton Park, adjacent to the Lexington Municipal Complex, was opened in 1991. In September 2022 the park was closed for major renovation and expansion that is being funded substantially with impact fees and the federal ARPA grant. Costs incurred on the project through fiscal year end June 30, 2023 totaled \$5,270,525. The project is expected to be completed in the Spring of 2024.

The non-major funds report fund balances totaling \$5,643,571. Of this amount, \$2,007,948 or 36%, will be used for capital projects, and \$1,195,549 or 21% will be held in reserve for debt service. Other fund balances include special revenue funds that will be used as follows: \$280,913 or 5% for tourism funding through Accommodations' tax, and \$620,058 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.

***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 \$8,125,226 resulting in ending net position of \$113,271,812.

## **General Fund Budgetary Highlights –**

General Fund revenues were over budget by \$959,337 or 6% overall, and \$1,366,304 or 9.4% greater than prior fiscal year actual revenues overall. Property Taxes were over budget by \$13,544 or 0.3%. Franchises, licenses, permits and fees were over budget \$518,482 or 5.2%, which includes a \$974,727 positive budget variance in Business licenses revenue, substantially attributable to the 7.2 % increase in license fee collections from Municipal Association of South Carolina mentioned previously. Other Government revenue was more than budget by \$175,851 or 30.3%, and \$67,139 or 9.8% greater than the prior year, largely due to the increase in Local Government Fund appropriations from the State of South Carolina also mentioned previously. Interest income was greater than budget by \$212,892 or 132.23% due to dramatic year-over-year increases in interest rates and yields on invested funds.

General fund expenditures and capital outlay were \$1,310,382 less than budget due to a \$404,451 favorable budget variance in personnel costs resulting from unusually high staff vacancies in Public Safety and Parks and Sanitation departments, and a \$797,037 favorable budget variance in capital outlay.

The Town's original budget shows a balanced budget with the amount of budgeted reserve for contingencies included in the budget for capital. There was one budget amendment in fiscal 2023 which appropriated additional revenue and transferred excess personnel funds to capital outlay.

## **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, 2023, amounts to \$234,047,941 (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:

### **➤ Governmental Funds**

- Construction in progress in governmental funds totaled \$9,374,955, an increase of \$2,469,452, which related to several road projects under construction as well as the Old Mill Trail and the Virginia Hylton Park reconstruction.
- Capitalization and addition of completed road work and street infrastructure cost totaling \$3,972,657.
- Donation of roads totaling \$1,148,149.

### **➤ Proprietary (Water and Sewer Enterprise) Fund**

- Cost of wastewater system infrastructure additions and improvements totaling \$3,697,148.
- Net capitalized cost of improvements and additions to pump stations totaling \$6,230,379.

- Land and easement acquisitions totaling \$237,950.

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, 2023, the Town had total indebtedness outstanding of \$99,181,188. 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 \$82,125,334. Additional information on the Town's long-term debt can be found in *Note 8*.

**Short-Term Debt** -- During the year ended June 30, 2023, the Town issued Bond Anticipation Notes (BAN's) totaling \$15,825,000, all of which are for governmental funds. These are considered short-term borrowings but will eventually be replaced with long-term debt. Of these, \$7,700,000 is secured by the full faith and credit of the Town with the remaining BAN's 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 8*.

**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 increased demand on the Town for additional services and creates quality of life challenges including heavy traffic. The Town's approved budget for fiscal year 2024 did not include a tax increase, however, it did include a 6.5% increase in building permit fees, dog park fees, and facility rental fees as well as a 3.5% 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, 2023**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>Assets</b>			
Current assets:			
Cash and temporary investments	\$ 15,330,629	\$ 25,080,942	\$ 40,411,571
Receivables, net	723,075	4,538,777	5,261,852
Due from other governments	495,587	-	495,587
Inventories-supplies	-	667,854	667,854
Prepays	445,683	54,624	500,307
Restricted: cash and temporary investments	22,239,953	1,337,349	23,577,302
Restricted: other receivables	544,868	-	544,868
Total current assets	39,779,795	31,679,546	71,459,341
Noncurrent assets:			
Land and construction in progress	17,938,536	11,067,556	29,006,092
Buildings, vehicles, equipment, and infrastructure	45,449,814	127,613,346	173,063,160
Capacity reserve	-	30,677,239	30,677,239
Retail distribution rights	-	1,301,450	1,301,450
Prepaid capital improvements	-	1,919,148	1,919,148
Total noncurrent assets	63,388,350	172,578,739	235,967,089
Total assets	103,168,145	204,258,285	307,426,430
<b>Deferred Outflows of Resources</b>			
Deferred outflow pension related	2,474,466	1,103,936	3,578,402
Deferred charge on refunding	-	2,166,064	2,166,064
Total deferred outflows of resources	2,474,466	3,270,000	5,744,466
Total assets and deferred outflows of resources	105,642,611	207,528,285	313,170,896
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other current liabilities	2,945,193	1,915,628	4,860,821
Liabilities payable from restricted assets	1,192,047	515,853	1,707,900
Unearned income	10,985,844	-	10,985,844
Noncurrent: due within one year	16,443,382	2,436,250	18,879,632
Total current liabilities	31,566,466	4,867,731	36,434,197
Noncurrent liabilities:			
Noncurrent: due in more than one year	288,531	80,013,025	80,301,556
Asset retirement obligation	-	977,902	977,902
Pension liability	14,879,472	7,530,641	22,410,113
OPEB liability	335,826	164,365	500,191
Total noncurrent liabilities	15,503,829	88,685,933	104,189,762
Total liabilities	47,070,295	93,553,664	140,623,959
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	50,624	288,750	339,374
Deferred inflows pension related	883,822	414,059	1,297,881
Total deferred inflows of resources	934,446	702,809	1,637,255
Total liabilities and deferred inflows of resources	48,004,741	94,256,473	142,261,214
<b>Net Position</b>			
Net investment in capital assets	48,264,541	90,918,129	139,182,670
Restricted for:			
Capital projects	883,575	2,529	886,104
Debt service	-	576,722	576,722
Parks	258,756	-	258,756
Public safety	146,687	-	146,687
Tourism	6,951,623	-	6,951,623
Transportation	394,394	-	394,394
Unrestricted	738,294	21,774,432	22,512,726
Total net position	\$ 57,637,870	\$ 113,271,812	\$ 170,909,682

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

**Town of Lexington, South Carolina**  
**Statement of Activities**

**For the Year Ended June 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		
			Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 4,143,697	\$ 758,001	\$ -	\$ 4,512,753	\$ 1,127,057	\$ -	\$ 1,127,057
Public safety	7,865,678	277,745	552,736	153,752	(6,881,445)	-	(6,881,445)
Parks and sanitation	3,962,133	2,953,514	496,375	256,438	(255,806)	-	(255,806)
Transportation	2,457,378	286,647	6,040	1,240,560	(924,131)	-	(924,131)
Victims' assistance	95,674	35,670	30	-	(59,974)	-	(59,974)
Tourism related	501,878	313,165	-	-	(188,713)	-	(188,713)
Debt service	645,969	-	-	-	(645,969)	-	(645,969)
Total governmental activities	19,672,407	4,624,742	1,055,181	6,163,503	(7,828,981)	-	(7,828,981)
Business-type activities:							
Waterworks and Sewer System Enterprise Fund	22,413,944	25,364,529	-	4,320,871	-	7,271,456	7,271,456
Total business-type activities	22,413,944	25,364,529	-	4,320,871	-	7,271,456	7,271,456
Total primary government	\$ 42,086,351	\$ 29,989,271	\$ 1,055,181	\$ 10,484,374	(7,828,981)	7,271,456	(557,525)
General revenues:							
Property taxes					3,921,475	-	3,921,475
Business license taxes					7,501,727	-	7,501,727
Hospitality tax					4,397,594	-	4,397,594
State aid not restricted for specific purpose					755,851	-	755,851
Gain on sale of capital assets					123,812	-	123,812
Unrestricted investment earnings					569,317	853,770	1,423,087
Other financing source - bond issuance					196,426	-	196,426
Total general revenues, special items, and transfers					17,466,202	853,770	18,319,972
Change in net position					9,637,221	8,125,226	17,762,447
Net position - beginning					48,000,649	105,146,586	153,147,235
Net position - ending					\$ 57,637,870	\$ 113,271,812	\$ 170,909,682

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

**Town of Lexington, South Carolina**

**Balance Sheet  
Governmental Funds**

**June 30, 2023**

	General Fund	ARPA	Hospitality Tax Fund	Downtown TIF District	Corley Mill TIF District	Gibson Pond Fund	Virginia Hylton Park	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>									
Cash and temporary investments	\$ 10,450,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,260,269	\$ 3,620,254	\$ 15,330,629
Receivables, net	714,659	-	-	-	-	-	-	8,416	723,075
Due from other funds	301,071	-	-	-	-	-	-	-	301,071
Prepaid items	445,683	-	-	-	-	-	-	-	445,683
Due from other governments	253,698	-	-	-	-	-	-	241,889	495,587
Restricted - cash and temporary investments	-	5,051,675	6,874,757	371,286	249,958	1,010,357	-	8,681,920	22,239,953
Restricted - due from other governments	-	-	-	31	-	145,909	-	-	145,940
Restricted - other receivables	-	-	382,509	6,919	9,500	-	-	-	398,928
Total assets	<u>\$ 12,165,217</u>	<u>\$ 5,051,675</u>	<u>\$ 7,257,266</u>	<u>\$ 378,236</u>	<u>\$ 259,458</u>	<u>\$ 1,156,266</u>	<u>\$ 1,260,269</u>	<u>\$ 12,552,479</u>	<u>\$ 40,080,866</u>
<b>Liabilities</b>									
Accounts payable	\$ 503,075	\$ -	\$ 198,873	\$ 135,343	\$ 31,094	\$ 754	\$ 829,371	\$ 234,107	\$ 1,932,617
Accrued payroll liabilities	199,239	-	-	-	-	-	-	3,074	202,313
Due to other funds	-	-	-	8,869	-	64,308	93,714	134,180	301,071
Construction payables	-	-	280,258	14,680	-	-	431,020	-	725,958
Revenue BANs - current	-	-	-	4,445,000	3,680,000	7,700,000	-	-	15,825,000
Unearned revenue	-	5,051,675	-	-	-	-	-	5,934,169	10,985,844
Other liabilities	197,388	-	-	-	9,500	-	-	603,378	810,266
Total liabilities	<u>899,702</u>	<u>5,051,675</u>	<u>479,131</u>	<u>4,603,892</u>	<u>3,720,594</u>	<u>7,765,062</u>	<u>1,354,105</u>	<u>6,908,908</u>	<u>30,783,069</u>
<b>Deferred Inflows of Resources</b>									
Unavailable revenue -- property taxes	194,204	-	-	5,985	-	-	-	-	200,189
Total deferred inflows of resources	<u>194,204</u>	<u>-</u>	<u>-</u>	<u>5,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,189</u>
Total liabilities and deferred inflows of resources	<u>1,093,906</u>	<u>5,051,675</u>	<u>479,131</u>	<u>4,609,877</u>	<u>3,720,594</u>	<u>7,765,062</u>	<u>1,354,105</u>	<u>6,908,908</u>	<u>30,983,258</u>
<b>Fund Balances (Deficits)</b>									
Nonspendable	445,683	-	-	-	-	-	-	-	445,683
Restricted	-	-	6,778,135	-	-	-	-	1,865,988	8,644,123
Committed	600,000	-	-	-	-	-	-	3,796,368	4,396,368
Unassigned	10,025,628	-	-	(4,231,641)	(3,461,136)	(6,608,796)	(93,836)	(18,785)	(4,388,566)
Total fund balances (deficits)	<u>11,071,311</u>	<u>-</u>	<u>6,778,135</u>	<u>(4,231,641)</u>	<u>(3,461,136)</u>	<u>(6,608,796)</u>	<u>(93,836)</u>	<u>5,643,571</u>	<u>9,097,608</u>
Total liabilities and fund balances (deficits)	<u>\$ 12,165,217</u>	<u>\$ 5,051,675</u>	<u>\$ 7,257,266</u>	<u>\$ 378,236</u>	<u>\$ 259,458</u>	<u>\$ 1,156,266</u>	<u>\$ 1,260,269</u>	<u>\$ 12,552,479</u>	<u>\$ 40,080,866</u>

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

**Town of Lexington, South Carolina**

**Balance Sheet  
Governmental Funds**

**June 30, 2023**

- Continued -

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

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Fund balances of governmental funds	\$ 9,097,608
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including lease and subscription assets) used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$89,148,034 and the accumulated depreciation and amortization is \$25,759,684.	
	63,388,350
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 governmental funds.	
	(466,087)
Long-term liabilities, including bonds payable and Other Post Employment Benefits (OPEB) are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Repayment of long-term liabilities, such as bonds payable and leases, is an expenditure in the governmental funds, but reduces liabilities in the statement of net assets.	
Leases and subscriptions	(60,326)
Compensated absences	(846,586)
Net pension and OPEB related items	(13,624,654)
	(14,531,566)
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.	
	149,565
Net position of governmental activities	<u>\$ 57,637,870</u>

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

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

**For the Year Ended June 30, 2023**

	General Fund	ARPA	Hospitality Tax Fund	Downtown TIF District	Corley Mill TIF District	Gibson Pond Fund	Virginia Hylton Park	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>									
Property taxes	\$ 3,913,544	\$ -	\$ -	\$ 229,043	\$ 33,823	\$ -	\$ -	\$ -	\$ 4,176,410
Franchises, licenses, permits and fees	10,533,666	-	-	-	-	-	-	-	10,533,666
Other governments	755,851	-	-	-	-	-	-	-	755,851
Hospitality tax	-	-	4,215,984	-	-	-	-	-	4,215,984
Road assessment	-	-	-	-	-	-	-	61,966	61,966
Grant revenue	-	4,512,753	-	-	-	-	-	706,489	5,219,242
Alcohol permits	-	-	-	-	-	-	-	83,536	83,536
Fines and forfeitures	265,878	-	-	-	-	-	-	47,537	313,415
Impact fees	-	-	-	-	-	-	-	416,459	416,459
Interest income	228,992	333,668	181,610	8,255	6,040	27,149	-	115,992	901,706
Accommodations tax	-	-	-	-	-	-	-	312,676	312,676
Miscellaneous	179,690	-	-	-	-	-	-	662,710	842,400
Total revenues	15,877,621	4,846,421	4,397,594	237,298	39,863	27,149	-	2,407,365	27,833,311
<b>Expenditures</b>									
Current:									
General government	3,255,176	-	-	-	-	-	-	540,936	3,796,112
Public safety	6,430,192	-	-	-	-	-	-	557,284	6,987,476
Parks and sanitation	2,678,865	-	-	-	-	-	-	387,636	3,066,501
Transportation	1,112,490	-	-	-	-	-	-	1,180	1,113,670
Victims' assistance	-	-	-	-	-	-	-	89,043	89,043
Tourism related	-	-	-	-	-	-	-	247,539	247,539
Debt service:									
Interest	-	-	-	134,775	70,204	84,826	-	1,009	290,814
Principal retirement	-	-	-	-	-	-	-	24,057	24,057
Bond issuance costs	-	-	-	97,682	131,091	160,736	-	-	389,509
Capital outlay:									
General government	191,726	-	-	-	-	-	-	3,919	195,645
Public safety	525,274	-	-	-	-	-	-	44,477	569,751
Parks and sanitation	196,815	-	-	199,775	-	4,476	5,024,079	86,990	5,512,135
Transportation	110,080	-	-	-	8,436	-	-	887,594	1,006,110
Tourism related	-	-	406,571	-	-	-	-	-	406,571
Total expenditures	14,500,618	-	406,571	432,232	209,731	250,038	5,024,079	2,871,664	23,694,933
Excess (deficiency) of revenues over (under) expenditures	1,377,003	4,846,421	3,991,023	(194,934)	(169,868)	(222,889)	(5,024,079)	(464,299)	4,138,378
<b>Other Financing Sources (Uses)</b>									
Other financing source - subscriptions	34,355	-	-	-	-	-	-	-	34,355
Other financing source - bond premium	-	-	-	69,254	40,700	86,471	-	-	196,425
Sale of capital assets	113,868	-	-	-	-	-	-	9,944	123,812
Transfers in	1,687,726	-	-	-	-	-	5,059,188	1,500,190	8,247,104
Transfers out	(1,376,415)	(4,846,421)	(1,377,726)	-	-	-	-	(646,542)	(8,247,104)
Total other financing sources (uses)	459,534	(4,846,421)	(1,377,726)	69,254	40,700	86,471	5,059,188	863,592	354,592
Net change in fund balances	1,836,537	-	2,613,297	(125,680)	(129,168)	(136,418)	35,109	399,293	4,492,970
Fund balances (deficits) - beginning	9,234,774	-	4,164,838	(4,105,961)	(3,331,968)	(6,472,378)	(128,945)	5,244,278	4,604,638
Fund balances (deficits) - ending	\$ 11,071,311	\$ -	\$ 6,778,135	\$ (4,231,641)	\$ (3,461,136)	\$ (6,608,796)	\$ (93,836)	\$ 5,643,571	\$ 9,097,608

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, 2023**

- Continued -

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

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Net change in fund balances - total government funds	\$ 4,492,970
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. The total of capitalized capital outlays in fiscal year 2023 was \$7,365,037 with depreciation and amortization expensed in the amount \$2,478,680 less the cost of asset disposal of \$31,009.	4,855,348
Donations of streets are capital assets and are recorded as Transportation program revenues in the statement of activities.	1,148,149
Compensated absences are accrued and accounted for when the Town becomes liable to its employees in the statement of activities. However, these expenses are only recorded when paid in the governmental funds statements. The accrual decreased by a net \$47,224 in fiscal year 2023.	47,224
Pension and other post employment benefits are accrued and accounted for when the Town becomes liable to its employees in the statement of activities. However, these expenses are only recorded when paid in the governmental funds statements.	(548,945)
Interest on long-term debt in the statement of activities differs from the governmental funds because governmental funds record interest in the period it is paid. Interest is recorded as it accrues in the statement of activities regardless of when it is due.	(355,157)
Lease and subscription-based arrangements are not reported as liabilities in governmental funds. Repayments are accounted for as expenditures in governmental funds, but are reductions of liabilities in accounting for changes in net position of governmental activities.	(10,298)
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.	7,930
Change in net position of governmental activities	<u>\$ 9,637,221</u>

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



**Town of Lexington, South Carolina**

**Statement of Net Position  
Proprietary Funds**

**June 30, 2023**

	Business-type Activities Enterprise Water/Sewer Fund
<b>Assets</b>	
Current assets:	
Cash and temporary investments	\$ 25,080,942
Receivables, net	4,538,777
Inventories - supplies	667,854
Prepaid items	54,624
Restricted - cash and temporary investments	1,337,349
Total current assets	<u>31,679,546</u>
Noncurrent assets:	
Land and construction in progress	11,067,556
Buildings, vehicles, equipment and infrastructure	127,613,346
Intangible - capacity reserve	30,677,239
Intangible - retail distribution rights	1,301,450
Prepaid capital improvements	1,919,148
Total noncurrent assets	<u>172,578,739</u>
Total assets	<u>204,258,285</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflow pension related	1,103,936
Deferred charge on refunding	2,166,064
Total deferred outflows of resources	<u>3,270,000</u>
Total assets and deferred outflows of resources	<u>\$ 207,528,285</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	1,710,160
Accrued payroll liabilities	109,468
Customer deposits	96,001
Construction payables	125,397
Accrued interest	390,455
Accrued compensated absences-current portion	220,000
Revenue bonds - current	2,216,250
Total current liabilities	<u>4,867,731</u>
Noncurrent liabilities:	
Revenue bonds payable	79,912,951
Accrued compensated absences	100,074
Asset retirement obligation	977,902
OPEB liability	164,365
Pension liability	7,530,641
Total noncurrent liabilities	<u>88,685,933</u>
Total liabilities	<u>93,553,664</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflow - leases	288,750
Deferred inflow OPEB related	204,927
Deferred inflow pension related	209,132
Total deferred inflows of resources	<u>702,809</u>
Total liabilities and deferred inflows of resources	<u>94,256,473</u>
<b>Net Position</b>	
Net investment in capital assets	90,918,129
Restricted for:	
Capital projects	2,529
Debt service	576,722
Unrestricted	21,774,432
Total net position	<u>\$ 113,271,812</u>

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

**Town of Lexington, South Carolina**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	Business-type Activities Enterprise Fund Water/Sewer Fund
<b>Operating Revenues</b>	
Water service	\$ 6,827,431
Sewer service	17,924,299
Tap and meter fees	62,977
Other income	549,822
Total operating revenues	<u>25,364,529</u>
<b>Operating Expenses</b>	
Salaries and benefits	5,222,770
Water and sewer treatment services	4,572,513
Contractual services	783,338
Supplies	576,392
Depreciation and amortization	6,029,182
Other operating expense	2,550,033
Total operating expenses	<u>19,734,228</u>
Operating income	<u>5,630,301</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	853,770
Interest expense	(2,676,466)
Bond issuance costs	(3,250)
Total nonoperating revenues (expenses)	<u>(1,825,946)</u>
Income before contributions and transfers	3,804,355
<b>Capital Contributions</b>	
Capital contribution fees	2,827,272
Developer capital asset contributions	1,493,599
Total capital contributions	<u>4,320,871</u>
Change in net position	8,125,226
Total net position - beginning	105,146,586
Total net position - ending	<u><u>\$ 113,271,812</u></u>

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

**Town of Lexington, South Carolina**

**Statement of Cash Flows  
Proprietary Funds**

**For the year ended June 30, 2023**

	Business-type Activities Enterprise Water/Sewer Fund
<b>Cash Flows from Operating Activities</b>	
Cash receipts from customers	\$ 24,713,858
Payments to employees	(5,932,880)
Payments to suppliers	(8,573,475)
Net cash provided by operating activities	<u>10,207,503</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase and construction of capital assets	(5,160,664)
Bond issuance costs paid	(3,250)
Principal paid on capital debt	(2,248,563)
Interest and fees paid	(2,882,394)
Proceeds from capital contribution fees	2,827,272
Proceeds from sale of assets	30,811
Net cash used in capital and related financing activities	<u>(7,436,788)</u>
<b>Cash Flows from Investing Activities</b>	
Interest received	<u>853,770</u>
Net cash provided by investing activities	853,770
Net increase in cash and cash equivalents	3,624,485
Balances - beginning of year	22,793,806
Balances - end of the year	<u>\$ 26,418,291</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating Income	\$ 5,654,426
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	6,029,182
Changes in assets and liabilities:	
Customer receivables	(672,638)
Inventory	124,472
Prepaid items	(18,169)
Accounts payable - supplier	(218,112)
Customer deposits	21,967
Compensated absences	(15,166)
Salaries & benefits payable	(698,459)
Net cash provided by operating activities	<u>\$ 10,207,503</u>
<b>Noncash investing, capital and financing supplementary information</b>	
Revenue bond premium amortization	<u>\$ (303,571)</u>
Revenue bond deferred amount on refunding amortization	<u>\$ 111,194</u>
Contributed capital assets from developers	<u>\$ 1,493,599</u>

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**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, 2023**

— 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 2023 (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, 2023**

— 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 2023 (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, 2023**

— 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, 2023**

— 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.

Virgina Hylton Park Fund – The Virgina Hylton Park Fund is used to account for renovation and expansion capital project costs on the park adjacent to Town Hall.

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, 2023**

— 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, 2023**

— 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, 2023**

— 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, 2023, consists of various supplies and other inventoriable items, which are expensed at the time they are consumed.

Deferred Charges

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

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items 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, 2023**

— 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 one year.

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, 2023**

— 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 8* below.

The Town routinely engages in lease agreements to meet operational needs or serve the general public. The Town's lease contracts generally relate 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.

Subscription Based Technology Arrangements

For the year ended June 30, 2023, the Town adopted GASB Statement Number 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset for arrangements that meet certain criteria. The Town routinely engages in SBITAs to meet operational needs or serve the general public. For additional information refer to *Note 7* and *Note 8* below.

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

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

future period and so will not be recognized as an expense/expenditure until then. The Town has two items that qualify for reporting in this category, both of which are only reported in the government-wide statement of net position and the proprietary fund statement of net position. The first item is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred outflow related to pensions. See *Note 12* for further detail related to pensions.

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 12* for further detail related to pensions.

Compensated Absences

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

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

In addition, once an employee has reached their first anniversary date, if they use less than 40 hours of sick leave in a given calendar year, 40 hours of sick leave is converted to annual leave on January first of the following year. An employee may accrue up to forty-five (45) days of vacation leave and one hundred eighty (180) days of sick leave. Upon termination of employment, any accrued vacation leave is earned and payable,

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

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

whereas no compensation is provided for accrued sick leave. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Compensated absences of governmental activities have in prior years typically been funded by the General Fund.

Long-Term Liabilities

In the government-wide financial statements, and the proprietary fund financial statements, long-term liabilities are recorded in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, bond insurance, 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 12* 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, 2023**

— 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 it becomes 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, 2023 totaled \$229,043 with cumulative Downtown TIF revenues since inception totaling \$1,083,074. The Downtown TIF district expires December 31, 2029.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— 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, 2023 totaled \$33,823 with cumulative Corley Mill TIF revenues since inception totaling \$131,345. 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 unc customary 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 the year ended June 30, 2023, 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 \$2,861,770 at June 30, 2023 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, 2023**

— 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.

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

**F. Fund Balance (Continued)**

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 have 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.

**G. Pensions**

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**2. Stewardship, Compliance and Accountability**

**A. Budgets and Budgetary Accounting**

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

The Town follows 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.
- 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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

**B. Encumbrances (Continued)**

changed its policy whereby all appropriations for contracts and commitments lapse at fiscal year-end. Therefore, no reserve for encumbrances is applicable for the year ended June 30, 2023.

**3. Deposits and Investments**

The Town had the following temporary investments at June 30, 2023:

<u><b>Investment Type</b></u>	<u><b>Fair Value</b></u>	<u><b>Maturity</b></u>	<u><b>Credit Rating</b></u>
State Treasurer's Investment Pool	\$ 47,737,728	7/5/23 to 7/3/24	Unrated
Governmental Mutual Funds	<u>3,937,556</u>	On-Demand	AAA
Total fair value	<u>\$ 51,675,284</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.

**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 is the same as

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

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

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

Concentration of credit risk:

The Town's investment policy does not allow for an investment of more than 50% of the Town's total investment portfolio in any one issuer or type of security, with the exception of United States Treasuries and authorized pools. At June 30, 2023, the Town had investments in governmental mutual funds representing 7.6% 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, 2023, the reported carrying amount of the Town's cash deposits with financial institutions was \$12,311,389 and the financial institutions' balances totaled \$12,939,159. The balance was fully insured and collateralized. The Town had \$2,200 on hand at June 30, 2023.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

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, 2023:

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

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

Cash on hand	\$ 2,200
Carrying amount of cash deposits	12,311,389
Carrying amount of temporary investments	<u>51,675,284</u>
Total	<u><u>\$ 63,988,873</u></u>
Cash and temporary investments	\$ 40,411,571
Cash and temporary investments-restricted	<u>23,577,302</u>
Total	<u><u>\$ 63,988,873</u></u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**4. Receivables**

Receivables at June 30, 2023, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Fees and services	\$ 42,079	\$ 7,343,655	\$ 7,385,734
Property and other taxes	224,522	-	224,522
Other	504,134	321,892	826,026
Less allowance for doubtful accounts	(47,660)	(3,126,770)	(3,174,430)
	723,075	4,538,777	5,261,852
Restricted:			
Property and other taxes	544,868	-	544,868
	\$ 1,267,943	\$ 4,538,777	\$ 5,806,720

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

The Town entered into a 204 month lease on July 1, 2021 as lessor for the use of the Town's water tower to mount cell antennae. An initial lease receivable was recorded in Business-Type Activities in the amount of \$324,345. As of June 30, 2023, the value of the lease receivable is \$291,040. 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, 2023 was \$286,187, 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 into a 60 month lease on September 1, 2022 as lessor for the use of office space at 111 Maiden Lane. An initial lease receivable was recorded in the amount of \$60,749. As of June 30, 2023, the value of the lease receivable was \$51,554. The lessee is required to make monthly fixed payments of \$1,050. The lease has an interest rate of 3.102%. The buildings' estimated useful life was 33 years as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was \$50,624 and the Town recognized lease revenue of \$10,125 during the fiscal year. The lessee has 2 extension options, each for 12 months.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**4. Receivables (Continued)**

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
2024	\$ 11,371	\$ 1,439	\$ 12,810	\$ 16,968	\$ 3,000	\$ 19,968
2025	11,989	1,077	13,066	17,149	2,819	19,968
2026	12,631	697	13,328	17,331	2,637	19,968
2027	13,299	295	13,594	17,916	2,452	20,368
2028	2,264	9	2,273	18,509	2,258	20,767
2029 - 2033	-	-	-	96,796	8,283	105,079
2034 - 2038	-	-	-	106,371	2,912	109,283
	<u>\$ 51,554</u>	<u>\$ 3,517</u>	<u>\$ 55,071</u>	<u>\$ 291,040</u>	<u>\$ 24,361</u>	<u>\$ 315,401</u>

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

Individual fund interfund receivable and payable balances at June 30, 2023, were as follows:

	Interfund	
	Receivables	Payables
General fund	\$ 301,071	\$ -
<u>Special revenue funds:</u>		
Police grants and programs	-	126,895
Downtown TIF district	-	8,869
<u>Capital projects funds:</u>		
Gibson pond fund	-	64,308
Virginia Hylton park renovation	-	93,714
Saluda river bike trail	-	7,285
	<u>\$ 301,071</u>	<u>\$ 301,071</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

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

Individual fund interfund transfer balances at June 30, 2023, were as follows:

	<b>Interfund</b>	
	<b>Transfers Out</b>	<b>Transfers In</b>
General fund	\$ 1,376,415	\$ 1,687,726
Other governmental funds:		
Debt service fund	-	600,000
Special revenue funds:		
Victims' assistance	-	60,000
Emergency response and recovery	275,000	-
Impact fees	336,542	-
Accommodations tax	35,000	-
Hospitality tax	1,377,726	-
ARPA fund	4,846,421	
Amphitheatre	-	25,005
Vision plan	-	10,000
Monument fund	-	500
Tuition reimbursement		5,000
Capital projects funds:		
Streets and infrastructure	-	783,249
Clark house renovation	-	16,436
Virginia Hylton park	-	5,059,188
	<u>\$ 8,247,104</u>	<u>\$ 8,247,104</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

The General Fund transfers out include \$600,000 to the Debt Service Fund to fund debt service requirements. Additionally, \$675,910 was transferred to the Streets and Infrastructure Fund; \$25,005 to the Amphitheater Fund; \$10,000 to the Vision Plan Fund; \$500 to the Monument Fund; \$60,000 to the Victims' Assistance Fund and \$5,000 to the Tuition Reimbursement Fund to fund these programs.

The Accommodations Tax fund transferred \$35,000 to the General Fund. The Hospitality Tax Fund transferred \$1,377,726 to the General Fund. The Emergency Response and Recovery Fund transferred \$275,000 to the General Fund. The ARPA Fund transferred \$4,846,421 to the Virginia Hylton Park Fund to fund capital costs of renovation and expansion on that project. The Impact Fee Fund transferred \$212,767 to the Virginia Hylton Park Fund, \$107,339 to the Streets and Infrastructure capital project fund, and \$16,436 to the Clark House capital project fund.

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

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, 2023, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Investment account	\$ 5,051,675
	<u>\$ 5,051,675</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

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, 2023, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Investment account	\$ 6,773,516
Operating account	101,241
	<u>\$ 6,874,757</u>

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 8*).

Carrying balance at the year ended June 30, 2023, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Construction fund	\$ 371,286
	<u>\$ 371,286</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

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 8*).

Carrying balance at the year ended June 30, 2023, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Construction fund	\$ 216,538
Operating account	33,420
	<u>\$ 249,958</u>

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 8*).

Carrying balance at the year ended June 30, 2023, is as follows:

	<b>Restricted Cash and Temporary Investments</b>
Construction fund	\$ 920,126
Operating account	90,231
	<u>\$ 1,010,357</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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

replacements. The construction account is used for resources set aside to fund infrastructure projects.

Carrying balances of restricted cash and temporary investments in the Waterworks and Sewer System Enterprise Fund at June 30, 2023, are as follows:

	<b>Restricted Cash and Temporary Investments</b>
Renewal and replacement fund	\$ 102,384
State revolving fund construction fund - 2019	216,186
Construction fund	1,620
Debt service fund 2017	364,786
Debt service fund 2018A	68,713
Debt service fund 2020A	144,327
Debt service fund 2020B	237,447
Debt service fund SRF 2019	17,569
Debt service fund SRF 2020	39,083
Debt service fund 2021A	95,252
Debt service fund 2021B	49,982
	<hr/>
	\$ 1,337,349

Capital Projects Funds:

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

Carrying balance at the year ended June 30, 2023, is as follows:

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— 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, 2023, are as follows:

	<b>Restricted Cash and Temporary Investments</b>
Alcohol permits	\$ 237,694
Drug fund	2,188
Police grants and programs	113,749
Victims' assistance	32,019
250 <sup>th</sup> anniversary	3,000
Emergency response and recovery	204,484
COVID 19 fund	97,494
Impact fees	620,058
Sidewalk fund	666,254
Accommodations tax	357,124
Lexington conference center	5,971,376
Golden Hills tax district	331,518
Park improvements	21,062
	<hr/>
	\$ 8,658,020

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**7. Capital Assets**

The following is a summary of capital asset activity in governmental activities for the year ended June 30, 2023:

	<b>Balances June 30, 2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balances June 30, 2023</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,563,581	\$ -	\$ -	\$ 8,563,581
Construction in Progress	6,905,503	6,094,100	(3,624,648)	9,374,955
Total capital assets, not being depreciated	<u>15,469,084</u>	<u>6,094,100</u>	<u>(3,624,648)</u>	<u>17,938,536</u>
Capital assets, being depreciated:				
Buildings	23,654,725	93,334	-	23,748,059
Vehicles and equipment	8,255,158	818,517	(855,770)	8,217,905
Furniture	58,875	6,809	-	65,684
Streets and roadways	26,831,730	5,120,806	-	31,952,536
Sidewalks	2,879,481	-	-	2,879,481
Storm drainage	4,246,500	-	-	4,246,500
Total capital assets, being depreciated	<u>65,926,469</u>	<u>6,039,466</u>	<u>(855,770)</u>	<u>71,110,165</u>
Less accumulated depreciation for:				
Buildings	5,161,794	655,698	-	5,817,492
Vehicles and equipment	5,669,010	683,419	(824,761)	5,527,668
Furniture	11,318	13,581	-	24,899
Streets and roadways	9,640,621	867,662	-	10,508,283
Sidewalks	921,358	74,826	-	996,184
Storm drainage	2,656,796	189,128	-	2,845,924
Total accumulated depreciation	<u>24,060,897</u>	<u>2,484,314</u>	<u>(824,761)</u>	<u>25,720,450</u>
Total capital assets, being depreciated, net	<u>41,865,572</u>	<u>3,555,152</u>	<u>(31,009)</u>	<u>45,389,715</u>
Governmental activities capital assets, net	<u>\$ 57,334,656</u>	<u>\$ 9,649,252</u>	<u>\$ (3,655,657)</u>	<u>\$ 63,328,251</u>

Note: In Fiscal Year 2023, one fully depreciated vehicle with an original cost of \$30,087 was transferred from Business Type Activities to 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, 2023**

— Continued —

**7. Capital Assets (Continued)**

The following is a summary of capital asset activity in business-type activities for the year ended June 30, 2023:

	Balances June 30, 2022	Additions	Retirements	Balances June 30, 2023
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,800,611	\$ 237,950	\$ (7,570)	\$ 2,030,991
Construction in progress	13,281,900	5,060,893	(9,306,228)	9,036,565
Total capital assets, not being depreciated	15,082,511	5,298,843	(9,313,798)	11,067,556
Capital assets, being depreciated:				
Buildings and system	160,535,910	9,933,511	(69,656)	170,399,765
Vehicles, machinery and equipment	6,250,082	406,603	(50,146)	6,606,539
Total capital assets, being depreciated	166,785,992	10,340,114	(119,802)	177,006,304
Less accumulated depreciation for:				
Buildings and system	40,690,381	4,052,814	(22,287)	44,720,908
Vehicles, machinery and equipment	4,234,831	491,263	(50,146)	4,675,948
Total accumulated depreciation	44,925,212	4,544,077	(72,433)	49,396,856
Total capital assets, being depreciated, net	121,860,780	5,796,037	(47,369)	127,609,448
Business-type activities capital assets, net	\$136,943,291	\$ 11,094,880	\$ (9,361,167)	\$138,677,004
<b>Intangible assets:</b>				
Capacity reserve	\$ 46,282,449	\$ -	\$ -	\$ 46,282,449
Retail distribution rights	2,502,788	-	-	2,502,788
Total intangible assets	48,785,237	-	-	48,785,237
<b>Amortization of intangible assets:</b>				
Capacity reserve	14,171,298	1,433,912	-	15,605,210
Retail distribution rights	1,151,282	50,056	-	1,201,338
Total amortization of intangible assets	15,322,580	1,483,968	-	16,806,548
Total intangible assets, net	33,462,657	(1,483,968)	-	31,978,689
Total tangible and intangible assets, net	\$170,405,948	\$ 9,610,912	\$ (9,361,167)	\$170,655,693

Note: In Fiscal Year 2023, one fully depreciated vehicle with an original cost of \$30,087 was transferred to Governmental Activities and is included in the disposals column in Business-Type Activities.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— 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, 2022	Additions	Reductions	Balance as of June 30, 2023
Total Lease Assets	\$ 64,978	\$ -	\$ -	\$ 64,978
Total Equipment Lease Accumulated Amortization	14,781	16,819	-	31,600
Total Governmental Lease Assets, Net	<u>\$ 50,197</u>	<u>\$ (16,819)</u>	<u>\$ -</u>	<u>\$ 33,378</u>

<b>Business-Type Activities</b>	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023
Total Lease Assets	\$ 5,595	\$ -	\$ -	\$ 5,595
Total Equipment Lease Accumulated Amortization	560	1,137	-	1,697
Total Business-Type Lease Assets, Net	<u>\$ 5,035</u>	<u>\$ (1,137)</u>	<u>\$ -</u>	<u>\$ 3,898</u>

The following is a summary of subscription assets for Governmental activities:

<b>Governmental Activities</b>	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023
Total Software Subscription Assets	\$ -	\$ 34,355	\$ -	\$ 34,355
Total Software Subscription Accumulated Amortization	-	7,634	-	7,634
Total Governmental Subscription Assets, Net	<u>\$ -</u>	<u>\$ 26,721</u>	<u>\$ -</u>	<u>\$ 26,721</u>

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

Governmental activities:

General government	\$ 95,424
Public safety	515,346
Parks and sanitation	639,250
Transportation	<u>1,228,660</u>
Total depreciation and amortization expense – governmental activities	<u>\$ 2,478,680</u>

Business-type activities:

Water and sewer	<u>\$ 6,029,182</u>
Total depreciation and amortization expense – business-type activities	<u>\$ 6,029,182</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**7. Capital Assets (Continued)**

Downtown TIF District Projects

During the year ended June 30, 2023, the Town expended \$432,232 for authorized Downtown TIF District capital projects in accordance with the Icehouse Redevelopment Plan. Expenditures for the Old Mill Trail Project totaled \$199,775. 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, 2023, the Town expended \$209,731 for authorized Corley Mill TIF District capital projects in accordance with the Corley Mill Redevelopment Plan. Expenditures for the Highway 378/Sunset split totaled \$8,436. 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 \$1,174,427 recognized during the year ended June 30, 2023. 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, 2023. 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, 2023.

During the year ended June 30, 2005, the Town entered into an agreement with the Lexington County Joint Municipal Water and Sewer Commission (the "Commission") as described in *Note 11* to acquire wastewater transport capacity in a sewer line that 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, 2023. 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, 2023**

— 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, 2023. During the year ended June 30, 2007, the Town entered into 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, 2023. 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, 2023.

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, 2023, net of accumulated amortization (\$1,301,450, taking into account the imputed cost of capital approximating 5%) and is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$50,056 recognized during the year ended June 30, 2023.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**8. Debt**

The following is a summary of debt of the Town for the year ended June 30, 2023:

	<b>Balances June 30, 2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances June 30, 2023</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
<b>Short Term Debt:</b>					
Revenue bond anticipation note	\$ 8,025,000	\$ 8,125,000	\$ (8,025,000)	\$ 8,125,000	\$ 8,125,000
General obligation bond anticipation note	7,540,000	7,700,000	(7,540,000)	7,700,000	7,700,000
Total short term debt	<u>\$ 15,565,000</u>	<u>\$ 15,825,000</u>	<u>\$ (15,565,000)</u>	<u>\$ 15,825,000</u>	<u>\$ 15,825,000</u>
<b>Long Term Liabilities:</b>					
Compensated absences	<u>\$ 893,810</u>	<u>\$ 537,700</u>	<u>\$ (584,923)</u>	<u>\$ 846,587</u>	<u>\$ 590,000</u>
Governmental activities Long-term liabilities	<u>\$ 893,810</u>	<u>\$ 537,700</u>	<u>\$ (584,923)</u>	<u>\$ 846,587</u>	<u>\$ 590,000</u>
<b>Business-type activities:</b>					
<b>Long Term Liabilities:</b>					
Revenue bonds payable:					
Revenue bonds	\$ 78,767,043	\$ -	\$ (2,247,480)	\$ 76,519,563	\$ 2,215,035
Less deferred amounts:					
For issuance premium	<u>5,909,342</u>	<u>-</u>	<u>(303,571)</u>	<u>5,605,771</u>	<u>-</u>
Total revenue bonds payable	<u>84,676,385</u>	<u>-</u>	<u>(2,551,051)</u>	<u>82,125,334</u>	<u>2,215,035</u>
Compensated absences	<u>335,240</u>	<u>198,876</u>	<u>(214,042)</u>	<u>320,074</u>	<u>220,000</u>
Business-type activities Long-term liabilities	<u>\$ 85,011,625</u>	<u>\$ 198,876</u>	<u>\$ (2,765,093)</u>	<u>\$ 82,445,408</u>	<u>\$ 2,435,035</u>

The following is a summary of lease liability of the Town for the year ended June 30, 2023:

<b>Governmental Activities</b>	<b>Balance as of June 30, 2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance as of June 30, 2023</b>	<b>Due Within One Year</b>
Total Equipment Lease Liability	<u>\$ 50,028</u>	<u>\$ -</u>	<u>\$ (16,635)</u>	<u>\$ 33,393</u>	<u>\$ 17,086</u>
<b>Business-Type Activities</b>	<b>Balance as of June 30, 2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance as of June 30, 2023</b>	<b>Due Within One Year</b>
Total Equipment Lease Liability	<u>\$ 4,950</u>	<u>\$ -</u>	<u>\$ (1,083)</u>	<u>\$ 3,867</u>	<u>\$ 1,215</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**8. Debt (Continued)**

The following is a summary of subscription liability of the Town for the year ended June 30, 2023:

Governmental Activities	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023	Due Within One Year
Total Subscription Liability	\$ -	\$ 34,355	\$ (7,422)	\$ 26,933	\$ 11,296

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

Series 2022 General Obligation Bond Anticipation Notes:

The Town issued General Obligation Bond Anticipation Notes, Series 2022 during the year ended June 30, 2023. 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 \$7,700,000 and interest of 3.500% per annum are due on September 1, 2023.

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

Pursuant to *Note 1* the Saxe Gotha Public Facilities Corporation (the “Corporation”) issued \$4,445,000 Revenue Bond Anticipation Notes (BAN), Series 2023 (Ice House Redevelopment Project Area) on the Town’s behalf. The notes are due on May 3, 2024 and carry an interest rate of 5.50% per annum. The proceeds of the 2023 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, 2023**

— Continued —

**8. 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 \$1,078,239 of TIF Revenues have been applied to Ice House TIF Bond interest. As of June 30, 2023, accrued interest on the Ice House TIF Bond totals \$3,160,860. 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 \$3,680,000 Revenue Bond Anticipation Notes (BAN) Series 2023 (Corley Mill Redevelopment Project Area) on the Town’s behalf. The notes are due on March 15, 2024 and carry an interest rate of 4.50% per annum. The proceeds of the 2023 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.

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**8. Debt (Continued)**

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

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 \$97,522 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 \$1,035,221. 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).

**Revenue Bonds – 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, 2023.



**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**8. Debt (Continued)**

**Revenue Bonds – Business Type Activities (continued)**

**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, 2023 of \$33,797,350. (net of unamortized premium of \$2,657,350). 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 of 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, 2023, of \$10,279,053 (net of unamortized premium of \$124,053). Amortization of the premium equaled (\$4,979).

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.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**8. Debt (Continued)**

**Revenue Bonds – Business Type Activities (Continued)**

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, 2023 is \$3,091,858.

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 Watergate Sewer Systems. The Series 2020A Bond was issued for \$6,370,000 with an outstanding balance at June 30, 2023 of \$6,284,129 (net of unamortized premium of \$799,129). Amortization of the discount equaled \$29,236.

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

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**8. Debt (Continued)**

**Revenue Bonds – Business Type Activities (Continued)**

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 \$4,950,000 with an outstanding balance at June 30, 2023 of \$3,803,830 (net of unamortized premium of \$643,830). 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, with an approximate 1.88% blended rate over the 30 year term. The outstanding balance at June 30, 2023 is \$6,642,705.

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.

**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, 2023 of \$12,881,127 (net of unamortized premium of \$711,127). Amortization of the discount equaled \$31,144.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**8. Debt (Continued)**

**Revenue Bonds – Business Type Activities (Continued)**

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, 2023 of \$5,525,281 (net of unamortized premium of \$670,282). Amortization of the premium equaled \$78,091.

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, 2023**

— Continued —

**8. Debt (Continued)**

**Revenue Bonds – Business Type Activities (Continued)**

The annual debt service requirements to amortize all revenue bonds outstanding as of June 30, 2023, including interest components are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 2,215,035	\$ 2,782,348	4,997,383
2025	2,317,832	2,698,084	5,015,916
2026	2,395,782	2,598,223	4,994,005
2027	2,508,889	2,494,809	5,003,698
2028	2,437,154	2,386,138	4,823,292
2029-2033	12,485,541	10,581,357	23,066,898
2034-2038	17,412,925	7,970,660	25,383,585
2039-2043	18,966,261	4,595,651	23,561,912
2044-2048	14,440,583	1,530,963	15,971,546
2049-2053	1,339,561	75,521	1,415,082
Subtotal	76,519,563	37,713,754	114,233,317
Plus: net discounts and premiums	5,605,771	-	5,605,771
Total	<u>\$ 82,125,334</u>	<u>37,713,754</u>	<u>\$ 119,839,088</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, 2023, \$47,310,000 of bonds outstanding are considered defeased.

**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, 2023, the value of the lease liability is \$18,047. 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, 2023 is \$26,107 with accumulated amortization of \$7,958 (See Note 7).

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**8. Debt (Continued)**

**Leases Payable (continued)**

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, 2023, the value of the lease liability is \$19,214. 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, 2023 is \$44,466 with accumulated amortization of \$25,339 (See *Note 7*).

**Subscription Liability**

On November 1, 2022 the Town entered into a 36-month subscription for the use of court management software. An initial subscription liability was recorded in the amount of \$34,355. As of June 30, 2023, the value of the subscription liability is \$26,933. The Town is required to make monthly payments of \$1,000. The subscription has an interest rate of 3.238%. The value of the right to use asset as of June 30, 2023 is \$34,355 with accumulated amortization of \$7,634 (See *Note 7*).

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

A summary of capital asset contributions from developers and receipts of capital contribution fees during the year ended June 30, 2023, follows:

**Business-type activities:**

Capital contribution fees received	\$ 2,827,272
Capital asset contributions from developers	<u>1,493,599</u>
Total capital contribution fees and capital asset contributions recognized	<u><u>\$ 4,320,871</u></u>

The Town has outstanding contracts that allow certain developers to pay capital contribution fees on an installment basis. Total capital contribution fees outstanding (unpaid) approximate \$2,861,770 at June 30, 2023, 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, 2023**

— Continued —

**10. Contingencies**

Federal Grants

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

Litigation:

The Town is involved with litigation with the City of West Columbia over the contractual right to serve certain water customers. The number of customer accounts 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.

**11. Commitments**

Developers and Contractors:

The Town has outstanding contracts to provide certain developers future sewer taps. The Town reserves sewer treatment capacity to provide the future service at the inception of the installment contracts. At June 30, 2023, the number of unredeemed capital contribution certificates representing future taps into the system is approximately 1,869.

Additionally, the Town has outstanding commitments to contractors and others for approximately \$8,472,783. Including \$3,634,798 to finish Virginia Hylton Park and \$2,959,590 to finish the Old Mill Trail.

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, 2023**

— Continued —

**11. 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 for paying 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.

**12. 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, 2023**

— Continued —

**12. 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.

Effective July 1, 2022, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 17.56%.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

Included in the total SCRS employer contribution rate is a base retirement contribution of 17.41% and 0.15% contribution rate for the incidental death program. The Town's contributions for the years ended June 30, 2023, 2022, and 2021 are as follows:

Year Ended June 30	Incidental			Incidental		
	Base	Death	Total	Base	Death	Total
2023	17.41%	0.15%	17.56%	\$ 1,288,158	\$ 11,098	\$ 1,299,256
2022	16.41%	0.15%	16.56%	\$ 1,179,765	\$ 10,784	\$ 1,190,549
2021	15.41%	0.15%	15.56%	\$ 1,086,607	\$ 10,577	\$ 1,097,184

*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, 2023**

— Continued —

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

Effective July 1, 2022, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 20.24%. Included in the total PORS employer contribution rate is a base retirement contribution of 19.84%, 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, 2023, 2022, and 2021 are as follows:

Year Ended June 30	Incidental & Accidental			Incidental & Accidental		
	Base	Death	Total	Base	Death	Total
2023	19.84%	0.40%	20.24%	\$ 849,209	\$ 17,121	\$ 866,331
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

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, 2023, the Town reported a liability of \$14,636,315 and \$7,773,798 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, 2022 actuarial valuations, using most recent membership data projected forward to June 30, 2023, and financial information of the pension trust funds as of June 30, 2022, 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, 2023 the Town's proportion of SCRS was 0.060375% and of PORS was 0.259215%.

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

At June 30, 2023 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	\$127,162	\$130,429	\$63,785	\$153,675
Assumption Changes	469,421	323,713	-	-
Net difference between projected and actual investment earnings	22,572	23,475	-	-
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	120,573	135,287	342,678	168,180
Pension expenses paid to PEBA during FY2023	1,299,256	866,331	-	-
<b>Total</b>	<b>\$2,038,984</b>	<b>\$1,479,235</b>	<b>\$406,463</b>	<b>\$321,855</b>

Deferred outflows of \$1,299,256 for SCRS and \$866,331 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, 2024.

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>
2024	\$ 295,311	\$ 151,715	\$ 447,026
2025	97,315	130,121	227,436
2026	(441,066)	(292,952)	(734,018)
2027	381,705	302,165	683,870
	<u>\$ 333,265</u>	<u>\$ 291,049</u>	<u>\$ 624,314</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

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

The total pension liabilities in the July 1, 2022 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	7.0%	7.0%
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, 2022 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	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, 2023**

— Continued —

**12. 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 2022 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%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets			
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
			<u>7.04%</u>

The discount rate used to measure the total pension liability was 7.00%. 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, 2023**

— Continued —

**12. 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>	\$ 18,765,560	\$ 14,636,315	\$ 11,203,382
<b>PORS</b>	10,840,093	7,773,798	5,263,747

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.

**13. Post-Employment Benefits Other than Pension**

The Town, as a single employer, has adopted a policy to pay health insurance as a defined benefit (the Plan) until age 65 for retirees who retire with 20 years of service 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 2023, 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, 2023**

— Continued —

**13. 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, 2022 to June 30, 2023 are shown in the following table:

	Total OPEB <u>Liability</u>
Balance as of June 30, 2022	\$ 410,101
Changes for the year:	
Service Cost	28,380
Interest on total OPEB liability	15,457
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	49,971
Benefit Payments	<u>(3,718)</u>
Balance as of June 30, 2023	<u>\$ 500,191</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, 2023. 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, 2022</b>	<b>June 30, 2023</b>
Discount Rate	3.54%	3.65%
Valuation date	July 1, 2021	July 1, 2021
Measurement date	June 30, 2022	June 30, 2023
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.30%	2.30%
Medical trend rate	Getzen Trend Model	6.5% - 3.7% over 53 years
Salary increases including inflation	3.00% for SCRS and 3.50% for PORS plus 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, 2023**

— Continued —

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

The following table presents the total OPEB liability of the Town, calculated using the discount rate of 3.65%, 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 (2.65%) or 1 percentage point higher (4.65%) than the current rate.

	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB liability	\$ 523,947	\$500,191	\$471,605

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	\$444,546	\$500,191	\$559,845

The total OPEB expense for the year ending June 30, 2023 is as follows:

<b>OPEB Expense</b>	<b>July 1, 2021 to June 30, 2022</b>	<b>July 1, 2022 to June 30, 2023</b>
Service cost	\$ 43,761	\$ 28,380
Interest on total OPEB liability	22,015	15,457
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	(48,533)	(48,553)
Recognition of assumption changes or inputs	(19,740)	(14,480)
OPEB Expense	<u>\$ (2,497)</u>	<u>\$ (19,196)</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**13. 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, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (406,159)	\$ -
Changes of assumptions	(163,404)	60,183
Total	<u>\$ (569,563)</u>	<u>\$ 60,183</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,	
2024	\$ (63,033)
2025	(63,033)
2026	(63,033)
2027	(64,312)
2028	(64,450)
Thereafter*	(191,518)

\*Additional future deferred inflows and outflows of resources may impact these numbers.

**14. 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, 2023**

— Continued —

**14. 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, 2023**

— Continued —

**14. 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 the day on 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 \$30,773 under agreements entered into by Lexington County as of June 30, 2023. 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)	\$ 11,481	\$ 623
Fee-in-Lieu of Tax and Source Revenue Credit Program (FILOT+SSRC)	19,292	-
	<u>\$ 30,773</u>	<u>\$ 623</u>

**Town of Lexington, South Carolina**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2023**

— Continued —

**15. 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 \$472,016 in the 2023 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 were approximately \$1,969,213 during the year.

The Town maintained its workers compensation insurance with Stanford Fire Insurance Company through Arthur J. Gallagher Risk Management Services, Inc. The Town paid \$196,186 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.

**16. Subsequent Events**

On August 9, 2023, the Town issued \$7,975,000 Town of Lexington, South Carolina General Obligation Bond Anticipation Notes (BAN), Series 2023. This series was issued to refund the General Obligation BAN, Series 2022, 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 2023 BAN's.

Subsequent events were evaluated through January 8, 2024. 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, 2023**

	Budgeted Amounts		2023	Variance with
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Property taxes	\$ 3,900,000	\$ 3,900,000	\$ 3,913,544	\$ 13,544
Franchises, licenses, permits and fees	9,715,184	10,015,184	10,533,666	518,482
Other governments	580,000	580,000	755,851	175,851
Fines and forfeitures	280,000	280,000	265,878	(14,122)
Interest income	9,000	16,100	228,992	212,892
Miscellaneous	127,000	127,000	179,690	52,690
Total revenues	14,611,184	14,918,284	15,877,621	959,337
<b>Expenditures</b>				
General Government				
Council				
Personnel	66,694	66,694	64,332	(2,362)
Operations	119,550	119,550	109,800	(9,750)
Administration				
Personnel	783,002	783,002	802,766	19,764
Operations	79,485	79,485	102,101	22,616
Court				
Personnel	317,114	317,114	302,931	(14,183)
Operations	98,554	98,554	63,383	(35,171)
Finance				
Personnel	266,186	266,186	229,721	(36,465)
Operations	64,014	64,014	58,655	(5,359)
Planning, building and technology				
Personnel	1,005,305	1,005,305	969,328	(35,977)
Operations	591,325	591,325	552,159	(39,166)
Total general government	3,391,229	3,391,229	3,255,176	(136,053)
Public safety				
Personnel	5,920,417	5,910,417	5,638,794	(271,623)
Operations	900,589	910,589	791,398	(119,191)
Parks and sanitation				
Personnel	1,368,546	1,368,546	1,304,941	(63,605)
Operations	1,404,140	1,404,140	1,373,924	(30,216)
Transportation				
Personnel	624,907	554,407	565,494	11,087
Operations	450,740	450,740	546,996	96,256
Total expenditures	14,060,568	13,990,068	13,476,723	(513,345)
Capital outlay:				
General government	376,262	376,262	191,726	(184,536)
Public safety	607,097	922,097	525,274	(396,823)
Parks and sanitation	204,947	204,947	196,815	(8,132)
Transportation	255,026	317,626	110,080	(207,546)
Total capital outlay	1,443,332	1,820,932	1,023,895	(797,037)
Total expenditures and capital outlay	15,503,900	15,811,000	14,500,618	(1,310,382)
Excess (deficiency) of revenues over (under) expenditures	(892,716)	(892,716)	1,377,003	2,269,719
<b>Other Financing Sources (Uses)</b>				
Other financing sources - leases and subscriptions	-	-	34,355	34,355
Sale of capital assets	-	-	113,868	113,868
Transfers in	1,687,726	1,687,726	1,687,726	-
Transfers out	(1,376,415)	(1,376,415)	(1,376,415)	-
Total other financing sources (uses)	311,311	311,311	459,534	148,223
Net change in fund balances	(581,405)	(581,405)	1,836,537	2,417,942
Fund balances - beginning	9,234,774	9,234,774	9,234,774	-
Fund balances - ending	\$ 8,653,369	\$ 8,653,369	\$ 11,071,311	\$ 2,417,942

*\*\*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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>South Carolina Retirement System</b>										
Town's proportion of the net pension liability	0.060375%	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	\$ 14,636,315	\$ 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	\$ 7,189,303	\$ 7,051,311	\$ 6,903,769	\$ 6,420,178	\$ 5,920,564	\$ 5,435,531	\$ 5,155,108	\$ 5,048,629	\$ 4,793,251	\$ 4,719,033
Town's proportionate share of the net pension liability as a percentage of its covered payroll	203.58%	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	57.10%	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	0.25922%	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	\$ 7,773,798	\$ 6,785,723	\$ 8,475,334	\$ 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	\$ 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	\$ 2,598,526
Town's proportionate share of the net pension liability as a percentage of its covered payroll	189.65%	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	66.40%	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.

**Town of Lexington, South Carolina**  
**Pension Plan**  
**Schedule of Contributions**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>South Carolina Retirement System</b>										
Contractually required contributions	\$ 1,299,256	\$ 1,190,549	\$ 1,097,184	\$ 1,074,226	\$ 934,778	\$ 802,828	\$ 628,348	\$ 570,155	\$ 550,862	\$ 508,085
Contributions in relation to the contractually required	(1,299,256)	(1,190,549)	(1,097,184)	(1,074,226)	(934,778)	(802,828)	(628,348)	(570,155)	(550,862)	(508,085)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town covered payroll	\$ 7,398,953	\$ 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	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.91%	10.60%
<b>South Carolina Police Officers Retirement System</b>										
Contractually required contributions	\$ 866,331	\$ 789,658	\$ 723,359	\$ 704,210	\$ 662,584	\$ 569,270	\$ 457,063	\$ 415,205	\$ 392,658	\$ 360,672
Contributions in relation to the contractually required	(866,331)	(789,658)	(723,359)	(704,210)	(662,584)	(569,270)	(457,063)	(415,205)	(392,658)	(360,672)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town covered payroll	\$ 4,280,289	\$ 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	20.24%	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.

**Town of Lexington, South Carolina**

**Schedule of Changes in  
Total OPEB Liability and Related Ratios**

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service cost	\$ 28,380	\$ 43,761	\$ 79,099	\$ 75,258	\$ 56,068	\$ 57,450
Interest on total OPEB liability	15,457	22,015	21,133	33,039	31,536	27,503
Effect of economic/demographic gains or (losses)	-	(490,183)	-	(16,820)	-	-
Effect of assumption changes or inputs	49,971	(139,592)	4,714	(76,095)	32,726	(23,846)
Benefit payments	(3,718)	(2,708)	(10,471)	(3,481)	(17,253)	(8,986)
Net change in total OPEB liability	90,090	(566,707)	94,475	11,901	103,077	52,121
Total OPEB liability -- beginning	410,101	976,808	882,333	870,432	767,355	715,233
Total OPEB liability -- ending	<u>\$ 500,191</u>	<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	\$ 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	4.69%	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, only six years' calculations are reported.

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, 2023**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and temporary investments	\$ 406,062	\$ 1,195,549	\$ 2,018,643	\$ 3,620,254
Receivables, net	8,416	-	-	8,416
Due from other governments	241,889	-	-	241,889
Restricted - cash and temporary investments	8,658,020	-	23,900	8,681,920
Total assets	<u>\$ 9,314,387</u>	<u>\$ 1,195,549</u>	<u>\$ 2,042,543</u>	<u>\$ 12,552,479</u>
<b>Liabilities</b>				
Accounts payable	\$ 206,797	\$ -	\$ 27,310	\$ 234,107
Accrued payroll liabilities	3,074	-	-	3,074
Due to other funds	126,895	-	7,285	134,180
Unearned revenue	5,934,169	-	-	5,934,169
Other liabilities	603,378	-	-	603,378
Total liabilities	<u>6,874,313</u>	<u>-</u>	<u>34,595</u>	<u>6,908,908</u>
Total liabilities and deferred inflows of resources	<u>6,874,313</u>	<u>-</u>	<u>34,595</u>	<u>6,908,908</u>
<b>Fund Balances (Deficits)</b>				
Restricted	1,842,088	-	23,900	1,865,988
Committed	597,986	1,195,549	2,002,833	3,796,368
Unassigned	-	-	(18,785)	(18,785)
Total fund balances (deficits)	<u>2,440,074</u>	<u>1,195,549</u>	<u>2,007,948</u>	<u>5,643,571</u>
Total liabilities and fund balances	<u>\$ 9,314,387</u>	<u>\$ 1,195,549</u>	<u>\$ 2,042,543</u>	<u>\$ 12,552,479</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, 2023**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Grant revenue	\$ 706,489	\$ -	\$ -	\$ 706,489
Road assessment	61,966	-	-	61,966
Alcohol permits	83,536	-	-	83,536
Fines and forfeitures	47,537	-	-	47,537
Impact fees	416,459	-	-	416,459
Interest income	54,275	3,215	58,502	115,992
Accommodations tax	312,676	-	-	312,676
Miscellaneous	662,710	-	-	662,710
Total revenues	<u>2,345,648</u>	<u>3,215</u>	<u>58,502</u>	<u>2,407,365</u>
<b>Expenditures</b>				
Current:				
General government	540,936	-	-	540,936
Public safety	557,284	-	-	557,284
Parks and sanitation	387,636	-	-	387,636
Transportation	1,180	-	-	1,180
Victims' assistance	89,043	-	-	89,043
Tourism related	247,539	-	-	247,539
Debt service:				
Interest	-	1,009	-	1,009
Principal retirement	-	24,057	-	24,057
Capital outlay:				
General government	3,919	-	-	3,919
Public safety	44,477	-	-	44,477
Parks and sanitation	68,205	-	18,785	86,990
Transportation	-	-	887,594	887,594
Total expenditures	<u>1,940,219</u>	<u>25,066</u>	<u>906,379</u>	<u>2,871,664</u>
Excess (deficiency) of revenues over expenditures	<u>405,429</u>	<u>(21,851)</u>	<u>(847,877)</u>	<u>(464,299)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	9,944	-	-	9,944
Transfers in	100,505	600,000	799,685	1,500,190
Transfers out	(646,542)	-	-	(646,542)
Total other financing sources (uses)	<u>(536,093)</u>	<u>600,000</u>	<u>799,685</u>	<u>863,592</u>
Net change in fund balances	(130,664)	578,149	(48,192)	399,293
Fund balances - beginning	2,570,738	617,400	2,056,140	5,244,278
Fund balances - ending	<u>\$ 2,440,074</u>	<u>\$ 1,195,549</u>	<u>\$ 2,007,948</u>	<u>\$ 5,643,571</u>

INDIVIDUAL FUND STATEMENTS  
AND  
SCHEDULES

TOWN OF LEXINGTON, SOUTH CAROLINA

# Town of Lexington, South Carolina

## General Fund Balance Sheet

**June 30, 2023**

(With comparative amounts as of June 30, 2022)

	2023	2022
<b>Assets</b>		
Cash and temporary investments	\$ 10,450,106	\$ 9,313,132
Receivables, net	714,659	380,596
Due from other funds	301,071	436,395
Prepaid items	445,683	405,611
Due from other governments	253,698	202,679
Total assets	<u>\$ 12,165,217</u>	<u>\$ 10,738,413</u>
<b>Liabilities</b>		
Accounts payable	\$ 503,075	\$ 688,669
Accrued payroll liabilities	199,239	461,018
Other liabilities	197,388	212,954
Total liabilities	<u>899,702</u>	<u>1,362,641</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue -- property taxes	194,204	140,998
Total deferred inflows of resources	<u>194,204</u>	<u>140,998</u>
Total liabilities and deferred inflows of resources	<u>1,093,906</u>	<u>1,503,639</u>
<b>Fund Balances</b>		
Nonspendable	445,683	405,611
Committed	600,000	600,000
Unassigned	10,025,628	8,229,163
Total fund balances	<u>11,071,311</u>	<u>9,234,774</u>
Total liabilities and fund balances	<u>\$ 12,165,217</u>	<u>\$ 10,738,413</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, 2023**  
(with comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Budget	Actual	Variance with Final Budget	Actual
<b>Revenues</b>				
Property taxes	\$ 3,900,000	\$ 3,913,544	\$ 13,544	\$ 3,743,491
Franchises, licenses, permits and fees	10,015,184	10,533,666	518,482	9,658,566
Other governments	580,000	755,851	175,851	688,712
Fines and forfeitures	280,000	265,878	(14,122)	265,447
Interest income	16,100	228,992	212,892	14,065
Miscellaneous	127,000	179,690	52,690	141,035
Total revenues	14,918,284	15,877,621	959,337	14,511,316
<b>Expenditures</b>				
General Government				
Council				
Personnel	66,694	64,332	(2,362)	64,968
Operations	119,550	109,800	(9,750)	115,984
Administration				
Personnel	783,002	802,766	19,764	1,000,899
Operations	79,485	102,101	22,616	111,854
Court				
Personnel	317,114	302,931	(14,183)	-
Operations	98,554	63,383	(35,171)	-
Finance				
Personnel	266,186	229,721	(36,465)	240,259
Operations	64,014	58,655	(5,359)	52,789
Planning, building and technology				
Personnel	1,005,305	969,328	(35,977)	914,960
Operations	591,325	552,159	(39,166)	520,483
Total general government	3,391,229	3,255,176	(136,053)	3,022,197
Public safety				
Personnel	5,910,417	5,638,794	(271,623)	5,448,212
Operations	910,589	791,398	(119,191)	707,736
Parks and sanitation				
Personnel	1,368,546	1,304,941	(63,605)	1,245,570
Operations	1,404,140	1,373,924	(30,216)	1,287,866
Transportation				
Personnel	554,407	565,494	11,087	565,875
Operations	450,740	546,996	96,256	543,961
Total expenditures	13,990,068	13,476,723	(513,345)	12,821,416
Capital outlay:				
General government	376,262	191,726	(184,536)	311,884
Public safety	922,097	525,274	(396,823)	920,252
Parks and sanitation	204,947	196,815	(8,132)	294,913
Transportation	317,626	110,080	(207,546)	141,518
Total capital outlay	1,820,932	1,023,895	(797,037)	1,668,567
Total expenditures and capital outlay	15,811,000	14,500,618	(1,310,382)	14,489,983
Excess (deficiency) of revenues over expenditures	(892,716)	1,377,003	2,269,719	21,333
<b>Other Financing Sources (Uses)</b>				
Other financing sources - leases and subscriptions	-	34,355	34,355	64,944
Sale of capital assets	-	113,868	113,868	-
Transfers in	1,687,726	1,687,726	-	2,940,540
Transfers out	(1,376,415)	(1,376,415)	-	(1,288,119)
Total other financing sources (uses)	311,311	459,534	148,223	1,717,365
Net change in fund balances	(581,405)	1,836,537	2,417,942	1,738,698
Fund balances - beginning	9,234,774	9,234,774	-	7,496,076
Fund balances - ending	8,653,369	11,071,311	2,417,942	9,234,774

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, 2023**

(With comparative amounts as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Restricted - cash and temporary investments	<u>\$ 5,051,675</u>	<u>\$ 4,049,064</u>
Total assets	<u><u>\$ 5,051,675</u></u>	<u><u>\$ 4,049,064</u></u>
<b>Liabilities</b>		
Unearned revenue	<u>\$ 5,051,675</u>	<u>\$ 4,049,064</u>
Total liabilities	<u>5,051,675</u>	<u>4,049,064</u>
Total liabilities and deferred inflows of resources	<u>5,051,675</u>	<u>4,049,064</u>
<b>Fund Balances</b>		
Restricted	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ 5,051,675</u></u>	<u><u>\$ 4,049,064</u></u>

## Town of Lexington, South Carolina

### ARPA Fund

#### Statement of Revenues, Expenditures, and Changes in Fund Balances

##### For the Year Ended June 30, 2023

(With comparative amounts for the year ended June 30, 2022)

	2023	2022
<b>Revenues</b>		
Grant revenue	\$ 4,512,753	\$ 1,466,300
Interest income	333,668	12,876
Total revenues	<u>4,846,421</u>	<u>1,479,176</u>
Excess of revenues over expenditures	<u>4,846,421</u>	<u>1,479,176</u>
<b>Other Financing Sources (Uses)</b>		
Transfers out	<u>(4,846,421)</u>	<u>(1,479,176)</u>
Total other financing sources (uses)	<u>(4,846,421)</u>	<u>(1,479,176)</u>
Net change in fund balances	-	-
Fund balances - beginning	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>



**Town of Lexington, South Carolina**

**Hospitality Tax Fund  
Balance Sheet**

**June 30, 2023**

(With comparative amounts as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Restricted - cash and temporary investments	\$ 6,874,757	\$ 4,182,806
Restricted - other receivables	382,509	311,668
Total assets	<u>\$ 7,257,266</u>	<u>\$ 4,494,474</u>
<b>Liabilities</b>		
Accounts payable	\$ 198,873	\$ 64,096
Construction payables	280,258	265,540
Total liabilities	<u>479,131</u>	<u>329,636</u>
Total liabilities and deferred inflows of resources	<u>479,131</u>	<u>329,636</u>
<b>Fund Balances</b>		
Restricted	6,778,135	4,164,838
Total fund balances	<u>6,778,135</u>	<u>4,164,838</u>
Total liabilities and fund balances	<u>\$ 7,257,266</u>	<u>\$ 4,494,474</u>

**Town of Lexington, South Carolina**

**Hospitality Tax Fund**

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

**For the Year Ended June 30, 2023**

(With comparative amounts for the year ended June 30, 2022)

	2023	2022
<b>Revenues</b>		
Hospitality tax	\$ 4,215,984	\$ 3,584,665
Interest income	181,610	11,666
Total revenues	<u>4,397,594</u>	<u>3,596,332</u>
<b>Expenditures</b>		
Capital outlay:		
Tourism related	406,571	1,937,761
Total expenditures	<u>406,571</u>	<u>1,937,761</u>
Excess of revenues over expenditures	<u>3,991,023</u>	<u>1,658,571</u>
<b>Other Financing Sources (Uses)</b>		
Transfers out	(1,377,726)	(1,240,505)
Total other financing sources (uses)	<u>(1,377,726)</u>	<u>(1,240,505)</u>
Net change in fund balances	2,613,297	418,066
Fund balances - beginning	4,164,838	3,746,771
Fund balances - ending	<u>\$ 6,778,135</u>	<u>\$ 4,164,838</u>

# Town of Lexington, South Carolina

## Downtown TIF District Balance Sheet

**June 30, 2023**

(With comparative amounts as of June 30, 2022)

	2023	2022
<b>Assets</b>		
Restricted - cash and temporary investments	\$ 371,286	\$ 404,718
Restricted - due from other governments	31	31
Restricted - other receivables	6,919	-
Total assets	<u>\$ 378,236</u>	<u>\$ 404,749</u>
<b>Liabilities</b>		
Accounts payable	\$ 135,343	\$ 5,710
Due to other funds	8,869	-
Construction payables	14,680	-
Revenue BANs - current	4,445,000	4,505,000
Total liabilities	<u>4,603,892</u>	<u>4,510,710</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue -- property taxes	5,985	-
Total deferred inflows of resources	<u>5,985</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>4,609,877</u>	<u>4,510,710</u>
<b>Fund Balances (Deficits)</b>		
Unassigned	(4,231,641)	(4,105,961)
Total fund balances (deficits)	<u>(4,231,641)</u>	<u>(4,105,961)</u>
Total liabilities and fund balances	<u>\$ 378,236</u>	<u>\$ 404,749</u>

**Town of Lexington, South Carolina**

**Downtown TIF District**

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

**For the Year Ended June 30, 2023**

(With comparative amounts for the year ended June 30, 2022)

	2023	2022
<b>Revenues</b>		
Property taxes	\$ 229,043	\$ 248,873
Interest income	8,255	539
Total revenues	<u>237,298</u>	<u>249,412</u>
<b>Expenditures</b>		
Debt service:		
Interest	134,775	13,140
Bond issuance costs	97,682	115,982
Capital outlay:		
Parks and sanitation	199,775	8,035
Total expenditures	<u>432,232</u>	<u>137,157</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(194,934)</u>	<u>112,255</u>
<b>Other Financing Sources (Uses)</b>		
Other financing source - bond premium	69,254	-
Total other financing sources (uses)	<u>69,254</u>	<u>-</u>
Net change in fund balances	(125,680)	112,255
Fund balances (deficits) - beginning	(4,105,961)	(4,218,216)
Fund balances (deficits) - ending	<u>\$ (4,231,641)</u>	<u>\$ (4,105,961)</u>

# Town of Lexington, South Carolina

## Corley Mill TIF District Balance Sheet

**June 30, 2023**

(With comparative amounts as of June 30, 2022)

	2023	2022
<b>Assets</b>		
Restricted - cash and temporary investments	\$ 249,958	\$ 241,460
Restricted - other receivables	9,500	12,136
Total assets	<u>\$ 259,458</u>	<u>\$ 253,596</u>
<b>Liabilities</b>		
Accounts payable	\$ 31,094	\$ 44,296
Due to other funds	-	9,132
Revenue BANs - current	3,680,000	3,520,000
Other liabilities	9,500	9,500
Total liabilities	<u>3,720,594</u>	<u>3,582,928</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue -- property taxes	-	2,636
Total deferred inflows of resources	<u>-</u>	<u>2,636</u>
Total liabilities and deferred inflows of resources	<u>3,720,594</u>	<u>3,585,564</u>
<b>Fund Balances (Deficits)</b>		
Unassigned	(3,461,136)	(3,331,968)
Total fund balances (deficits)	<u>(3,461,136)</u>	<u>(3,331,968)</u>
Total liabilities and fund balances (deficits)	<u>\$ 259,458</u>	<u>\$ 253,596</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, 2023**

(With comparative amounts for the year ended June 30, 2022)

	2023	2022
<b>Revenues</b>		
Property taxes	\$ 33,823	\$ 29,167
Interest income	6,040	114
Total revenues	<u>39,863</u>	<u>29,281</u>
<b>Expenditures</b>		
Debt service:		
Interest	70,204	8,921
Bond issuance costs	131,091	123,145
Capital outlay:		
Transportation	8,436	658,699
Total expenditures	<u>209,731</u>	<u>790,765</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(169,868)</u>	<u>(761,484)</u>
<b>Other Financing Sources (Uses)</b>		
Other financing source - bond premium	<u>40,700</u>	<u>-</u>
Total other financing sources (uses)	<u>40,700</u>	<u>-</u>
Net change in fund balances	(129,168)	(761,484)
Fund balances (deficits) - beginning	(3,331,968)	(2,570,484)
Fund balances (deficits) - ending	<u>\$ (3,461,136)</u>	<u>\$ (3,331,968)</u>

# Town of Lexington, South Carolina

## Gibson Pond Fund Balance Sheet

**June 30, 2023**

(With comparative amounts as of June 30, 2022)

	2023	2022
<b>Assets</b>		
Restricted - cash and temporary investments	\$ 1,010,357	\$ 983,053
Restricted - due from other governments	145,909	145,909
Total assets	<u>\$ 1,156,266</u>	<u>\$ 1,128,962</u>
<b>Liabilities</b>		
Accounts payable	\$ 754	\$ 10,094
Due to other funds	64,308	51,247
BANs payable - current	7,700,000	7,540,000
Total liabilities	<u>7,765,062</u>	<u>7,601,340</u>
Total liabilities and deferred inflows of resources	<u>7,765,062</u>	<u>7,601,340</u>
<b>Fund Balances (Deficits)</b>		
Unassigned	(6,608,796)	(6,472,379)
Total fund balances (deficits)	<u>(6,608,796)</u>	<u>(6,472,379)</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,156,266</u>	<u>\$ 1,128,962</u>

**Town of Lexington, South Carolina**

**Gibson Pond Fund**

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

**For the Year Ended June 30, 2023**

(with comparative amounts for the year ended June 30, 2022)

	2023	2022
<b>Revenues</b>		
Interest income	\$ 27,149	\$ 5,033
Total revenues	<u>27,149</u>	<u>5,033</u>
<b>Expenditures</b>		
Debt service:		
Interest	84,826	137,794
Bond/BAN issuance costs	160,736	148,028
Capital outlay:		
Parks and sanitation	4,476	220,096
Total expenditures	<u>250,038</u>	<u>505,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(222,889)</u>	<u>(500,885)</u>
<b>Other Financing Sources (Uses)</b>		
Other financing source - bond/BAN premium	86,471	-
Transfers in	-	3,484,643
Transfers out	-	(4,225,942)
Total other financing sources (uses)	<u>86,471</u>	<u>(741,300)</u>
Net change in fund balances	(136,418)	(1,242,185)
Fund balances (deficits) - beginning	(6,472,378)	(5,230,193)
Fund balances (deficits) - ending	<u>\$ (6,608,796)</u>	<u>\$ (6,472,378)</u>



**Town of Lexington, South Carolina**

**Virginia Hylton Park Fund  
Balance Sheet**

**June 30, 2023**

(With comparative amounts as of June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and temporary investments	\$ 1,260,269	\$ -
Total assets	<u>\$ 1,260,269</u>	<u>\$ -</u>
<b>Liabilities</b>		
Accounts payable	\$ 829,371	\$ 2,250
Due to other funds	93,714	126,695
Construction payables	<u>431,020</u>	<u>-</u>
Total liabilities	<u>1,354,105</u>	<u>128,945</u>
Total liabilities and deferred inflows of resources	<u>1,354,105</u>	<u>128,945</u>
<b>Fund Balances (Deficits)</b>		
Unassigned	<u>(93,836)</u>	<u>(128,945)</u>
Total fund balances (deficits)	<u>(93,836)</u>	<u>(128,945)</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,260,269</u>	<u>\$ -</u>

**Town of Lexington, South Carolina**

**Virginia Hylton Park Fund**

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

**For the Year Ended June 30, 2023**

(With comparative amounts for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Total revenues	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>		
Capital outlay:		
Parks and sanitation	<u>5,024,079</u>	<u>143,370</u>
Total expenditures	<u>5,024,079</u>	<u>143,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,024,079)</u>	<u>(143,370)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	<u>5,059,188</u>	<u>153,257</u>
Total other financing sources (uses)	<u>5,059,188</u>	<u>153,257</u>
Net change in fund balances	35,109	9,887
Fund balances (deficits) - beginning	<u>(128,945)</u>	<u>(138,832)</u>
Fund balances (deficits) - ending	<u><u>\$ (93,836)</u></u>	<u><u>\$ (128,945)</u></u>

**Town of Lexington, South Carolina**

**Special Revenue Funds  
Combining Balance Sheet**

**June 30, 2023**

(With comparative total amounts as of June 30, 2022)

	Alcohol Permits	Drug Fund	Police Grants	Victims' Assistance	250th Anniversary	Emergency Response and Recovery	COVID 19	Impact Fees	Sidewalk Fund
<b>Assets</b>									
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,458	\$ -	\$ -	\$ -
Receivables, net	-	-	2,086	-	-	-	-	-	-
Due from other governments	-	-	130,561	-	-	-	-	-	-
Restricted - cash and temporary investments	237,694	2,188	113,749	32,019	3,000	204,484	97,494	620,058	666,254
Total assets	\$ 237,694	\$ 2,188	\$ 246,396	\$ 32,019	\$ 3,000	\$ 250,942	\$ 97,494	\$ 620,058	\$ 666,254
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ 171	\$ 197	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	1,492	1,582	-	-	-	-	-
Due to other funds	-	-	126,895	-	-	-	-	-	-
Unearned revenue	-	-	-	-	3,000	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	603,378
Total liabilities	-	-	128,558	1,779	3,000	-	-	-	603,378
Total liabilities and deferred inflows of resources	-	-	128,558	1,779	3,000	-	-	-	603,378
<b>Fund Balances (Deficits)</b>									
Restricted	237,694	2,188	117,838	30,240	-	-	97,494	620,058	62,876
Committed	-	-	-	-	-	250,942	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	237,694	2,188	117,838	30,240	-	250,942	97,494	620,058	62,876
Total liabilities and fund balances (deficits)	\$ 237,694	\$ 2,188	\$ 246,396	\$ 32,019	\$ 3,000	\$ 250,942	\$ 97,494	\$ 620,058	\$ 666,254

**Town of Lexington, South Carolina**

**Special Revenue Funds  
Combining Balance Sheet**

**June 30, 2023**  
(With comparative total amounts as of June 30, 2022)  
(Continued)

	Accommodations' Tax	Lexington Conference Center	Golden Hills Tax District	Amphitheater	Vision Plan	Veterans' Monument	Tuition Reimbursement	Park Improvements	TOTALS
<b>Assets</b>									
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 16,326	\$ 324,708	\$ -	\$ 18,570	\$ -	\$ 406,062
Receivables, net	-	-	-	6,330	-	-	-	-	8,416
Due from other governments	111,328	-	-	-	-	-	-	-	241,889
Restricted - cash and temporary investments	357,124	5,971,376	331,518	-	-	-	-	21,062	8,658,020
Total assets	\$ 468,452	\$ 5,971,376	\$ 331,518	\$ 22,656	\$ 324,708	\$ -	\$ 18,570	\$ 21,062	\$ 9,314,387
<b>Liabilities</b>									
Accounts payable	\$ 187,539	\$ -	\$ -	\$ 18,890	\$ -	\$ -	\$ -	\$ -	\$ 206,797
Accrued payroll liabilities	-	-	-	-	-	-	-	-	3,074
Due to other funds	-	-	-	-	-	-	-	-	126,895
Unearned revenue	-	5,931,169	-	-	-	-	-	-	5,934,169
Other liabilities	-	-	-	-	-	-	-	-	603,378
Total liabilities	187,539	5,931,169	-	18,890	-	-	-	-	6,874,313
Total liabilities and deferred inflows of resources	187,539	5,931,169	-	18,890	-	-	-	-	6,874,313
<b>Fund Balances (Deficits)</b>									
Restricted	280,913	40,207	331,518	-	-	-	-	21,062	1,842,088
Committed	-	-	-	3,766	324,708	-	18,570	-	597,986
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	280,913	40,207	331,518	3,766	324,708	-	18,570	21,062	2,440,074
Total liabilities and fund balances (deficits)	\$ 468,452	\$ 5,971,376	\$ 331,518	\$ 22,656	\$ 324,708	\$ -	\$ 18,570	\$ 21,062	\$ 9,314,387
									\$ 3,793,185

**Town of Lexington, South Carolina**

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

**For the Year Ended June 30, 2023**

(With comparative total amounts for the year ended June 30, 2022)

	Alcohol Permits	Drug Fund	Police Grants	Victims' Assistance	250th Anniversary	Emergency Response and Recovery	COVID 19	Impact Fees	Sidewalk Fund
<b>Revenues</b>									
Grant revenue	-	\$ -	\$ 706,489	\$ -	\$ -	\$ -	\$ -	\$ -	-
Road assessment	-	-	-	-	-	-	-	-	-
Alcohol permits	83,536	-	-	-	-	-	-	-	-
Fines and forfeitures	-	11,867	-	35,670	-	-	-	-	-
Impact fees	-	-	-	-	-	-	-	416,459	-
Interest income	314	-	53	30	-	3,043	172	935	333
Accommodations tax	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	83,850	11,867	706,542	35,700	-	3,043	172	417,394	333
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	479,043	-	-	-
Public safety	-	3,968	553,316	-	-	-	-	-	-
Parks and sanitation	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Victims' assistance	-	-	-	89,043	-	-	-	-	-
Tourism related	-	-	-	-	-	-	-	-	-
Capital outlay:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	44,477	-	-	-	-	-	-
Parks and sanitation	-	-	-	-	-	-	-	-	-
Total expenditures	-	3,968	597,793	89,043	-	479,043	-	-	-
Excess (deficiency) of revenues over (under) expenditures	83,850	7,899	108,749	(53,343)	-	(476,000)	172	417,394	333
<b>Other Financing Sources (Uses)</b>									
Sale of capital assets	-	-	9,944	-	-	-	-	-	-
Transfers in	-	-	-	60,000	-	-	-	(336,542)	-
Transfers out	-	-	-	-	-	(275,000)	-	(336,542)	-
Total other financing sources (uses)	-	-	9,944	60,000	-	(275,000)	-	-	-
Net change in fund balances	83,850	7,899	118,693	6,657	-	(751,000)	172	80,852	333
Fund balances (deficits) - beginning	153,844	(5,711)	(855)	23,583	-	1,001,942	97,322	539,206	62,543
Fund balances (deficits) - ending	\$ 237,694	\$ 2,188	\$ 117,838	\$ 30,240	\$ -	\$ 250,942	\$ 97,494	\$ 620,058	\$ 62,876

Town of Lexington, South Carolina

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

For the Year Ended June 30, 2023

(With comparative total amounts for the year ended June 30, 2022)  
(Continued)

	TOTALS									
	Accommodations' Tax	Lexington Conference Center	Golden Hills Tax District	Amphitheater	Vision Plan	Veterans' Monument	Tuition Reimbursement	Park Improvements	2023	2022
<b>Revenues</b>										
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 706,489	\$ 731,354
Road assessment	-	-	61,966	-	-	-	-	-	61,966	47,994
Alcohol permits	-	-	-	-	-	-	-	-	83,536	62,100
Fines and forfeitures	-	-	-	-	-	-	-	-	47,537	41,304
Impact fees	-	-	-	-	-	-	-	-	416,459	305,507
Interest income	489	40,207	8,454	-	135	-	40	70	54,275	5,408
Accommodations tax	312,676	-	-	-	-	-	-	-	312,676	285,131
Miscellaneous	-	-	-	393,837	268,873	-	-	-	662,710	449,729
Total revenues	313,165	40,207	70,420	393,837	269,008	-	40	70	2,345,648	1,928,527
<b>Expenditures</b>										
Current:										
General government	-	-	-	-	50,941	-	10,952	-	540,936	268,118
Public safety	-	-	-	-	-	-	-	-	557,284	584,786
Parks and sanitation	-	-	-	379,326	-	(81)	-	8,391	387,636	421,466
Transportation	-	-	1,180	-	-	-	-	-	1,180	-
Victims' assistance	-	-	-	-	-	-	-	-	89,043	89,109
Tourism related	247,539	-	-	-	-	-	-	-	247,539	202,409
Capital outlay:										
General government	-	-	-	-	3,919	-	-	-	3,919	8,713
Public safety	-	-	-	-	-	-	-	-	44,477	125,488
Parks and sanitation	-	-	-	50,000	-	-	-	18,205	68,205	95,987
Total expenditures	247,539	-	1,180	429,326	54,860	(81)	10,952	26,596	1,940,219	1,796,076
Excess (deficiency) of revenues over (under) expenditures	65,626	40,207	69,240	(35,489)	214,148	81	(10,912)	(26,526)	405,429	132,451
<b>Other Financing Sources (Uses)</b>										
Sale of capital assets	-	-	-	-	-	-	-	-	9,944	-
Transfers in	-	-	-	25,005	10,000	500	5,000	-	100,505	208,836
Transfers out	(35,000)	-	-	-	-	-	-	-	(646,542)	(220,859)
Total other financing sources (uses)	(35,000)	-	-	25,005	10,000	500	5,000	-	(536,093)	(12,023)
Net change in fund balances	30,626	40,207	69,240	(10,484)	224,148	581	(5,912)	(26,526)	(130,664)	120,428
Fund balances (deficits) - beginning	250,287	-	262,278	14,250	100,560	(581)	24,482	47,588	2,570,738	2,450,310
Fund balances (deficits) - ending	\$ 280,913	\$ 40,207	\$ 331,518	\$ 3,766	\$ 324,708	\$ -	\$ 18,570	\$ 21,062	\$ 2,440,074	\$ 2,570,738

**Town of Lexington, South Carolina**

**Special Revenue Victims' Assistance Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Budget (GAAP Basis) and Actual**

**For the Year Ended June 30, 2023**

(With comparative actual amounts for the year ended June 30, 2022)

	2023				2022
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	Actual
<b>Revenues</b>					
Fines and forfeitures	\$ 29,160	\$ 29,160	\$ 35,670	\$ 6,510	\$ 38,430
Interest income	-	-	30	30	47
Total revenues	<u>29,160</u>	<u>29,160</u>	<u>35,700</u>	<u>6,540</u>	<u>38,477</u>
<b>Expenditures</b>					
Current:					
Victims' assistance	89,160	89,160	89,043	117	89,109
Total expenditures	<u>89,160</u>	<u>89,160</u>	<u>89,043</u>	<u>117</u>	<u>89,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>(53,343)</u>	<u>6,423</u>	<u>(50,632)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	60,000	60,000	60,000	-	60,000
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Net change in fund balances	-	-	6,657	6,657	9,368
Fund balances - beginning	23,583	23,583	23,583	-	14,215
Fund balances - ending	<u>\$ 23,583</u>	<u>\$ 23,583</u>	<u>\$ 30,240</u>	<u>\$ 6,657</u>	<u>\$ 23,583</u>

*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, 2023**

(With comparative amounts as of June 30, 2022)

	2023	2022
<b>Assets</b>		
Cash and temporary investments	\$ 1,195,549	\$ 617,400
Total assets	<u>\$ 1,195,549</u>	<u>\$ 617,400</u>
<b>Fund Balances</b>		
Committed	\$ 1,195,549	\$ 617,400
Total fund balances	<u>1,195,549</u>	<u>617,400</u>
Total liabilities and fund balances	<u>\$ 1,195,549</u>	<u>\$ 617,400</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, 2023**

(With comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
				Actual
<b>Revenues</b>				
Interest income	\$ -	\$ -	\$ 3,215	\$ 3,215
Total revenues	-	-	3,215	1,035
<b>Expenditures</b>				
Debt service:				
Interest	1,000	1,000	1,009	(9)
Principal retirement	599,000	599,000	24,057	574,943
Total debt service	600,000	600,000	25,066	574,934
Total expenditures	600,000	600,000	25,066	574,934
Excess (deficiency) of revenues over (under) expenditures	(600,000)	(600,000)	(21,851)	578,149
<b>Other Financing Sources (Uses)</b>				
Transfers in	600,000	600,000	600,000	-
Total other financing sources (uses)	600,000	600,000	600,000	-
Net change in fund balances	-	-	578,149	578,149
Fund balances - beginning	617,400	617,400	617,400	-
Fund balances - ending	\$ 617,400	\$ 617,400	\$ 1,195,549	\$ 578,149

*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 Funds  
Combining Balance Sheet**

**June 30, 2023**

(With comparative amounts as of June 30, 2022)

	Saluda River Bike-Pedestrian	Streets & Infrastructure	Clark House	Downtown Development	TOTALS	
					2023	2022
<b>Assets</b>						
Cash and temporary investments	\$ -	\$ 1,902,675	\$ -	\$ 115,968	\$ 2,018,643	\$ 2,053,926
Restricted - cash and temporary investments	-	-	-	23,900	23,900	23,900
Total assets	<u>\$ -</u>	<u>\$ 1,902,675</u>	<u>\$ -</u>	<u>\$ 139,868</u>	<u>\$ 2,042,543</u>	<u>\$ 2,077,826</u>
<b>Liabilities</b>						
Accounts payable	\$ 11,500	\$ 15,810	\$ -	\$ -	\$ 27,310	\$ 5,250
Due to other funds	7,285	-	-	-	7,285	16,436
Total liabilities	<u>18,785</u>	<u>15,810</u>	<u>-</u>	<u>-</u>	<u>34,595</u>	<u>21,686</u>
Total liabilities and deferred inflows of resources	<u>18,785</u>	<u>15,810</u>	<u>-</u>	<u>-</u>	<u>34,595</u>	<u>21,686</u>
<b>Fund Balances (Deficits)</b>						
Restricted	-	-	-	23,900	23,900	23,900
Committed	-	1,886,865	-	115,968	2,002,833	2,048,676
Unassigned	(18,785)	-	-	-	(18,785)	(16,436)
Total fund balances (deficits)	<u>(18,785)</u>	<u>1,886,865</u>	<u>-</u>	<u>139,868</u>	<u>2,007,948</u>	<u>2,056,140</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ 1,902,675</u>	<u>\$ -</u>	<u>\$ 139,868</u>	<u>\$ 2,042,543</u>	<u>\$ 2,077,826</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, 2023**

(With comparative total amounts for the year ended June 30, 2022)

	Saluda River Bike-Pedestrian	Streets & Infrastructure	Clark House	Downtown Development	TOTALS	
					2023	2022
<b>Revenues</b>						
Interest income	\$ -	\$ 58,255	\$ -	\$ 247	\$ 58,502	\$ 4,517
Total revenues	-	58,255	-	247	58,502	4,517
<b>Expenditures</b>						
Capital outlay:						
Public safety	-	-	-	-	-	22,689
Parks and sanitation	18,785	-	-	-	18,785	1,306
Transportation	-	887,594	-	-	887,594	93,128
Total expenditures	18,785	887,594	-	-	906,379	117,123
Excess (deficiency) of revenues over (under) expenditures	(18,785)	(829,339)	-	247	(847,877)	(112,606)
<b>Other Financing Sources (Uses)</b>						
Sale of capital assets	-	-	-	-	-	74,373
Transfers in	-	783,249	16,436	-	799,685	1,169,784
Total other financing sources (uses)	-	783,249	16,436	-	799,685	1,244,157
Net change in fund balances	(18,785)	(46,090)	16,436	247	(48,192)	1,131,551
Fund balances (deficits) - beginning	-	1,932,955	(16,436)	139,621	2,056,140	924,589
Fund balances (deficits) - ending	\$ (18,785)	\$ 1,886,865	\$ -	\$ 139,868	\$ 2,007,948	\$ 2,056,140

**Town of Lexington, South Carolina**  
**Waterworks and Sewer System Enterprise Fund**  
**Statement of Net Position**

**June 30, 2023**

(with comparative amounts as of June 30, 2022)

	2023	2022
<b>Assets</b>		
Cash and temporary investments	\$ 25,080,942	\$ 20,401,542
Receivables, net	4,538,777	4,159,382
Inventories - supplies	667,854	792,325
Prepaid items	54,624	36,455
Restricted - cash and temporary investments	1,337,349	2,392,264
Land and construction in progress	11,067,556	15,082,511
Buildings, vehicles, equipment and infrastructure	127,613,346	121,865,815
Intangible - capacity reserve	30,677,239	32,111,151
Intangible - retail distribution rights	1,301,450	1,351,506
Prepaid capital improvements	1,919,148	1,644,984
Total assets	<u>204,258,285</u>	<u>199,837,935</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflow pension related	1,103,936	1,472,342
Deferred charge on refunding	2,166,064	2,277,258
Total deferred outflows of resources	<u>3,270,000</u>	<u>3,749,600</u>
Total assets and deferred outflows of resources	<u>\$ 207,528,285</u>	<u>\$ 203,587,535</u>
<b>Liabilities</b>		
Accounts payable	1,710,160	1,766,800
Accrued payroll liabilities	109,468	288,147
Customer deposits	96,001	74,035
Construction payables	125,397	608,405
Accrued interest	390,455	404,005
Accrued compensated absences-current portion	220,000	225,000
Revenue bonds - current	2,216,250	2,135,013
Revenue bonds payable	79,912,951	82,546,322
Accrued compensated absences	100,074	110,240
Asset retirement obligation	977,902	977,902
OPEB liability	164,365	146,301
Net pension liability	7,530,641	7,519,592
Total liabilities	<u>93,553,664</u>	<u>96,801,762</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflow - leases	288,750	307,830
Deferred inflow OPEB related	204,927	228,889
Deferred inflow pension related	209,132	1,102,468
Total deferred inflows of resources	<u>702,809</u>	<u>1,639,187</u>
Total liabilities and deferred inflows of resources	<u>94,256,473</u>	<u>98,440,949</u>
<b>Net Position</b>		
Net investment in capital assets	90,918,129	89,383,652
Restricted for:		
Capital projects	2,529	1,894
Debt service	576,722	466,038
Unrestricted	21,774,432	15,295,002
Total net position	<u>\$ 113,271,812</u>	<u>\$ 105,146,586</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, 2023**  
(with comparative amounts or the year ended June 30, 2022)

	2023	2022
<b>Operating Revenues</b>		
Water service	\$ 6,827,431	\$ 6,458,378
Sewer service	17,924,299	16,550,068
Tap and meter fees	62,977	85,108
Other income	549,822	584,195
Total operating revenues	<u>25,364,529</u>	<u>23,677,749</u>
<b>Operating Expenses</b>		
Salaries and benefits	5,222,770	6,198,798
Water and sewer treatment services	4,572,513	4,362,684
Contractual services	783,338	801,503
Supplies	576,392	499,695
Depreciation and amortization	6,029,182	5,605,798
Other operating expense	2,550,033	2,226,101
Total operating expenses	<u>19,734,228</u>	<u>19,694,579</u>
Operating income	<u>5,630,301</u>	<u>3,983,170</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	853,770	63,379
Interest expense	(2,676,466)	(2,904,545)
Bond issuance costs	(3,250)	(570,621)
Total nonoperating revenues (expenses)	<u>(1,825,946)</u>	<u>(3,411,787)</u>
Income (loss) before contributions and transfers	3,804,355	571,383
<b>Capital Contributions</b>		
Capital contribution fees	2,827,272	1,367,621
Developer capital asset contributions	1,493,599	3,053,719
Total capital contributions	<u>4,320,871</u>	<u>4,421,340</u>
Transfers in (out)	<u>-</u>	<u>(117,836)</u>
Total transfers in (out)	<u>-</u>	<u>(117,836)</u>
Change in net position	8,125,226	4,874,887
Total net position - beginning	105,146,586	100,271,699
Total net position - ending	<u>\$ 113,271,812</u>	<u>\$ 105,146,586</u>

**Town of Lexington, South Carolina**

**Waterworks and Sewer System Enterprise Fund  
Statement of Cash Flows**

**For the year ended June 30, 2023**

(With comparative amounts for the year ended June 30, 2022)

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Cash receipts from customers	\$ 24,713,858	\$ 23,395,653
Payments to employees	(5,932,880)	(5,815,975)
Payments to suppliers	(8,573,475)	(8,489,423)
Net cash provided (used) by operating activities	<u>10,207,503</u>	<u>9,090,255</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase and construction of capital assets	(5,160,664)	(7,100,739)
Bond issuance costs paid	(3,250)	(570,621)
Principal paid on capital debt	(2,248,563)	(21,561,647)
Interest and fees paid	(2,882,394)	(3,064,480)
Proceeds from bond issuance	-	18,568,944
Proceeds from capital contribution fees	2,827,272	1,367,621
Proceeds from sale of assets	30,811	3,045
Net cash provided (used) by capital and related financing activities	<u>(7,436,788)</u>	<u>(12,357,877)</u>
<b>Cash Flows from Investing Activities</b>		
Interest received	853,770	63,379
Net cash provided (used) by investing activities	<u>853,770</u>	<u>63,379</u>
Net increase (decrease) in cash and cash equivalents	3,624,485	(3,204,243)
Balances - beginning of year	22,793,806	25,998,049
Balances - end of the year	<u>\$ 26,418,291</u>	<u>\$ 22,793,806</u>
<b>Reconciliation to the Statement of Net Position</b>		
Cash and temporary investments	\$ 25,080,942	\$ 20,401,542
Restricted -- cash and temporary investments	1,337,349	2,392,264
	<u>\$ 26,418,291</u>	<u>\$ 22,793,806</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating Income	\$ 5,654,426	\$ 4,006,352
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	6,029,182	5,605,798
Changes in assets and liabilities:		
Customer Receivables	(672,638)	(287,250)
Inventory	124,472	(30,312)
Prepaid items	(18,169)	27,458
Accounts Payable - Supplier	(218,112)	(620,296)
Customer deposits	21,967	5,154
Compensated absences	(15,166)	(17,291)
Salaries & Benefits Payable	(698,459)	400,642
Net cash provided (used) by operating activities	<u>\$ 10,207,503</u>	<u>\$ 9,090,255</u>
<b>Noncash investing, capital and financing supplementary information</b>		
Revenue bond discount amortization	\$ -	\$ 2,769
Revenue bond premium amortization	\$ (303,571)	\$ (327,833)
Revenue bond deferred amount on refunding amortization	\$ 111,194	\$ 111,194
Contributed capital assets from developers	<u>\$ 1,493,599</u>	<u>\$ 3,053,719</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, 2023**

(With comparative amounts at June 30, 2022)

	2023	2022
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 8,563,581	\$ 8,563,581
Buildings	23,748,059	23,654,725
Vehicles and equipment	8,217,905	8,255,158
Streets and roadways	31,952,536	26,831,730
Sidewalks	2,879,481	2,879,481
Storm drainage	4,246,500	4,246,500
Furniture	65,684	58,875
Construction in progress	9,374,955	6,905,503
Total governmental funds capital assets	<u>\$ 89,048,701</u>	<u>\$ 81,395,553</u>
<b>Investments in Governmental Funds Capital Assets by Source:</b>		
General fund	\$ 17,451,821	\$ 17,499,958
Special revenue funds	33,335,081	29,006,279
Capital projects funds	11,210,267	8,985,933
Donations	27,051,532	25,903,383
Total governmental funds capital assets	<u>\$ 89,048,701</u>	<u>\$ 81,395,553</u>

Town of Lexington, South Carolina

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

June 30, 2023

Function and Activity	Land	Buildings and Improvements	Vehicles and Equipment	Furniture	Streets and Roadways	Sidewalks	Storm Drainage	Construction in Progress	Total
General government:									
Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,659
Information technology	-	40,021	774,146	-	-	-	-	-	814,167
Building department	-	90,317	204,257	-	-	-	-	-	294,574
Other-unclassified	2,866,845	6,575,963	-	-	-	-	-	-	9,442,808
Total general government	2,866,845	6,706,301	1,030,062	-	-	-	-	-	10,603,208
Public safety:									
Police	-	2,692,710	4,034,513	-	-	-	-	-	6,727,223
Police grants and programs	-	-	804,538	-	-	-	-	-	804,538
Total public safety	-	2,692,710	4,839,051	-	-	-	-	-	7,531,761
Parks and sanitation	1,030,229	11,346,664	1,262,809	65,684	-	-	-	5,894,885	19,600,271
Transportation	2,099,274	20,684	1,085,983	-	23,563,627	2,879,481	4,246,500	1,200,400	35,095,949
Tourism related	2,567,233	2,981,700	-	-	8,388,909	-	-	2,279,670	16,217,512
Total governmental funds capital assets	\$ 8,563,581	\$ 23,748,059	\$ 8,217,905	\$ 65,684	\$ 31,952,536	\$ 2,879,481	\$ 4,246,500	\$ 9,374,955	\$ 89,048,701

**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, 2023**

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets June 30, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Funds Capital Assets June 30, 2023</b>
General government:				
Administration	\$ 69,452	\$ -	\$ (17,793)	\$ 51,659
Information technology	756,316	72,813	(14,962)	814,167
Building department	307,505	7,045	(19,976)	294,574
Other-unclassified	9,442,808	-	-	9,442,808
Total general government	<u>10,576,081</u>	<u>79,858</u>	<u>(52,731)</u>	<u>10,603,208</u>
Public safety:				
Police	6,661,506	439,584	(373,867)	6,727,223
Police grants and programs	860,886	30,151	(86,499)	804,538
Total public safety	<u>7,522,392</u>	<u>469,735</u>	<u>(460,366)</u>	<u>7,531,761</u>
Parks and sanitation	<u>13,585,047</u>	<u>6,207,393</u>	<u>(192,169)</u>	<u>19,600,271</u>
Transportation	<u>32,490,400</u>	<u>2,902,763</u>	<u>(297,214)</u>	<u>35,095,949</u>
Tourism related	<u>17,221,633</u>	<u>132,297</u>	<u>(1,136,418)</u>	<u>16,217,512</u>
Total governmental funds capital assets	<u><u>\$ 81,395,553</u></u>	<u><u>\$ 9,792,046</u></u>	<u><u>\$ (2,138,898)</u></u>	<u><u>\$ 89,048,701</u></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, 2023

	<u>Municipal Court</u>
<b>Total Court Fines and Assessments:</b>	
Court fines and assessments collected	\$ 628,730
Court fines and assessments remitted to State Treasurer	<u>(327,182)</u>
Total Court fines and assessments retained	<u>\$ 301,548</u>
 <b>Surcharges and Assessments retained for Victim's Services</b>	
Surcharges collected and retained	\$ 7,089
Assessments retained	<u>28,581</u>
Total surcharges and assessments retained for victims services	<u>\$ 35,670</u>
 <b>Victim Services Collected</b>	
Carryforward from previous year - beginning balance	\$ 23,583
Victim Service Revenue	
Victim service fines retained by the Town	-
Victim service assessments retained by the Town	28,581
Victim service surcharges retained by the Town	7,089
General funds transferred to victim service fund	<u>60,000</u>
Total funds allocated to victim service fund + beginning balance (A)	<u>119,253</u>
 Expenditures for Victim Service Program	
Operating expenditures	\$ 89,043
General funds transferred from victim service fund	<u>-</u>
Total expenditures from victim service fund/program (B)	<u>89,043</u>
 Total victim service funds retained by the Town (A-B)	<u>30,210</u>
 Carryforward funds - end of year	<u>\$ 30,210</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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 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	\$ 48,264,541
Restricted	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	8,635,035
Net position related to pensions	-	(8,529,887)	-	-	-	-	-	-	-	-
Unrestricted	1,433,504	7,027,556	(357,045)	(738,191)	(4,975,209)	(7,186,813)	(8,146,993)	(8,817,883)	(976,834)	738,294
<b>Total Governmental Activities Net Position</b>	<b>\$ 25,586,213</b>	<b>\$ 17,568,163</b>	<b>\$ 21,391,430</b>	<b>\$ 27,283,587</b>	<b>\$ 30,147,887</b>	<b>\$ 34,054,231</b>	<b>\$ 38,286,346</b>	<b>\$ 42,300,304</b>	<b>\$ 48,000,649</b>	<b>\$ 57,637,870</b>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 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	\$ 90,918,129
Restricted	2,770,896	2,882,005	4,635,549	4,678,831	3,055,334	297,373	352,549	4,806,150	467,932	579,251
Unrestricted	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	21,774,432
<b>Total Business-Type Activities Net Position</b>	<b>\$ 75,428,917</b>	<b>\$ 71,883,873</b>	<b>\$ 75,641,401</b>	<b>\$ 79,694,301</b>	<b>\$ 81,809,405</b>	<b>\$ 86,650,890</b>	<b>\$ 92,964,056</b>	<b>\$ 100,271,699</b>	<b>\$ 105,146,586</b>	<b>\$ 113,271,812</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 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	\$ 139,182,670
Restricted	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	9,214,286
Unrestricted	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	22,512,726
<b>Total Primary Government Net Position</b>	<b>\$ 101,015,130</b>	<b>\$ 89,452,036</b>	<b>\$ 97,032,831</b>	<b>\$ 106,977,888</b>	<b>\$ 111,957,292</b>	<b>\$ 120,705,121</b>	<b>\$ 131,250,402</b>	<b>\$ 142,572,003</b>	<b>\$ 153,147,235</b>	<b>\$ 170,909,682</b>

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 4,143,697
Public safety	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	7,865,678
Parks and sanitation	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	3,962,133
Transportation	-	-	-	-	-	904,302	2,148,751	2,306,875	2,374,041	2,457,378
Victims' assistance	60,586	70,203	69,444	69,429	74,863	77,410	89,661	90,094	88,079	95,674
Tourism related	117,156	83,747	149,164	212,161	476,416	153,358	177,904	210,670	441,535	501,878
Interest on long-term debt	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	645,969
Total governmental activities expenses	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	19,672,407
Business-type activities:										
Water and sewer system	14,326,478	14,932,300	16,604,056	16,395,543	18,961,278	19,344,251	20,421,957	21,778,517	23,169,745	22,413,944
Total business-type activities expenses	14,326,478	14,932,300	16,604,056	16,395,543	18,961,278	19,344,251	20,421,957	21,778,517	23,169,745	22,413,944
Total primary government expenses	\$ 25,253,927	\$ 26,850,967	\$ 28,801,680	\$ 29,737,878	\$ 33,571,663	\$ 34,489,107	\$ 37,049,408	\$ 39,182,663	\$ 40,686,897	\$ 42,086,351
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 280,736	\$ 328,703	\$ 546,280	\$ 480,286	\$ 737,423	\$ 658,588	\$ 569,198	\$ 788,678	\$ 756,247	\$ 758,001
Public safety	330,134	329,874	289,954	228,524	219,284	222,488	179,400	255,005	268,345	277,745
Parks, streets, and sanitation	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	2,953,514
Transportation	-	-	-	-	-	43,926	69,565	218,858	262,640	286,647
Victims' assistance	38,361	41,300	68,915	32,266	29,086	32,510	25,671	30,820	38,430	35,670
Tourism related	204,867	229,004	184,559	194,084	216,984	219,375	186,479	170,572	285,634	313,165
Operating grants and contributions	279,646	149,973	297,213	903,283	601,658	818,991	598,825	1,321,893	813,018	1,055,181
Capital grants and contributions	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	6,163,503
Total governmental activities program revenues	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	11,843,426
Business-type activities:										
Charges for services:										
Water and sewer system	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	25,364,529
Capital grants and contributions	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	4,320,871
Total business-type activities program revenues	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	29,685,400
Total primary government program revenues	\$ 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	\$ 41,528,826

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (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)	\$ (7,828,981)
Business-type activities	1,654,102	1,594,233	3,662,001	3,930,741	1,926,172	4,865,699	6,111,503	7,218,083	4,929,344	7,271,456
	<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>\$ (4,445,333)</u>	<u>\$ (557,525)</u>
Total primary government net (expense)/revenue										
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes by source:										
Property tax	\$ 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	\$ 3,921,475
Business license tax	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	7,501,727
Hospitality tax	-	-	1,933,233	2,611,948	2,713,008	2,882,786	2,848,726	3,208,712	3,596,332	4,397,594
State aid not restricted for specific purpose	418,627	419,223	465,791	532,430	585,881	655,640	1,030,139	563,011	688,712	755,851
Unrestricted investment earnings	1,868	6,616	3,847	16,262	22,552	50,152	45,565	11,363	29,566	569,317
Miscellaneous	-	62,171	-	-	-	-	-	-	-	-
Other financing source - bond issuance	-	-	-	-	-	64,702	-	-	-	196,426
Gain (loss) on sale of capital assets	(48,506)	4,932	266,233	23,975	(27,134)	39,066	(103,249)	23,889	-	123,812
Transfers	-	134,769	-	-	-	25,000	(16,282)	(46,052)	117,836	-
	<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>	<u>17,466,202</u>
Total governmental activities										
Business-type activities:										
Water and sewer system:										
Unrestricted investment earnings	42,670	52,731	95,527	129,565	295,743	267,751	185,381	33,253	63,379	853,770
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	-	-
	<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>(54,457)</u>	<u>853,770</u>
Total business-type activities										
Total primary government	<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>\$ 15,020,565</u>	<u>\$ 18,319,972</u>
<b>Change in net position:</b>										
Governmental activities	\$ 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	\$ 9,637,221
Business-type activities	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	8,125,226
	<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>	<u>\$ 17,762,447</u>

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

(Modified Accrual Basis of Accounting)

(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 9,580	\$ 89,549	\$ 247,405	\$ 254,673	\$ 285,223	\$ 327,716	\$ 320,065	\$ 409,867	\$ 405,611	\$ 445,683
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	330,000	-	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Unassigned	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	10,025,627
Total general fund	<u>\$ 3,915,497</u>	<u>\$ 3,852,285</u>	<u>\$ 5,060,148</u>	<u>\$ 5,614,672</u>	<u>\$ 6,092,864</u>	<u>\$ 6,100,826</u>	<u>\$ 6,131,729</u>	<u>\$ 7,496,076</u>	<u>\$ 9,234,774</u>	<u>\$ 11,071,310</u>
Downtown TIF District										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 484,797	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	(233,532)	(2,442,387)	(3,889,049)	(4,460,505)	(4,080,297)	(4,175,367)	(4,218,216)	(4,105,961)	(4,231,641)
	<u>\$ -</u>	<u>\$ (233,532)</u>	<u>\$ (2,442,387)</u>	<u>\$ (3,889,049)</u>	<u>\$ (3,975,708)</u>	<u>\$ (4,080,297)</u>	<u>\$ (4,175,367)</u>	<u>\$ (4,218,216)</u>	<u>\$ (4,105,961)</u>	<u>\$ (4,231,641)</u>
Corley Mill TIF District										
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ (73,678)	\$ (1,716,384)	\$ (2,125,588)	\$ (2,570,484)	\$ (3,331,968)	\$ (3,461,136)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (73,678)</u>	<u>\$ (1,716,384)</u>	<u>\$ (2,125,588)</u>	<u>\$ (2,570,484)</u>	<u>\$ (3,331,968)</u>	<u>\$ (3,461,136)</u>
Hospitality tax fund										
Restricted	\$ -	\$ -	\$ 1,660,790	\$ 3,023,999	\$ 1,727,244	\$ 2,230,385	\$ 3,472,469	\$ 3,746,772	\$ 4,164,838	\$ 6,778,135
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,660,790</u>	<u>\$ 3,023,999</u>	<u>\$ 1,727,244</u>	<u>\$ 2,230,385</u>	<u>\$ 3,472,469</u>	<u>\$ 3,746,772</u>	<u>\$ 4,164,838</u>	<u>\$ 6,778,135</u>
Gibson Pond fund										
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,230,193)	\$ (6,472,378)	\$ (6,608,796)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,230,193)</u>	<u>\$ (6,472,378)</u>	<u>\$ (6,608,796)</u>
Virginia Hylton Pond fund										
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (93,836)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (93,836)</u>
All other governmental funds										
Special revenue funds										
Restricted	\$ 933,099	\$ 510,103	\$ 618,327	\$ 671,507	\$ 560,096	\$ 602,441	\$ 1,682,373	\$ 1,992,065	\$ 2,408,835	\$ 1,842,088
Committed	37	-	-	217,980	292,664	282,411	433,715	458,245	169,050	597,986
Assigned	-	153,035	82,176	-	-	-	-	-	-	-
Unassigned	(494,890)	(2,482)	(72,061)	(21,654)	(68,151)	(129,946)	(174,879)	-	(7,147)	-
Capital projects and debt service										
Nonspendable	-	-	-	-	-	-	-	97	-	-
Restricted	971,758	521,042	521,047	1,312,292	1,547,120	304,255	66,198	65,031	23,900	23,900
Committed	-	-	-	-	-	1,089,413	1,564,142	1,760,495	2,666,076	3,198,382
Assigned	-	612,540	15,523	-	-	-	-	-	-	-
Unassigned	(428,061)	(47,739)	153,112	(227,671)	(238,134)	(2,603)	(340,558)	(719,316)	(145,381)	(18,785)
Total all other governmental funds	<u>\$ 981,943</u>	<u>\$ 1,746,499</u>	<u>\$ 1,318,124</u>	<u>\$ 1,952,454</u>	<u>\$ 2,093,595</u>	<u>\$ 2,145,971</u>	<u>\$ 3,230,991</u>	<u>\$ 3,556,617</u>	<u>\$ 5,115,333</u>	<u>\$ 5,643,571</u>

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

(Modified Accrual Basis of Accounting)  
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes by source:										
Property tax	\$ 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	\$ 4,176,410
Hospitality tax	-	-	1,933,233	2,611,948	2,713,008	2,882,786	2,811,664	3,199,205	3,584,666	4,215,984
Franchises, licenses, and permits	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	10,533,666
Intergovernmental	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	6,058,629
Fines and forfeitures	366,368	368,523	285,077	260,844	248,340	254,975	205,055	285,777	306,751	313,415
Interest income	3,457	8,137	33,395	21,597	48,100	120,391	122,507	26,487	55,253	901,706
Miscellaneous	358,310	405,947	328,865	664,877	618,512	584,904	460,753	605,302	1,229,396	1,633,501
Total revenues	\$ 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	\$ 27,833,311
<b>Expenditures</b>										
Current:										
General government	\$ 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	\$ 3,796,112
Public safety	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	6,987,476
Parks and sanitation	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	3,066,501
Transportation	-	-	-	-	-	935,700	994,887	990,097	1,109,836	1,113,670
Victims' assistance	62,515	70,218	69,112	69,095	74,410	73,545	80,334	79,269	89,109	89,043
Tourism related	117,156	83,747	133,725	197,003	117,525	153,358	179,904	210,670	202,409	247,539
Capital outlay	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	7,690,212
Debt service:										
Principal	399,250	389,250	534,250	644,393	626,590	732,690	533,664	560,000	314,950	24,057
Interest	27,465	146,950	101,279	180,987	143,315	286,414	241,446	163,867	164,468	290,814
BAN issue costs	-	-	-	-	134,968	216,365	234,567	393,337	387,155	389,509
Administrative charges	-	1,496	1,496	1,166	1,166	-	-	-	-	-
Total expenditures	\$ 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	\$ 23,694,933
Excess (deficiency) of revenues over (under) expenditures	\$ (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	\$ 4,138,378

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

(Modified Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Other financing sources (uses)</b>										
Transfers in	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	8,247,104
Transfers out	(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)	(8,247,104)
Proceeds from capital lease/other obligations	-	-	308,215	-	-	-	-	-	-	-
Sale of capital assets	259,949	4,932	266,233	23,975	3,150	39,066	16	25,589	74,373	123,812
Refunding bonds issued	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- subscriptions	-	-	-	36,667	-	64,702	68,931	259,286	64,944	34,355
Other financing sources- BAN issuance	-	2,640,000	5,865,000	1,430,000	-	-	-	-	-	196,425
Other financing (uses)- BAN repayment	-	(3,300,000)	(6,790,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	266,433	(673,260)	(471,042)	(126,896)	3,150	128,768	52,665	238,823	257,153	354,592
Net change in fund balances	\$ (1,755,340)	\$ 467,812	\$ 231,423	\$ 1,105,401	\$ (837,759)	\$ (1,183,816)	\$ 1,853,733	\$ (3,753,662)	\$ 1,824,066	\$ 4,492,970
Capital asset expenditures	\$ 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	\$ 7,690,212
Debt service as a percentage of noncapital expenditures	4.3%	5.2%	5.9%	6.9%	6.0%	7.2%	5.5%	5.0%	3.1%	2.0%



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

(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Water Service (Thousands of Gallons)</b>										
In-town										
Residential	324,390	343,623	370,406	375,811	348,836	370,323	367,373	382,950	386,644	392,324
Commercial	329,868	340,914	359,454	389,301	383,696	397,270	369,173	359,679	381,314	393,564
Total	654,258	684,537	729,860	765,112	732,532	767,593	736,546	742,629	767,958	785,888
Out of town										
Residential	95,131	111,190	124,982	135,035	127,453	139,494	138,285	146,096	144,779	146,874
Commercial	31,688	30,841	32,056	29,309	26,049	29,727	33,798	33,509	31,325	34,431
Total	126,819	142,031	157,038	164,344	153,502	169,221	172,083	179,605	176,104	181,305
Total direct rate	\$ 6.07	\$ 5.98	\$ 5.75	\$ 5.76	\$ 6.09	\$ 6.13	\$ 6.48	\$ 6.53	\$ 6.84	\$ 7.06
<b>Sewer Service (Thousands of Gallons)</b>										
In-town										
Residential	335,846	354,499	391,136	410,072	390,174	429,245	440,501	465,205	473,497	489,514
Commercial	266,636	275,494	286,202	297,686	294,315	299,603	280,422	279,698	300,268	308,842
Total	602,482	629,993	677,338	707,758	684,489	728,848	720,923	744,903	773,765	798,356
Out of town										
Residential	405,229	470,045	537,032	578,742	563,433	609,460	638,546	659,020	654,936	684,653
Commercial	59,522	51,782	63,350	55,257	48,538	52,489	55,576	54,430	55,345	62,150
Total	464,751	521,827	600,382	633,999	611,971	661,949	694,122	713,450	710,281	746,803
Total direct rate	\$ 7.30	\$ 7.08	\$ 7.28	\$ 7.36	\$ 8.69	\$ 9.47	\$ 9.77	\$ 6.45	\$ 11.15	\$ 11.60

Source: Utility billing records

TOWN OF LEXINGTON, SOUTH CAROLINA

WATER AND SEWER RATES  
LAST TEN FISCAL YEARS

(Unaudited)

Water Service	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023	
	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	\$ 7.29	\$ 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	\$ 8.19	\$ 4.57	\$ 8.64	\$ 4.82
Commercial	\$ 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	\$ 8.19	\$ 4.26	\$ 8.64	\$ 4.49
Out of town																				
Residential	\$ 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	\$ 14.73	\$ 8.23	\$ 15.54	\$ 8.68
Commercial	\$ 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	\$ 14.73	\$ 7.67	\$ 15.54	\$ 8.09
Sewer Service																				
In-town																				
Residential	\$ 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	\$ 8.48	\$ 5.89	\$ 8.95	\$ 6.21
Commercial	\$ 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	\$ 8.48	\$ 5.89	\$ 8.95	\$ 6.21
Out of town																				
Residential	\$ 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	\$ 14.42	\$ 10.00	\$ 15.21	\$ 10.55
Commercial	\$ 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	\$ 14.42	\$ 10.00	\$ 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)

		June 30, 2023			June 30, 2022		
		WATER		SEWER	WATER		SEWER
Taxpayer	Consumption (x 1000)	Rank	Percentage of Total Consumption		Consumption (x 1000)	Rank	Percentage of Total Consumption
County government	25,193	1	2.60%		34,598	1	3.66%
Apartment complex	14,345	2	1.48%		14,345	2	1.52%
Apartment complex	13,073	3	1.35%		13,073	3	1.38%
Apartment complex	12,574	4	1.30%		12,574	4	1.33%
Apartment complex	9,579	5	0.99%		9,579	5	1.01%
School district	7,573	6	0.78%		8,198	6	0.87%
Apartment complex	6,983	7	0.72%		6,983	7	0.74%
Apartment complex	6,715	8	0.69%		6,715	8	0.71%
Medical Center	6,624	9	0.68%		6,624	9	0.70%
Manufacturer	6,487	10	0.67%		6,487	10	0.69%
Mobile home park		-	-			-	-
Totals	109,146		11.26%		119,176		12.61%
Total consumption	967,192				944,062		

TOWN OF LEXINGTON, SOUTH CAROLINA  
PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

(Continued)

		June 30, 2019			June 30, 2018				
		WATER		SEWER	WATER		SEWER		
Taxpayer	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County government	36,892	1	3.94%	34,832	1	2.50%	37,347	1	4.22%
Apartment complex	12,369	2	1.32%	10,709	3	0.77%	11,188	3	1.26%
Apartment complex	12,341	3	1.32%	10,004	5	0.72%	10,726	4	1.21%
Apartment complex	10,425	4	1.11%	10,425	4	0.75%	8,769	6	0.99%
Apartment complex	9,225	5	0.98%	9,225	6	0.66%	9,135	5	1.03%
Assisted Living	8,982	6	0.96%	-	-	-	12,560	2	1.42%
Car wash	8,909	7	0.95%	-	-	-	-	-	-
Apartment complex	8,267	8	0.88%	7,254	7	0.52%	8,346	7	0.94%
Apartment complex	8,224	9	0.88%	5,994	9	0.43%	6,615	10	0.75%
School district	7,357	10	0.79%	17,751	2	1.28%	7,496	9	0.85%
Apartment complex	-	-	-	6,703	8	0.48%	7,829	8	0.88%
Mobile home park	-	-	-	-	-	-	-	-	-
Medical	-	-	-	5,735	10	0.41%	-	-	-
Totals	122,991		13.13%	118,632		8.52%	120,011		13.55%
Total consumption	936,814			1,390,823			886,033		
				Total consumption 1,296,486					

		June 30, 2017			June 30, 2016				
		WATER		SEWER	WATER		SEWER		
Taxpayer	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption
County government	41,747	1	4.49%	38,825	1	4.20%	37,252	1	4.20%
Apartment complex	12,273	2	1.32%	12,273	3	0.91%	12,028	2	1.36%
Apartment complex	11,029	3	1.19%	9,091	5	0.68%	10,712	4	1.21%
Apartment complex	11,015	4	1.19%	8,786	6	0.65%	9,624	6	1.09%
Apartment complex	9,830	5	1.06%	9,830	4	0.73%	10,345	5	1.17%
Apartment complex	9,044	6	0.97%	7,446	9	0.55%	11,933	3	1.35%
Car wash	8,468	7	0.91%	8,468	7	0.63%	5,892	10	0.66%
School district	7,209	8	0.78%	15,574	2	1.16%	6,280	9	0.71%
Apartment complex	6,769	9	0.73%	-	-	-	8,769	7	0.99%
Apartment complex	6,514	10	0.70%	6,514	10	0.49%	6,819	8	0.77%
Mobile home park	-	-	-	7,851	8	0.59%	-	-	-
Totals	123,898		13.34%	124,658		-	119,654		-
Total consumption	929,456			1,341,756			886,898		

TOWN OF LEXINGTON, SOUTH CAROLINA  
PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)  
(Continued)

		June 30, 2015				June 30, 2014			
		WATER		SEWER		WATER		SEWER	
Taxpayer	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)
County government	32,572	1	3.94%	31,801	1	32,777	1	2.51%	28,997
Apartment complex	11,648	2	1.41%	8,471	6	10,021	5	0.77%	8,345
Apartment complex	9,836	3	1.19%	9,101	4	-	-	-	-
Apartment complex	9,290	4	1.12%	8,539	5	10,224	4	0.78%	8,693
Apartment complex	8,244	5	1.00%	8,244	7	17,508	2	1.34%	17,508
Apartment complex	7,641	6	0.92%	-	-	6,708	7	0.51%	-
Apartment complex	6,969	7	0.84%	6,969	8	9,540	6	0.73%	9,540
School district	6,713	8	0.81%	16,630	2	-	-	-	13,795
Manufacturer	6,469	9	0.78%	-	-	4,560	9	0.35%	-
Apartment complex	6,421	10	0.78%	6,421	10	5,843	8	0.45%	5,843
Mobile home park	-	-	-	13,153	3	-	-	-	9,080
Extended care facility	-	-	-	6,755	9	-	-	-	7,003
Apartment complex	-	-	-	-	-	11,415	3	0.88%	10,769
Apartment complex	-	-	-	-	-	4,351	10	0.33%	-
Totals	105,803		12.79%	116,084		112,947		8.65%	119,543
Total consumption	826,586			1,154,031		1,304,560			1,062,838

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		
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%
2023	2022	\$ 123,145,010	\$ 2,525,399,700	\$ 27,775,870	\$ 337,020,680	\$ 150,920,880	\$ 2,862,420,380	26.06	5.27%

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 County</u>	<u>Lexington</u>		<u>Midlands</u>		<u>Recreation Commission</u>	<u>Riverbanks Zoo</u>	<u>Mental Health</u>	<u>Total</u>	
				<u>School District 1</u>	<u>School District 2</u>	<u>Technical College</u>	<u>Technical College</u>				<u>School District 1</u>	<u>School District 2</u>
2014	2013	35.14	86.89	349.67	183.12	4.37	4.37	15.74	1.89	0.50	494.20	327.65
2015	2014	35.14	94.25	349.51	176.21	4.37	4.37	16.74	2.39	0.50	502.90	329.60
2016	2015 (1)	35.14	94.44	369.37	225.96	4.35	4.35	16.00	2.09	-	521.39	377.98
2017	2016	34.29	94.97	384.29	225.96	4.35	4.35	16.22	2.09	-	536.22	377.89
2018	2017	34.29	94.69	403.25	225.96	4.35	4.35	16.10	2.09	-	554.77	377.48
2019	2018	34.29	97.16	407.70	225.96	4.35	4.35	15.90	2.09	-	561.49	379.75
2020	2019	34.29	98.35	412.40	230.22	4.35	4.35	15.80	1.00	-	566.19	384.01
2021	2020	26.06	96.66	398.86	230.22	4.17	4.17	14.93	1.00	-	541.68	373.04
2022	2021	26.06	96.21	398.86	234.40	4.17	4.17	15.06	0.80	-	541.16	376.70
2023	2022	26.06	96.21	398.86	242.40	4.17	4.17	15.06	0.80	-	541.16	384.70

(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	2023			2022			2021		
	Taxable Assessed Value (12/31/2022)	Rank	Percentage of Total Taxable Assessed Value	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
Dominion Energy	\$ 4,021,500	1	2.66%	\$ 3,774,980	1	2.65%	\$ 3,676,380	1	2.68%
Lullwater at Saluda Pointe, LLC	1,599,600	2	1.06%	1,599,600	2	1.12%	1,282,330	6	0.93%
CHP Columbia SC Owner, LLC	1,397,670	3	0.93%	1,397,670	3	0.98%	1,425,957	2	1.04%
Lauren Ridge Apartments, LP	1,302,860	4	0.86%	1,302,860	4	0.91%	1,302,860	4	0.95%
West Shore Mill, LLC	1,285,950	5	0.85%	1,285,980	5	0.90%	1,285,950	5	0.94%
Lexington at Hope Ferry, LLC	1,260,000	6	0.83%	1,260,000	6	0.88%	1,260,000	3	0.92%
Cedarcrest Village Apartments	1,157,180	7	0.77%	1,156,940	7	0.81%	1,178,009	7	0.86%
Morgan Overlook Apartments, LLC	952,200	8	0.63%	952,200	8	0.67%	952,200	8	0.69%
Waterway Apartments	879,750	9	0.58%	879,750	9	0.62%	879,750	9	0.64%
W M Lexington Trust	807,860	10	0.54%	807,860	10	0.57%	807,860	10	0.59%
Totals	\$ 14,664,570		9.72%	\$ 14,417,840		10.11%	\$ 14,051,296		10.24%
Total Assessed Valuations	\$ 150,920,880			\$ 142,544,781			\$ 137,332,270		
Taxpayer	2020			2019			2018		
	Taxable Assessed Value (12/31/2019)	Rank	Percentage of Total Taxable Assessed Value	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
South Carolina Electric & Gas/ Dominion Energy	\$ 3,606,300	1	2.98%	\$ 3,599,070	1	3.13%	\$ 3,430,700	1	3.15%
CHP Columbia SC Owner, LLC	1,215,370	2	1.00%	1,215,370	2	1.06%	-	-	-
Lexington at Hope Ferry, LLC	1,204,120	3	0.99%	-	-	-	-	-	-
Lauren Ridge Apartments, LP	1,132,920	4	0.93%	1,132,920	3	0.99%	962,550	5	0.88%
West Shore Mill, LLC	1,118,220	5	0.92%	1,118,250	4	0.97%	-	-	-
Lullwater at Saluda Pointe, LLC	1,115,070	6	0.92%	1,115,070	5	0.97%	1,115,070	2	1.02%
Cedarcrest Village Apartments	1,007,290	7	0.83%	1,007,290	6	0.88%	1,000,500	4	0.92%
Morgan Overlook Apartments, LLC	828,000	8	0.68%	828,000	7	0.72%	828,000	6	0.76%
Waterway Apartments	765,000	9	0.63%	765,000	8	0.67%	765,000	7	0.70%
Moore Orthopaedic Clinic	729,180	10	0.60%	-	-	-	-	-	-
W M Lexington Trust	-	-	-	702,480	9	0.61%	702,480	8	0.65%
Hamman Family Real Estate Co L	-	-	-	639,550	10	0.56%	-	-	-
Century Mill Partners, LLC	-	-	-	-	-	-	1,065,820	3	0.98%
Lowes Home Centers	-	-	-	-	-	-	626,820	10	0.58%
FC Real Estate Lexington, LLC	-	-	-	-	-	-	646,092	9	0.59%
Totals	\$ 12,721,470		10.50%	\$ 12,123,000		10.56%	\$ 11,143,032		10.23%
Total Assessed Valuations	\$ 121,189,080			\$ 114,837,380			\$ 108,848,910		



TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

(Unaudited)

(Continued)

Taxpayer	2017			2016			2015		
	Taxable Assessed Value (12/31/2016)	Rank	Percentage of Total Taxable Assessed Value	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
South Carolina Electric & Gas	\$ 3,227,130	1	3.09%	\$ 3,020,150	1	3.00%	\$ 2,959,360	1	3.08%
Lullwater at Saluda Pointe, LLC	1,115,070	2	1.07%	1,115,070	2	1.11%	969,620	2	1.01%
Century Mill Partners, LLC	1,065,820	3	1.02%	1,065,820	3	1.06%	967,250	3	1.01%
Cedarcrest Village Apartments	1,000,500	4	0.96%	1,000,500	4	0.99%	870,000	4	0.91%
Lauren Ridge Apartments, LP	962,550	5	0.92%	962,550	5	0.96%	837,000	5	0.87%
Morgan Overlook Apartments, LLC	828,000	6	0.79%	828,000	6	0.82%	720,000	7	0.75%
W M Lexington Trust	702,480	7	0.67%	702,480	8	0.70%	610,860	8	0.64%
Lowes Home Centers	615,150	8	0.59%	708,250	7	0.70%	789,340	6	0.82%
Shenandoah Apartments	606,450	9	0.58%	606,450	10	0.60%	-	-	-
Home Depot USA	594,650	10	0.57%	688,690	9	0.68%	563,150	9	0.59%
Harman Family Real Estate Co L	-	-	-	-	-	-	538,140	10	0.56%
Totals	\$ 10,717,800		10.26%	\$ 10,697,960		10.62%	\$ 9,824,720		10.24%
Total Assessed Valuations	\$ 104,560,480			\$ 100,778,920			\$ 96,049,710		

Taxpayer	2014		
	Taxable Assessed Value (12/31/2013)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 2,840,070	1	3.04%
Lullwater at Saluda Pointe, LLC	969,620	2	1.04%
Century Mill Partners, LLC	966,530	3	1.04%
Lauren Ridge Apartments, LP	870,000	4	0.93%
Cedarcrest Village Apartments	837,000	5	0.90%
Lowes Home Centers	807,880	6	0.87%
Morgan Overlook Apartments, LLC	720,000	7	0.77%
W M Lexington Trust	610,850	8	0.65%
Waterway Apartments	572,650	9	0.61%
Harman Family Real Estate Co L	562,150	10	0.60%
Totals	\$ 9,756,750		10.45%
Total Assessed Valuations	\$ 93,278,030		

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
2014	2013	\$ 3,271,076	\$ 3,174,423	97.05%	91,812	\$ 3,266,235	99.85%
2015	2014	3,356,739	3,274,799	97.56%	76,398	3,351,197	99.83%
2016	2015	3,524,510	3,430,311	97.33%	86,880	3,517,191	99.79%
2017	2016	3,551,937	3,463,162	97.50%	80,277	3,543,439	99.76%
2018	2017	3,694,096	3,597,444	97.38%	83,163	3,680,607	99.63%
2019	2018	3,910,507	3,817,471	97.62%	73,519	3,890,990	99.50%
2020	2019	4,134,651	4,028,539	97.43%	86,473	4,115,012	99.53%
2021	2020	3,598,440	3,518,511	97.78%	56,715	3,575,226	99.35%
2022	2021	3,695,662	3,609,177	97.66%	57,860	3,667,037	99.23%
2023	2022	\$ 3,949,181	\$ 3,810,344	96.48%	N/A	\$ 3,810,344	96.48%

Source: Lexington County Treasurer's Office as of 6/30/23.

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>
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
2023	\$	7,501,727	\$	2,488,182	\$	543,757	\$	10,533,666

Source: Town of Lexington Trial Balance

## TOWN OF LEXINGTON, SOUTH CAROLINA

## PRINCIPAL BUSINESS LICENSE FILERS

(Unaudited)

Taxpayer	June 30, 2023				June 30, 2022				June 30, 2021				June 30, 2020			
	Licenses	Fees	Rank	Percentage of Total	Licenses	Fees	Rank	Percentage of Total	Licenses	Fees	Rank	Percentage of Total	Licenses	Fees	Rank	Percentage of Total
Pharmacy	Longs	\$ 198,288	1	2.64%	\$ 79,082	3	1.15%	-	-	-	1	1.65%	\$ 354,119	1	5.86%	-
Retail Store	walmart	117,528	2	1.57%	108,134	1	1.57%	100,841	1	1.65%	2	1.62%	97,904	2	1.62%	-
Retail Store	target	57,314	3	0.76%	55,107	5	0.80%	47,850	3	0.78%	4	0.65%	39,133	4	0.65%	-
Home Improvement Store	lowes	56,833	4	0.76%	50,058	7	0.73%	50,058	2	0.93%	2	0.76%	45,747	3	0.76%	-
Grocery Store	publix	47,872	5	0.64%	42,913	8	0.62%	39,563	5	0.65%	5	0.65%	35,099	7	0.58%	-
Home Improvement Store	home depot	47,402	6	0.63%	50,243	6	0.73%	41,456	4	0.68%	4	0.68%	38,120	5	0.63%	-
Home Improvement Store	84 lumber	44,007	7	0.59%	68,163	4	0.99%	24,370	9	0.40%	8	0.49%	29,703	8	0.49%	-
Automotive Dealer	jt auto	38,083	8	0.51%	39,026	9	0.57%	31,142	6	0.51%	-	-	-	-	-	-
Construction	HEAVY IRON	32,089	9	0.43%	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturer	ECO LAB	30,782	10	0.41%	-	-	-	-	-	-	-	-	-	-	-	-
Automotive Dealer	carvana	-	-	-	93,069	2	1.35%	-	-	-	-	-	-	-	-	-
Automotive Dealer	herndon	-	-	-	28,996	10	0.42%	26,574	7	0.43%	9	0.48%	29,156	9	0.48%	-
Manufacturer	quadco usa	-	-	-	-	-	-	26,482	8	0.43%	-	-	-	-	-	-
Pharmacy	cvs	-	-	-	-	-	-	21,375	10	0.35%	-	-	-	-	-	-
Computer Store	apple inc	-	-	-	-	-	-	-	-	-	6	0.59%	35,773	6	0.59%	-
Automotive Dealer	wps inc, honda	-	-	-	-	-	-	-	-	-	10	0.40%	24,227	10	0.40%	-
Totals		\$ 670,198		8.94%	\$ 614,791		8.93%	\$ 416,706		6.81%			\$ 728,981		12.06%	
Total License Fees		\$ 7,501,727			\$ 6,900,820			\$ 6,126,515					\$ 6,038,373			

Taxpayer	June 30, 2019				June 30, 2018				June 30, 2017				June 30, 2016			
	Licenses	Fees	Rank	Percentage of Total	Licenses	Fees	Rank	Percentage of Total	Licenses	Fees	Rank	Percentage of Total	Licenses	Fees	Rank	Percentage of Total
Pharmacy	Longs	\$ 275,145	1	4.77%	\$ 193,922	1	3.47%	\$ 171,439	1	3.42%	1	2.55%	\$ 122,704	1	2.55%	-
Retail Store	walmart	96,047	2	1.67%	95,648	2	1.71%	95,193	2	1.90%	2	1.94%	93,511	2	1.94%	-
Automotive Dealer	jt auto	50,047	3	0.87%	49,895	5	0.89%	44,761	3	0.89%	5	0.80%	38,664	5	0.80%	-
Home Improvement Store	lowes	44,122	4	0.77%	-	-	-	41,913	4	0.84%	4	0.84%	40,427	4	0.84%	-
Home Improvement Store	home depot	36,143	5	0.63%	33,933	7	0.61%	31,201	7	0.62%	8	0.58%	27,901	8	0.58%	-
Retail Store	target	35,611	6	0.62%	31,947	6	0.57%	31,978	6	0.64%	7	0.72%	34,777	7	0.72%	-
Grocery Store	publix	35,012	7	0.61%	35,340	3	0.63%	41,633	5	0.83%	3	0.86%	41,438	3	0.86%	-
Home Improvement Store	84 lumber	33,849	8	0.59%	-	-	-	-	-	-	-	-	-	-	-	-
Automotive Dealer	herndon	26,415	9	0.46%	21,746	10	0.39%	-	-	-	10	0.45%	21,476	10	0.45%	-
Automotive Dealer	wps inc	25,633	10	0.44%	24,720	8	0.44%	24,734	9	0.49%	-	-	-	-	-	-
Pharmacy	Longs	-	-	-	44,105	4	0.79%	-	-	-	-	-	-	-	-	-
Retail Store	best buy	-	-	-	21,870	9	0.39%	21,443	10	0.43%	9	0.47%	22,483	9	0.47%	-
Lawn and Garden Service	naturchem	-	-	-	-	-	-	29,825	8	0.59%	6	0.75%	36,070	6	0.75%	-
Totals		\$ 658,024		11.43%	\$ 553,126		9.89%	\$ 534,120		10.65%			\$ 479,451		9.96%	
Total License Fees		\$ 5,764,738			\$ 5,584,681			\$ 5,018,546					\$ 4,813,669			

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL BUSINESS LICENSE FILERS

(Unaudited)

(Continued)

Taxpayer	June 30, 2015			June 30, 2014		
	License Fees	Rank	Percentage of Total	License Fees	Rank	Percentage of Total
Retail Store	\$ 90,978	1	2.07%	\$ 90,420	1	2.26%
Grocery Store	39,693	3	0.90%	37,199	3	0.93%
Home Improvement Store	37,009	4	0.84%	35,020	4	0.88%
Retail Store	33,971	7	0.77%	33,768	5	0.84%
Computer Store	22,368	10	0.51%	-	-	-
Automotive Dealer	34,128	6	0.78%	-	-	-
Retail Store	-	-	-	22,594	8	0.56%
Boat Dealer	34,622	5	0.79%	-	-	-
Automotive Dealer	-	-	-	20,805	10	0.52%
Lawn and Garden Service	32,382	8	0.74%	30,344	6	0.76%
Home Improvement Store	24,360	9	0.56%	23,607	7	0.59%
Automotive Dealer	-	-	0.00%	22,130	9	0.55%
Pharmacy	68,018	2	1.55%	41,018	2	1.02%
Totals	\$ 417,529		9.51%	\$ 356,905		8.91%
Total License Fees	\$ 4,387,785			\$ 4,002,197		

Source: Town of Lexington Business License Records

TOWN OF LEXINGTON, SOUTH CAROLINA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	Governmental Activities							Percentage of Actual Tax Value	Per Capita
	General Obligation Bonds	Revenue BAN	General Obligation BAN	Certificates of Participation	Lease & Subscriptions Payable	Notes Payable	Total		
2014	\$ 1,160,000	\$ -	\$ 3,300,000	\$ 892,469	\$ -	\$ 102,750	\$ 5,455,219	0.30%	\$ 271
2015	1,000,000	-	2,640,000	735,435	-	68,500	4,443,935	0.25%	214
2016	835,000	-	1,590,000	567,860	308,215	34,250	3,335,325	0.16%	157
2017	2,100,000	-	-	388,906	233,071	-	2,721,977	0.14%	125
2018	1,660,000	-	-	197,752	156,354	-	2,014,106	0.10%	90
2019	1,215,000	-	-	-	-	-	1,215,000	0.06%	53
2020	760,000	-	-	-	-	-	760,000	0.03%	32
2021	300,000	8,035,000	7,250,000	-	-	-	15,585,000	0.60%	644
2022	-	8,025,000	7,540,000	-	50,028	-	15,615,028	0.58%	628
2023	\$ -	\$ 8,125,000	\$ 7,700,000	\$ -	\$ 60,326	\$ -	\$ 15,885,326	0.55%	\$ 621

Fiscal Year Ended June 30	Business-Type Activities							Percentage of Personal Income	Per Capita
	Water and Sewer Revenue Bonds	Water and Sewer Bond Anticipation Notes	Contracts Payable	Other Leases	Total	Per Customer	Total Primary Government		
2014	\$ 54,576,512	\$ 10,047,790	\$ 1,347,669	\$ -	\$ 65,971,971	\$ 4,121	\$ 71,427,190	11.68%	\$ 3,545
2015	54,897,691	10,067,125	1,086,274	-	66,051,090	3,965	70,495,025	11.48%	3,402
2016	53,808,076	10,060,583	822,399	-	64,691,058	3,648	68,026,383	10.41%	3,195
2017	52,673,460	10,059,750	548,016	-	63,281,226	3,382	66,003,203	9.74%	3,019
2018	63,481,442	-	267,285	-	63,748,727	3,051	65,762,833	8.95%	2,932
2019	65,449,983	7,065,622	-	-	72,515,605	3,340	73,730,605	9.37%	3,206
2020	63,871,818	15,743,818	-	-	79,615,636	3,570	80,375,636	10.20%	3,412
2021	75,668,905	12,330,197	-	-	87,999,102	3,677	103,584,102	13.16%	4,279
2022	84,676,385	-	-	4,950	84,681,335	3,457	100,296,363	12.11%	4,031
2023	\$ 82,125,334	\$ -	\$ -	\$ 3,867	\$ 82,129,201	\$ 3,304	\$ 98,014,527	11.28%	\$ 3,833

Note: Details regarding the Town of Lexington's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

TOWN OF LEXINGTON, SOUTH CAROLINA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

(Unaudited)

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Revenue BAN</b>	<b>General Obligation BAN</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>
2014	\$ 1,160,000	\$ -	\$ 3,300,000	\$ -	\$ 4,460,000	0.25%	\$ 221
2015	1,000,000	-	2,640,000	-	3,640,000	0.20%	176
2016	835,000	-	1,590,000	-	2,425,000	0.13%	114
2017	2,100,000	-	-	-	2,100,000	0.11%	96
2018	1,660,000	-	-	-	1,660,000	0.08%	74
2019	1,215,000	-	-	159,255	1,055,745	0.05%	46
2020	760,000	-	-	302,616	457,384	0.02%	19
2021	300,000	8,035,000	7,250,000	-	15,585,000	0.60%	644
2022	-	8,025,000	7,540,000	-	15,565,000	0.58%	626
2023	\$ -	\$ 8,125,000	\$ 7,700,000	\$ -	\$ 15,825,000	0.55%	\$ 619

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, 2023  
(Unaudited)

Political Subdivision	Assessed		Gross General Obligation Debt Outstanding		
	<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	\$ 150,920,880	\$ 150,920,880	\$ 7,700,000	100.00%	\$ 7,700,000
Overlapping:					
Lexington County	1,586,855,062	150,920,880	13,800,000	9.51%	1,312,380
Lexington County School District One	739,707,392	150,428,650	582,318,100	20.34%	118,443,502
Lexington County School District Two	368,253,540	492,230	202,510,000	0.13%	263,263
Lexington County Recreation Commission	1,205,862,262	150,920,880	16,460,000	12.52%	2,060,792
Riverbanks Zoo	3,475,316,832	150,920,880	25,225,000	4.34%	1,094,765
Total Overlapping			840,313,100		123,174,702
Total			<u>\$ 848,013,100</u>		<u>\$ 130,874,702</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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 7,462,242	\$ 7,683,977	\$ 8,062,314	\$ 8,364,838	\$ 8,707,913	\$ 9,186,990	\$ 9,695,126	\$ 10,986,582	\$ 12,073,670	\$ 12,073,670
Total net debt applicable to debt limit	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	7,700,000
Legal debt margin	\$ 3,002,242	\$ 4,043,977	\$ 5,637,314	\$ 6,264,838	\$ 7,047,913	\$ 7,971,990	\$ 8,935,126	\$ 3,436,582	\$ 4,533,670	\$ 4,373,670
Total net debt applicable to debt limit as a percentage of debt limit	59.8%	47.4%	30.1%	25.1%	19.1%	13.2%	7.8%	68.7%	62.4%	63.8%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Total assessed value	\$ 150,920,880
Debt limit (8% of total assessed value)	12,073,670
Amount of debt applicable to debt limit:	7,700,000
Legal debt margin	\$ 4,373,670

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>Fiscal Year</b>	<b>Gross</b>		<b>Operating</b>		<b>Net Revenue</b>		<b>Debt Service Requirements</b>			<b>Coverage Ratio</b>
	<b><u>Revenues(1)</u></b>		<b><u>Expenses (2)</u></b>		<b><u>Available for</u></b>	<b><u>Debt Service</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>	
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
2023	\$ 29,021,446	\$	13,680,921	\$	15,340,525	\$	2,127,840	\$ 2,876,694	\$ 5,004,534	3.07

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>
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
2018	2,056,357	-7.32	2023	2,827,272	106.73

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>
2014	20,150	\$ 30,352	\$ 611,592,800	23,363	4.80%
2015	20,720	29,642	614,182,240	23,953	5.60%
2016	21,290	30,708	653,773,320	24,418	3.60%
2017	21,860	30,987	677,375,820	24,896	2.30%
2018	22,430	32,752	734,627,360	25,511	2.80%
2019	23,000	34,197	786,531,000	25,713	2.50%
2020	23,554	33,451	787,904,854	26,507	7.40%
2021	24,208	32,514	787,098,912	26,325	8.80%
2022	24,880	33,284	828,105,920	27,082	4.50%
2023	25,571	\$ 33,993	\$ 869,235,003	27,304	2.50%

Data Sources and Notes:

- (1) Information provided by World Population Review.
- (2) Information provided by U.S. Census Bureau American Community Survey (annual ACS 5-year estimates)  
2021 estimate based upon Federal Reserve Bank of Richmond's SC Snapshot October, 2021  
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 TEN FISCAL YEARS

(Unaudited)

Employer	2023			2022			2021			2020		
	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	1,144	1	8.1%	1,113	1	8.1%	1,080	1	8.1%	1,077	1	8.3%
Lexington County	860	2	6.1%	876	2	6.4%	921	2	6.9%	909	2	7.0%
Walmart	348	3	2.5%	362	3	2.6%	362	3	2.7%	358	3	2.8%
Publix	187	4	1.3%	170	7	1.2%	170	6	1.3%	140	7	1.1%
Town of Lexington	181	5	1.3%	193	5	1.4%	193	5	1.4%	187	4	1.4%
Lowe's Home Centers	175	6	1.2%	280	4	2.0%	215	4	1.6%	160	5	1.2%
Target	171	7	1.2%	185	6	1.4%	185	7	1.4%	112	8	0.9%
Avtec	138	8	1.0%	100	9	0.7%	103	9	0.8%	100	9	0.8%
Home Depot	132	9	0.9%	150	8	1.1%	158	8	1.2%	158	6	1.2%
Kohl's Department Stores, Inc.	76	10	0.5%	74	10	0.5%	74	10	0.6%	91	10	0.7%
Totals	3,412		24.1%	3,503		25.4%	3,433		25.8%	3,292		25.4%
Estimated total employment	14,064			13,684			13,314			12,955		

Employer	2019			2018			2017			2016		
	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	1,083	1	8.6%	965	1	7.8%	967	1	8.0%	868	1	7.4%
Lexington County	905	2	7.2%	885	2	7.2%	850	2	7.1%	720	2	6.1%
Walmart	367	3	2.9%	364	3	3.0%	364	3	3.0%	346	3	3.0%
Town of Lexington	180	4	1.4%	172	5	1.4%	158	5	1.3%	150	5	1.3%
Publix	160	5	1.3%	157	6	1.3%	150	6	1.2%	-	-	-
Lowe's Home Centers	150	6	1.2%	182	4	1.5%	164	4	1.4%	160	4	1.4%
Home Depot	150	7	1.2%	140	7	1.1%	140	7	1.2%	128	7	1.1%
Avtec	135	8	1.1%	139	8	1.1%	129	8	1.1%	129	6	1.1%
Target	120	9	0.9%	98	10	0.8%	110	10	0.9%	126	8	1.1%
Kohl's Department Stores, Inc.	107	10	0.8%	125	9	1.0%	119	9	1.0%	121	9	1.0%
Food Lion	-	-	-	-	-	-	-	-	-	89	10	0.8%
Totals	3,357		26.6%	3,227		26.2%	3,151		26.2%	2,837		24.3%
Estimated total employment	12,650			12,337			12,023			11,710		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS  
LAST TEN FISCAL YEARS

(Unaudited)

(Continued)

Employer	2015			2014		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Lexington County	916	1	8.0%	857	1	7.7%
Lexington School District One	513	2	4.5%	493	2	4.4%
Walmart	335	3	2.9%	326	3	2.9%
Lowe's Home Centers	150	4	1.3%	135	6	1.2%
Town of Lexington	147	5	1.3%	142	4	1.3%
Target	140	6	1.2%	140	5	1.3%
Avtec	129	7	1.1%	119	8	1.1%
Kohl's Department Stores, Inc.	107	8	0.9%	129	7	1.2%
Food Lion	84	9	0.7%	-	-	-
KMart Stores	75	10	0.7%	90	9	0.8%
Honda Cars of Columbia	-	-	-	80	10	0.7%
Totals	2,596		22.6%	2,511		22.6%
Estimated total employment	11,396			11,083		

Notes: Estimated total employment calculated by applying the 2020 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>	<u>Residential Construction</u> <u>(Single &amp; Multi-Family)</u>		<u>Commercial Construction</u>		<u>Other Building Related Permits</u> <u>Permits</u>		FDIC Summary of 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>	
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
2023	157	\$ 57,548,983	9	\$ 19,521,218	1,035	\$ 43,650,654	\$ 2,046,386

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
General government	38.0	40.0	41.0	42.0	43.0	44.0	45.0	45.0	44.0	45.0
Public safety	49.0	51.0	51.0	53.0	57.0	63.0	64.0	65.0	65.0	65.0
Parks and sanitation	15.0	15.0	14.0	16.0	16.0	16.0	17.0	17.0	17.0	17.0
Transportation	-	1.0	5.0	5.0	8.0	8.0	9.0	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	40.0	41.0	47.0	51.0	55.0	57.0	58.0	58.0
Total	142.0	147.0	152.0	158.0	172.0	183.0	191.0	194.0	194.0	195.0

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Government</b>										
<u>Building/Zoning</u>										
Building permits issued	826	825	1,084	1,114	1,090	1,112	1,114	1,260	1,013	1,056
Building inspections conducted	2,558	2,132	3,082	2,964	4,619	4,891	4,341	5,152	3,311	2,793
Zoning permits issued	403	466	449	436	509	492	565	463	432	419
<u>Information Technology</u>										
Water/sewer customers (online transactions)	36,460	43,152	50,379	54,350	61,107	71,225	81,902	95,060	115,484	127,471
Fines (online transactions)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<u>Finance</u>										
Business licenses issued in-town/renewals	3,256	3,572	3,690	3,778	3,923	3,983	4,146	4,279	4,362	4,510
<u>Parks and Sanitation</u>										
Residential solid waste customers	6,121	6,235	6,331	6,441	6,611	6,845	7,137	7,366	7,539	7,690
<u>Public Safety - Police</u>										
Physical arrests	2,086	1,600	1,515	1,430	1,186	1,323	629	833	732	682
Parking tickets	55	53	30	14	3	-	22	16	9	-
Traffic violations	8,983	5,900	6,185	5,205	4,571	6,554	4,098	6,799	7,052	5,375
<b>Business-Type Activities</b>										
<u>Water and Sewer System</u>										
Average daily consumption of water (MGD)	2,140	2,265	2,430	2,546	2,427	2,567	2,489	2,527	2,587	2,650
Average daily consumption of sewer (MGD)	2,924	3,156	3,501	3,676	3,552	3,810	3,877	3,996	4,066	4,233
Capital contribution certificates sold- sewer	394	707	729	640	668	649	665	1,250	544	518
Capital contribution certificates sold- water	282	209	339	153	284	275	354	378	149	119
Capital contribution certificates sold (1)	676	916	1,068	793	952	924	1,019	1,628	693	637
Capital contribution certificates unredeemed-sewer	813	1,017	962	890	825	838	897	1,247	1,024	1,060
Capital contribution certificates unredeemed-water	312	312	312	312	312	312	312	312	312	312
Capital contribution certificates unredeemed (2)	1,125	1,329	1,274	1,202	1,137	1,150	1,209	1,559	1,336	1,372
Capital contribution certificates outstanding-sewer (3)	1,298	1,096	1,081	957	841	820	660	875	772	809

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, 2023.



TOWN OF LEXINGTON, SOUTH CAROLINA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

(Unaudited)

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Town Hall ( <i>approx. sq. ft. used</i> )	63,251	63,251	63,251	63,251	63,251	62,251	62,251	62,251	62,251	62,251
Public Safety - Police										
Town Hall ( <i>approx. sq. ft. used</i> )	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800	13,800
Number of patrol units	49	51	51	53	57	61	61	61	61	61
Enclosed Storage ( <i>non heated</i> )	-	-	-	-	-	800	800	800	800	800
Covered Storage	-	-	-	-	-	1,960	1,960	1,960	1,960	1,960
Parks, Streets and Sanitation										
Administrative office building	1	1	1	1	1	1	1	1	1	1
Workshop and storage building	1	1	1	1	1	1	1	1	1	1
Town Hall ( <i>approx. sq. ft. used</i> )	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Office Building	-	-	-	-	-	2,700	2,700	2,700	2,700	2,700
Enclosed Storage ( <i>heated</i> )	-	-	-	-	-	800	800	800	800	800
Parks and playgrounds	6	7	7	8	9	9	9	9	9	9
Streetsweeper	1	1	1	1	1	1	1	1	1	1
Transportation										
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	2,400
Enclosed Storage ( <i>non heated</i> )	-	-	-	-	-	800	800	800	800	800
Covered Storage	-	-	-	-	-	19,690	19,690	19,690	19,690	19,690
Victims' Assistance										
Vehicle	1	1	1	1	1	1	1	1	1	1
Tourism Related										
Palmetto Collegiate Institute ( <i>approx. sq. ft. u.</i> )	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
Amphitheater	-	-	-	-	-	-	-	-	-	-
Plaza, Stage and Seating Bowl ( <i>approx. sq. ft.</i> )	-	-	-	18,435	18,435	18,435	18,435	18,435	18,435	18,435
Greenroom	-	-	-	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Enclosed Storage ( <i>heated</i> )	-	-	-	160	160	160	160	160	160	160
Ice House Pavillion	-	-	-	-	-	-	-	6,300	6,300	6,300
Enclosed Storage-Basement ( <i>heated</i> )	-	-	-	-	-	-	-	1,890	1,890	1,890
Water and Sewer System										
Office Building	-	-	-	-	-	8,400	8,400	8,400	8,400	8,400
Enclosed Storage ( <i>heated</i> )	-	-	-	-	-	3,200	3,200	3,200	3,200	3,200
Enclosed Storage ( <i>non heated</i> )	-	-	-	-	-	4,800	4,800	4,800	4,800	4,800
Covered Storage	-	-	-	-	-	7,840	7,840	7,840	7,840	7,840
Water and Sewer System										
Sewer treatment plants	1	1	-	-	-	-	-	-	-	-
Sewer capacity - all sources (MGD)	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46
Water capacity - all sources (MGD)	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	216	216	219	221	221	226	227	227	229
Sewer lines ( <i>miles</i> )	284	290	299	306	313	313	330	390	398	404

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  
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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, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated January 8, 2024.

### **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.

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

January 8, 2024

# THE BRITTINGHAM GROUP, L.L.P.

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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, 2023. 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 June 30, 2023.

#### ***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.

The Brittingham Group LLP

West Columbia, South Carolina  
January 8, 2024

TOWN OF LEXINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Identifying Number	Federal Expenditures June 30, 2023
<b>Direct Programs:</b>			
<b>U.S. Department of Justice</b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 5,741
Total U.S. Department of Justice			5,741
<b>U.S. Department of Transportation</b>			
State and Community Highway Safety	20.600		19,343
Total U.S. Department of Transportation			19,343
<b>U.S. Department of the Treasury</b>			
Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)	21.027		4,846,421
Total U.S. Department of the Treasury			4,846,421
<b>Total Direct Programs:</b>			4,871,505
<b>Total Federal Awards</b>			\$ 4,871,505

## TOWN OF LEXINGTON

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2023

**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, 2022, through June 30, 2023 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 AND QUESTIONED COSTS  
JUNE 30, 2023

**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 qualified 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, Tenth Supplemental Agreement, 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 Reimbursement Agreement”** means the Assignment of 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 \$6,000,000 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 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 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 Agreement”** means the Reimbursement Agreement, of even date herewith, between the Corporation and the Town, as amended or supplemented from time to time.

**“Reimbursement Payments”** means the payments to be paid by the Town pursuant to Section 2 of the Reimbursement Agreement, subject to an Event of Nonappropriation.

**“Related Document”** or **“Related Documents”** mean the Trust Agreement, any Supplemental Agreement, the 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 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 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 Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, a corporation organized and existing under the laws of the State of New York, its successors and their assigns.

**“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.

**“Tenth Supplemental Agreement”** means the Tenth Supplemental Trust Agreement entered into in conjunction with the issuance of the Series 2024 BANs.

**“TIF Bond”** means the Town’s Ice House Redevelopment Project Tax Increment Bond, Series 2015.

**“TIF Ordinance”** means the Ordinance enacted by the Town Council on September 8, 2014, 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 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 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 entered into hereinafter.

**“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 \$6,000,000 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 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 Reimbursement Agreement, the Trustee is empowered to enforce each remedy, right, and power granted to the Corporation under the 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 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 \$6,000,000 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 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 REIMBURSEMENT AGREEMENT**

The following is a summary of certain provisions of the Reimbursement Agreement. It is not a complete recital of the terms of the Facilities Agreement and reference should be made to the Reimbursement Agreement for a complete statement of its terms. Words and terms used in this summary shall have the same meanings as in the 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 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 attached to the Reimbursement Agreement 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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Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

3 May 2024

Town Council of Town of Lexington,  
South Carolina  
Lexington, South Carolina

Saxe Gotha-Lexington Public Facilities Corporation  
Lexington, South Carolina

Re: \$4,400,000 Saxe Gotha-Lexington Public Facilities Corporation Revenue Bond  
Anticipation Notes, Series 2024 (Ice House 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 \$4,400,000 Revenue Bond Anticipation Notes, Series 2024 (Ice House Redevelopment Project Area), dated the date hereof (the “Series 2024 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 2024 BANs are issued pursuant to a Trust Agreement, dated as of May 1, 2015, as supplemented and amended by a Tenth Supplemental Trust Agreement, dated as of May 1, 2024, each between the Issuer and U.S. Bank Trust Company, National Association, successor-in-interest to U.S. Bank National Association (the “Trustee”), Columbia, South Carolina, as trustee (collectively, the “Trust Agreement”), and an Ordinance enacted by the Town Council of the Town (the “Town Council”) on February 2, 2015, as amended by an Amendatory Ordinance enacted by the Town Council on March 2, 2020, and as further supplemented by a Resolution of the Town Council adopted on April 1, 2024 (as amended and supplemented, the “Ordinance”) authorising the issuance and sale of the Series 2024 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 2024 BANs for the purpose of providing funds (i) to refund the Issuer's Revenue Bond Anticipation Notes, Series 2023 (Ice House Redevelopment Project Area) which were issued to provide interim financing pending the issuance of the Issuer's Revenue Bonds (the "Issuer's Bonds") for the acquisition by the Issuer of the Town of Lexington, South Carolina, Ice House Redevelopment Project Area Tax Increment Bond, Series 2015 (the "TIF Bond"), 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; and (ii) to finance the costs of issuance of the Series 2024 BANs. The Issuer, the Town, and the Trustee have entered into a Deposit and Reimbursement Agreement, dated as of May 1, 2015 (the "Deposit and Reimbursement Agreement"), whereby the Town agrees 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 2024 BANs. The Series 2024 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 the Ordinance 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 2024 BANs.

2. The Town is duly created and validly existing as a municipal corporation under the laws of the State of South Carolina, with the corporate power to 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 2024 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 2024 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 of the Series 2024 BANs.

7. Interest on the Series 2024 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. 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 2024 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 2024 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 have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2024 BANs to be included in gross income for federal and South Carolina income tax purposes retroactively to the date of issuance of the Series 2024 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 2024 BANs. Owners of the Series 2024 BANs should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2024 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 2024 BANs and the enforceability of the Series 2024 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 2024 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 2024 BANs, and the tax-exempt status of the interest on the Series 2024 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 2024 BANs in making their decision to purchase the Series 2024 BANs.

Very truly yours,

## **APPENDIX D**

### **DISCLOSURE DISSEMINATION AGREEMENT**

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## DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of May 3, 2024, 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 2024 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 2024 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 2024 BANs, as listed in Exhibit A.

“Trustee” means the institution, if any, identified as such in the document under which the Series 2024 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, 2024. 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 6:00 p.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 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, 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 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. “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 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.

The Town will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Town; provided that the Town will agree that any such modification will be done in a manner consistent with the Rule.

#### 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 2024 (Ice House Redevelopment Project Area)
Date of Issuance:	May 3, 2024
Date of Official Statement	April 24, 2024
CUSIP Number:	805547 AS5



## 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 2024 (Ice House Redevelopment Project Area)

Date(s) of Issuance: May 3, 2024

Date(s) of Disclosure Agreement: May 3, 2024

CUSIP Number: 805547 AS5

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

---

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 May 3, 2024, 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 May 3, 2024, 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 2024 (Ice House Redevelopment Project Area) (the “Series 2024 BANs”) of the Issuer. The Series 2024 BANs will be issued as fully-registered bonds 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 bond will be issued for each maturity of the Series 2024 BANs, each in the aggregate principal amount of such maturity, 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 2024 BANs under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 BANs on DTC’s records. The ownership interest of each actual purchaser of each Series 2024 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 2024 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 2024 BANs, except in the event that use of the book-entry system for the Series 2024 BANs is discontinued.

To facilitate subsequent transfers, all Series 2024 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 2024 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 2024 BANs; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2024 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 2024 BANs may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 BANs, such as redemptions, tenders, defaults, and

proposed amendments to any of the resolutions under which any Series 2024 BANs is issued. For example, the Beneficial Owners of Series 2024 BANs may wish to ascertain that the nominee holding the Series 2024 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 2024 BANs of a maturity 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 2024 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 2024 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 2024 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, 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 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 2024 BANs at any time by giving reasonable notice to the Issuer and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

NEITHER THE ISSUER 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 2024 BANs OR ANY ERROR OR DELAY RELATING THERETO.

Neither the Issuer nor the Paying Agent gives any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners of the Series 2024 BANs (i) payments of principal, premium, if any, and interest, with respect to the Series 2024 BANs, (ii) confirmation of beneficial ownership interests in the Series 2024 BANs, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Series 2024 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.