



Icehouse Pavilion

Annual Comprehensive Financial Report
Year Ended June 30, 2021

111 Maiden Lane, Lexington, SC 29072



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2021

Prepared by: Finance Department

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

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

Basic Financial Statements

Government-Wide

Statement of Net Position	22
Statement of Activities	23

Governmental Activities

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

Business-Type Activities

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

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

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund	88
Pension Plan Schedule of Proportionate Share of the Net Pension Liability	89
Pension Plan Schedule of Contributions	90
Schedule of Changes in Total OPEB Liability and Related Ratios	91

Other Financial Information:

Combining 'Non-Major' Governmental Financial Statements

Combining Balance Sheet – Non-Major Governmental Funds.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	93

General Fund

Balance Sheet	94
Schedule of Revenues, Expenditures and Changes in Fund Balances – Final Budget (GAAP Basis) and Actual.....	95

- Continued -

<u>Downtown TIF District</u>	
Balance Sheet	96
Statement of Revenues, Expenditures and Changes in Fund Balances.....	97
<u>Corley Mill TIF District</u>	
Balance Sheet	98
Statement of Revenues, Expenditures and Changes in Fund Balances.....	99
<u>Hospitality Tax Fund</u>	
Balance Sheet	100
Statement of Revenues, Expenditures and Changes in Fund Balances.....	101
<u>Gibson Pond</u>	
Balance Sheet	102
Statement of Revenues, Expenditures and Changes in Fund Balances.....	103
<u>Special Revenue Funds</u>	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	106
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Final Budget (GAAP Basis) and Actual.....	108
<u>Debt Service Fund</u>	
Balance Sheet	109
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Final Budget (GAAP Basis) and Actual.....	110
<u>Capital Projects Funds</u>	
Combining Balance Sheet	111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	112
<u>Enterprise Fund</u>	
Statement of Net Position – Waterworks and Sewer System.....	113
Statement of Revenues, Expenses and	
Changes in Net Position – Waterworks and Sewer System	114
Statement of Cash Flows – Waterworks and Sewer System.....	115
<u>Capital Assets Used in Operations of Governmental Funds</u>	
Comparative Schedules by Source	116
Schedule by Function and Activity	117
Schedule of Changes by Function and Activity	118
<u>Other Supplementary Schedule</u>	
Schedule of Court Fines, Fees, Assessments, and Surcharges	119

STATISTICAL SECTION (UNAUDITED)

Net Position by Component	120
Changes in Net Position.....	121
Fund Balances of Governmental Funds.....	123
Changes in Fund Balances of Governmental Funds	124
Water and Sewer Consumption and Total Direct Rates	126
Water and Sewer Direct Rates	127
Principal Water and Sewer Customers	128
Assessed and Estimated Actual Value of Property.....	131
Property Tax Rates - Direct and Overlapping Governments.....	132
Principal Property Taxpayers.....	133
Property Tax Levies and Collections.....	135

- Continued -

Franchises, Licenses, Permits and Fees Revenue	136
Principal Business License Filers	137
Ratios of Outstanding Debt by Type	139
Ratios of General Bonded Debt Outstanding	140
Direct and Overlapping Governmental Activities Debt	141
Legal Debt Margin Information.....	142
Pledged Revenue Coverage - Waterworks and Sewer System Revenue Bonds.....	143
Demographic and Economic Statistics	144
Principal Employers.....	145
Property Value, Construction and Bank Deposits	147
Full-Time Equivalent Town Government Employees by Function.....	148
Operating Indicators by Function/Program	149
Capital Asset Statistics by Function	150
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	151
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	153
Schedule of Expenditures of Federal Awards.....	155
Notes to Schedule of Expenditures of Federal Awards	156
Schedule of Findings and Questioned Cost	157

TOWN OF LEXINGTON, SOUTH CAROLINA

Mayor
Steve MacDougall

Mayor Pro-Tem
Hazel Livingston



Council
Kathy Maness
Todd Carnes
Ron Williams
Steve Baker
Todd Lyle

LETTER OF TRANSMITTAL

December 17, 2021

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

Both local ordinances and policies and state statutes mandate that the Town of Lexington complete a set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Annual Comprehensive Financial Report for the Town of Lexington for the year ended June 30, 2021, 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, 2021, 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 6th largest county (by population) in the State with a population of 299,421. This is a 14.1% increase from 2010. For the Town of Lexington, the 2020 Census indicated a population of 22,626, an increase of 26.6% over the 2010 count. The Town is the 25th largest municipality in South Carolina and ranks as the second largest municipality in the Midlands. The Census figures show that the Town had the 9th 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 475 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 390 miles of sewer lines and 227 miles of water lines and serves approximately 10,300 water accounts and 21,300 sewer accounts (over 22,000 individual residential and commercial customers).

During the year, approximately 183 net new businesses opened in the Town of Lexington, including restaurants, retail, service, medical, technology, and personal care 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 210 residential units which began construction during the year.

The Town of Lexington has consistently demonstrated a commitment to provide adequate infrastructure, services and quality of life initiatives for the citizens and businesses in the greater Lexington region.

FINANCIAL POLICIES

The Town has specific policies related to contingency reserves and minimum fund balances. 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 comprehensive annual financial report for the year ended June 30, 2020. This was the twenty-third consecutive year that the Town has received this prestigious award. In order to be awarded the Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both the generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Kathy S. Pharr, CPA". The signature is fluid and cursive, with the initials "KSP" being prominent.

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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

TOWN OF LEXINGTON

SOUTH CAROLINA LIST OF PRINCIPAL OFFICIALS

MAYOR

Steve MacDougall

MAYOR PRO-TEM

Hazel Livingston

COUNCIL MEMBERS

Steve Baker

Todd Carnes

Todd Lyle

Kathy Maness

Ron Williams

TOWN ADMINISTRATOR

D. Britt Poole

MUNICIPAL CLERK

Becky P. Hildebrand

TOWN ATTORNEY

Brad T. Cunningham

MANAGEMENT TEAM

Stuart W. Ford, Assistant Town Administrator

Kathy S. Pharr, Finance

Dan H. Walker, Parks and Sanitation

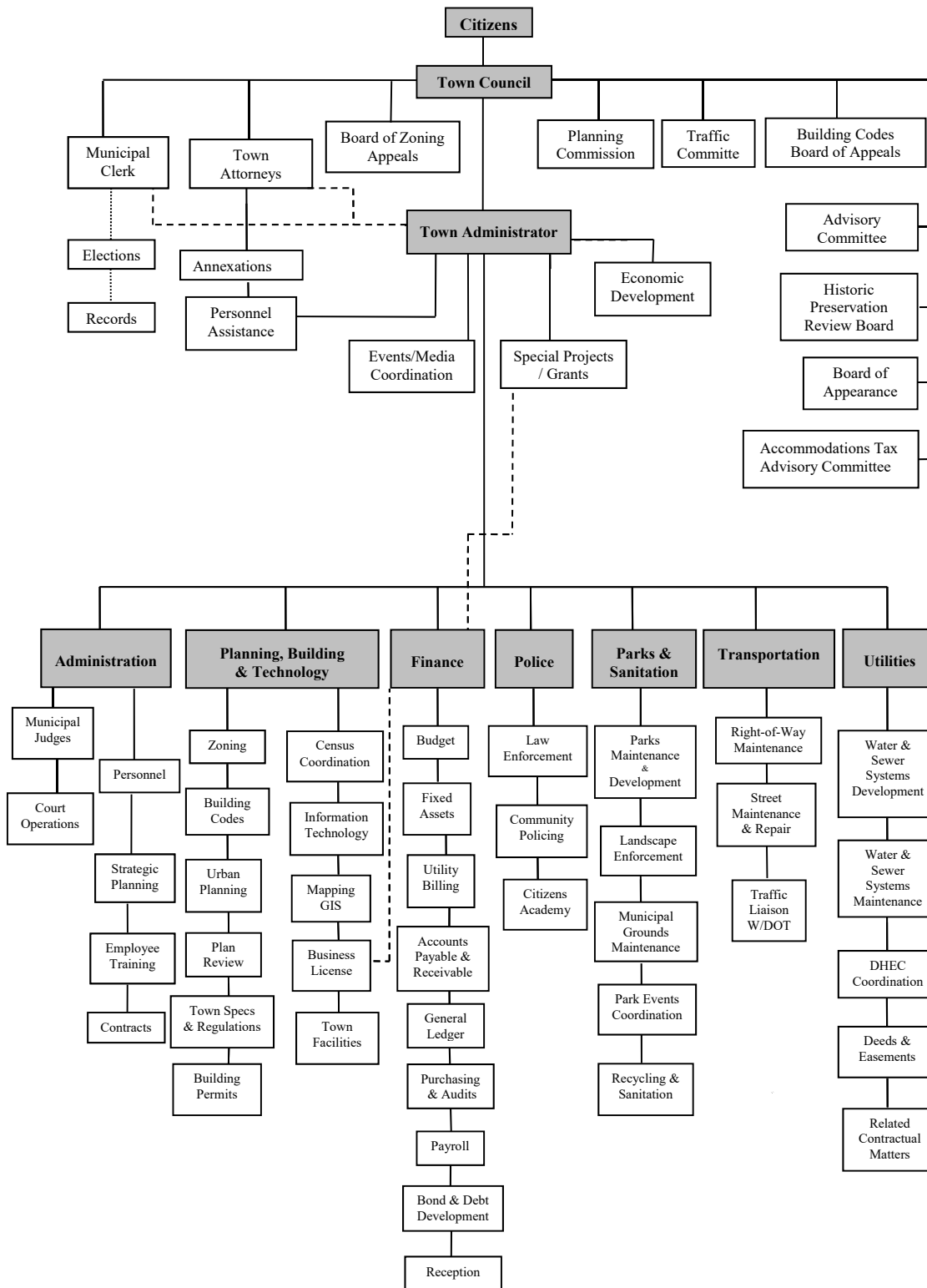
John D. Hanson, Planning, Building and Technology

Chief Terrence Green, Police

J. Randy Edwards, Transportation

J. Allen Lutz, Utilities

Town of Lexington Organization Chart



Revised June 30, 2020

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

PHONE: (803) 739-3090
FAX: (803) 791-0834

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11-21, the Budgeting Comparison Schedule-General Fund on page 88, the Pension Plan Schedule of Proportionate Share of the Net Pension Liability on page 89, the Pension Plan Schedule of Contributions on Page 90, and the Schedule of Changes in Total OPEB Liability and Related Ratios on Page 91, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and other schedules, the Schedule of Court Fines, Fees, Assessments and Surcharges and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules, and the Schedule of Court Fines, Fees, Assessments, and Surcharges, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules, 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Brittingham Group LLP". The signature is written in a cursive, flowing style. It is contained within a thin black rectangular border.

West Columbia, South Carolina
December 17, 2021

Town of Lexington, South Carolina
Management's Discussion and Analysis
Year Ended June 30, 2021

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, 2021. 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, 2021 by \$142,572,003 (*net position*). Of the total net position at June 30, 2021, \$3,790,532 was unrestricted.
- The Town's total net position increased by \$11,321,601, as revenues of \$50,504,264 exceeded expenses of \$39,182,663. Governmental Activities contributed \$4,013,958 and Business-type activities contributed \$7,307,643 of the overall increase in net position.
- Governmental funds reported combined ending fund balances at June 30, 2021, of \$2,780,572, a decrease of \$3,753,662, compared to the prior year. Due to three Bond Anticipation Notes outstanding totaling \$15,285,000, unassigned fund balance across the governmental funds is a negative \$6,252,000, a decrease of approximately \$4,647,272.
- General Fund unassigned fund balance at June 30, 2021, was \$6,486,209 or approximately 52 percent of total fund expenditures.
- The Town had \$104,866,164 in bonds, notes, contracts, capital leases, and compensated absences payable at year end, an increase of \$15,271,793 from the prior year. The increase occurred as increased Bond Anticipation Notes were issued to partially fund the Corley Mill Redevelopment Plan and the Ice House Redevelopment plan; a new Bond Anticipation Note was issued to fund various Governmental Fund projects; and a new Bond was issued to fund various projects for the Combined Waterworks and Sewer system operated by the Town. These additions were partially offset by regular principal payments.
- Capital assets, intangible assets and prepaid capital improvements totaled \$220,748,661 at June 30, 2021, an increase of \$15,361,571 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), repair of the Gibson Pond Dam, donation of infrastructure assets from developers, and general asset replacement offset by depreciation expense.

Overview of the Financial Statements

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

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

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

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

Both of the Government-Wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, parks 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 \$142,572,003 at year end June 30, 2021.

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, 2021 and 2020:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Cash and cash equivalents:						
Unrestricted	\$ 3,900,051	\$ 7,194,902	\$ 17,707,063	\$ 13,507,434	\$ 21,607,114	\$ 20,702,336
Restricted	12,600,511	7,176,974	8,290,986	3,901,645	20,891,497	11,078,619
Other current assets	4,829,785	1,778,350	4,664,393	4,505,495	9,494,178	6,283,845
Capital assets, net	53,870,853	45,097,399	165,506,988	159,193,035	219,377,841	204,290,434
Prepaid Capital Improvements	-	-	1,370,820	1,096,656	1,370,820	1,096,656
Total Assets	75,201,200	61,247,625	197,540,250	182,204,265	272,741,450	243,451,890
Deferred outflows of resources	3,584,618	3,086,548	4,182,965	4,119,538	7,767,583	7,206,086
Total assets & deferred outflows	<u>\$ 78,785,818</u>	<u>\$ 64,334,173</u>	<u>\$ 201,723,215</u>	<u>\$ 186,323,803</u>	<u>\$ 280,509,033</u>	<u>\$ 250,657,976</u>
Liabilities and Net Position:						
Current liabilities	\$ 2,900,462	\$ 1,423,307	\$ 2,175,274	\$ 2,472,389	\$ 5,075,736	\$ 3,895,696
Current liabilities payable						
From restricted assets	420,138	98,627	958,743	1,698,112	1,378,881	1,796,739
Current portion of long term debt	16,135,000	8,950,000	14,351,794	17,524,972	30,486,794	26,474,972
Non-current liabilities	16,718,322	15,057,016	83,903,018	71,399,391	100,621,340	86,456,407
Total liabilities	36,173,922	25,528,950	101,388,829	93,094,864	137,562,751	118,623,814
Deferred inflows of resources	311,592	518,877	62,687	264,883	374,279	783,760
Total liabilities & deferred inflows	36,485,514	26,047,827	101,451,516	93,359,747	137,937,030	119,407,574
Net invested in capital						
Assets	44,980,930	42,097,399	82,857,134	83,050,206	127,838,064	125,147,605
Restricted	6,137,257	4,335,940	4,806,150	352,549	10,943,407	4,688,489
Unrestricted	(8,817,883)	(8,146,993)	12,608,415	9,561,301	3,790,532	1,414,308
Total net position	42,300,304	38,286,346	100,271,699	92,964,056	142,572,003	131,250,402
Total liabilities and net Position	<u>\$ 78,785,818</u>	<u>\$ 64,334,173</u>	<u>\$ 201,723,215</u>	<u>\$ 186,323,803</u>	<u>\$ 280,509,033</u>	<u>\$ 250,657,976</u>

By far the largest portion of the Town’s net position (\$127,838,064, or 90 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 (\$10,943,407, or 8 percent) represents resources that are subject to external restrictions on how they may be used. The Governmental Accounting Standards Board (GASB) statement number 68 requires the Town to report net pension liability as well as deferred outflows and deferred inflows related to pensions. GASB statement number 75 adds the same requirements for Other Post Employment Benefits (OPEB). The addition of these reporting requirements cause a reduction in unrestricted net position of \$17,870,764 or 13 percent. This leaves *unrestricted net position* at just \$3,790,532, or 3 percent.

At the end of the current fiscal year, the Town is able to report ‘positive’ balances in each category of net position for its business-type activities. Unrestricted net position for governmental activities is showing a negative balance due to the pension and OPEB adjustments without which the governmental unrestricted net position would be a ‘positive’ \$4,247,882. Unrestricted net position for governmental funds has declined in fiscal 2021 compared to fiscal 2020 by \$670,890. Additional net pension and OPEB liabilities of \$1,282,468 created the deficit.

The Town's components of changes in net position for Fiscal Years 2021 and 2020 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues:						
Charges for services	\$ 3,592,562	\$ 3,015,602	\$ 21,615,740	\$ 20,259,911	\$ 25,208,302	\$ 23,275,513
Operating grants and contributions	1,321,893	598,825	-	-	1,321,893	598,825
Capital grants and contributions	2,950,211	3,225,820	7,380,860	6,273,549	10,331,071	9,499,369
General revenues:						
Property taxes	3,666,000	4,170,612	-	-	3,666,000	4,170,612
Business licenses taxes	6,126,515	6,038,374	-	-	6,126,515	6,038,374
Hospitality tax	3,208,712	2,848,726	-	-	3,208,712	2,848,726
State aid not restricted for specific purpose	563,011	1,030,139	-	-	563,011	1,030,139
Gain (loss) on sale of capital assets	23,889	(103,249)	10,255	-	34,144	(103,249)
Unrestricted investment earnings	11,363	45,565	33,253	185,381	44,616	230,946
Total revenues	<u>21,464,156</u>	<u>20,870,414</u>	<u>29,040,108</u>	<u>26,718,841</u>	<u>50,504,264</u>	<u>47,589,255</u>
EXPENSES						
Governmental activities:						
General government	3,526,511	3,596,794	-	-	3,526,511	3,596,794
Public safety	7,282,842	7,440,083	-	-	7,282,842	7,440,083
Parks and sanitation	3,496,682	3,174,258	-	-	3,496,682	3,174,258
Transportation	2,306,875	2,148,751	-	-	2,306,875	2,148,751
Victims' assistance	90,094	89,661	-	-	90,094	89,661
Tourism related	210,670	177,904	-	-	210,670	177,904
Debt service	356,421	-	-	-	356,421	-
Bond/BAN issuance costs	134,051	-	-	-	134,051	-
Business-Type activities:						
Water and sewer system	-	-	21,778,517	20,421,957	21,778,517	20,421,957
Total expenses	<u>17,404,146</u>	<u>16,627,451</u>	<u>21,778,517</u>	<u>20,421,957</u>	<u>39,182,663</u>	<u>37,049,408</u>
Change in net position before special items and transfers	4,060,010	4,242,963	7,261,591	6,296,884	11,321,601	10,539,847
Transfers	(46,052)	(16,282)	46,052	16,282	-	-
Change in net position	<u>4,013,958</u>	<u>4,226,681</u>	<u>7,307,643</u>	<u>6,313,166</u>	<u>11,321,601</u>	<u>10,539,847</u>
Net position - beginning	<u>38,286,346</u>	<u>34,059,665</u>	<u>92,964,056</u>	<u>86,650,890</u>	<u>131,250,402</u>	<u>120,710,555</u>
Net position - ending	<u>\$ 42,300,304</u>	<u>\$ 38,286,346</u>	<u>\$ 100,271,699</u>	<u>\$ 92,964,056</u>	<u>\$ 142,572,003</u>	<u>\$ 131,250,402</u>

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

The following table illustrates the ratio of governmental activities program revenue funding to general revenue funding for the year ended June 30, 2021. The percent funded by program revenues indicates the degree to which governmental activities are self-sustaining thereby reducing the overall cost of governmental activities that must be funded by the general taxpayers of the Town through general revenues.

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue	% Funded by Program Revenue	% Required to be Funded by General Revenues
General government	\$ 3,526,511	\$ 1,134,687	\$ (2,391,824)	32.18%	67.82%
Public safety	7,282,842	766,792	(6,516,050)	10.53%	89.47%
Parks and sanitation	3,496,682	5,023,609	1,526,927	143.67%	0.00%
Transportation	2,306,875	738,179	(1,568,696)	32.00%	68.00%
Victims' assistance	90,094	30,827	(59,267)	34.22%	65.78%
Tourism related	210,670	170,572	(40,098)	80.97%	19.03%
Debt service	356,421	-	(356,421)	0.00%	100.00%
Bond/BAN issuance costs	134,051	-	(134,051)	0.00%	100.00%
Total	<u>\$ 17,404,146</u>	<u>\$ 7,864,666</u>	<u>\$ (9,539,480)</u>	45.19%	54.81%

General Revenues by Source – Governmental Activities

	2021	2020
Property taxes	3,666,000	4,170,612
Business licenses taxes	6,126,515	6,038,374
Hospitality tax	3,208,712	1,030,139
State aid not restricted for specific purpose	563,011	2,848,726
Gain (loss) on sale of capital assets	23,889	(103,249)
Unrestricted investment earnings	11,363	45,565
Transfers	(46,052)	(16,282)
Total	<u>\$ 13,553,438</u>	<u>\$ 14,013,885</u>

Revenue and Expenses – Governmental Activities – Significant factors effecting governmental activities revenue and expenses during the year ended June 30, 2021, included the following:

- Charges for services increased \$576,961, or 19%. Franchise Fees, which makes up 56% of this category were up \$102,825 or 5%. Also, building permits were up \$199,975 or 46% building project activity resumes. On February 1, 2020, the Town adopted an Impact Fee ordinance. Compared to 5 months in fiscal year 2020, plus the increase in building activity, this revenue stream brought in an additional \$169,234 in fiscal 2021. Fines and Forfeiture revenue went up \$61,421 or 31% as court cases were resumed.

- Grants and contributions increased this year, \$453,487 or 12%. The Gibson Pond Dam reconstruction was completed. The dam was breached in 2015 due to severe flooding. FEMA and the State of South Carolina are participating in this construction resulting in an increase in grant revenue of \$2,584,409. This increase was offset by a decrease in Capital contributions of streets and roadways of \$2,410,107. Grant revenue from the CARES act increased \$340,268 where the Federal Government provided some relief for the pandemic. Revenues for our two TIF districts increased \$90,030 as development in these areas has increased. These gains were partially offset with other smaller grants that were completed.
- Property tax revenues were down \$504,612 due to the reduction in property tax millage approved by council for the fiscal 2021 budget year. This reduction is offset by the removal of the sunset provision on the 2% hospitality tax with allowed transfers to the general fund being implemented.
- Business license revenues were up approximately \$88,141, a modest 1.5%. While the pandemic affected revenues of businesses in the Town, most have weathered the storm and business is growing again.
- Unrestricted state revenues were down \$467,128, or 45%. The revenues received from Lexington Medical Center of \$475,000 in fiscal 2020 were one time revenues and this reduction was expected.
- Due to the ongoing pandemic, cost of living adjustments were not given to employees for Fiscal 2021. General Government expenses were down 2% due to conservative spending. Maintenance items were postponed and travel was restricted. Public Safety expenses decreased in total 2.1% due to a hiring freeze -- a vacant position was left open -- and significant travel restrictions Parks and Sanitation expenses increased 10% and Transportation expenses increased 7%. Both of these departments have been involved in work for the Corley Mill Redevelopment Plan and the Ice House Redevelopment Plan as well as the Gibson Pond Dam reconstruction.

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 \$7,307,643, accounting for 63.6% of the total gain in net position. Operating revenues increased 6.7% in 2021 while operating expenses increased by 1.8%. Capital contributions increased 17.7%. The significant factors related to the changes are as follows:

- Charges for services increased \$1,355,830, or 6.7%. The Town’s customer base has increased approximately 9% in 2021 (including the acquisition of the Watergate Sewer System) but no rate increase for fiscal year 2021.
- Operating expenses increased \$333,215, or 1.82%. There was no cost of living for fiscal 2021, but merit increases were given and overall general inflation was experienced. These were offset by personnel turnover as well as restrictions on travel.

- Personnel costs increased a very modest 1%. While merit increases were given, there was no cost of living. Also there was some personnel turnover that reduced personnel costs.
- Depreciation and amortization expense increased due to the completion of more water and sewer projects. This increase was offset by the reduction in Asset Retirement Obligation amortization as 2 of the lagoons was fully amortized in fiscal 2020 with the last one being fully amortized in fiscal 2021.
- Contractual services increased \$86,096 due in part to general inflation as well as the addition of the Watergate Sewer system.
- Supplies and other operating expenses decreased for fiscal year 2021 by \$60,880. The AMI system that is being implemented and capitalized includes new meter heads for the water meters. Therefore as this project nears completion (85% of the meters have been replaced) there are a significant number of new meters that require less maintenance at this time.
- Capital contribution fees (CCF) increased \$1,107,311. Actual cash contribution fees increased \$2,144,251 while Developer Asset contributions decreased \$1,036,940. An announced rate increase at July 1, 2021 encouraged developers to purchase CCF's before the increase. More subdivisions are in process so the timing on infrastructure assets donated to the Town has ebbed.

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 2021, the Town's governmental funds reported combined ending fund balances of \$2,780,572, a decrease of \$3,753,662. The General Fund increased \$1,364,347, the Hospitality Tax Fund increased \$274,303, the Downtown TIF fund decreased \$42,849, the Corley Mill TIF Fund decreased \$444,896, the Gibson Pond Fund decreased \$5,101,030, while the Other Governmental Funds increased \$196,463. The fund balances that decreased are related to Bond Anticipation Notes (short term debt) that are carried on the balance sheet. General Fund revenues were over budget by \$801,238, or 6.42% overall. Property Taxes were over budget by \$297,428 or 8.8% as new properties have been added to the tax rolls. Franchises, licenses, permits and fees are up \$375,640 or 4.4% due to an increase in building projects and a slight increase in franchise fees and business licenses. Other Government revenue was more than budget by \$88,011 or 18.5% as school events, for which the Town receives funding to pay for officer presence at the schools have resumed. Fines and Forfeitures were more than budgeted by \$30,581 or 15.3% as the moratorium on holding court was lifted. Interest income was less than budget by \$21,150 or 72% as interest rates have plummeted. Finally Miscellaneous income is higher than budget by \$30,728 or 51%. Total expenditures were less than budget by \$334,878 or 2.67%.

Of the \$2,780,572 governmental fund balances, unassigned fund balance is (\$6,252,000). Nonspendable fund balance of \$409,964 represents prepaid expenditures. Another portion of fund balance, \$5,803,868 is *restricted* to indicate it is subject to externally enforceable legal restrictions and therefore not available for general operations. \$2,818,740 of fund balance has been committed by Council. Of this, \$600,000 has been committed for a match to our local electric utility for underground electrical work, an additional \$1,439,945 has been committed to Streets and Infrastructure Fund, \$183,806 has been committed to the Emergency Response and Recovery Fund, \$224,733 has been committed to the Vision Plan, \$16,997 for the Amphitheater operations, \$320,550 has been committed for Debt Service, and \$32,709 for Tuition Reimbursement for employees.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$6,486,209 or 53% of total fund expenditures.

The Town established the Downtown TIF District in FY2015. The Downtown TIF District ended FY2021 with a negative fund balance of \$4,218,216 primarily due to initially funding project expenditures with short term Bond Anticipation Notes (BAN).

The Town established the Corley Mill TIF District in FY2016. The Corley Mill TIF District ended FY2021 with a negative fund balance of \$2,570,484 primarily due to initially funding project expenditures with short term Bond Anticipation Notes (BAN).

The Town re-instituted the Hospitality Tax in FY 2016. The Hospitality Tax Fund ended the year with a restricted fund balance of \$3,746,772. 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 Gibson Pond Dam was rebuilt in fiscal 2021. This project is 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 FY2021 with a negative fund balance of \$5,230,193 because the grant funds have not been received and the BAN's are short term financing that is carried on the balance sheet.

The non-major funds report fund balances totaling \$3,556,617. Of this amount, \$785,757 or 22%, will be used for capital projects. Other fund balances will be used for special revenue funds including \$205,069 or 6% for tourism funding through Accommodations' tax; \$1,183,806 or 33% for Emergency Response and Recovery; and \$232,877 or 6% for capital improvements funded by Impact Fees. Other special revenue fund balances are for public safety, parks, and road funds where revenues were designated to specific expenditures.

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

Proprietary Fund – The Town’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Substantially all factors related to the proprietary fund were discussed in relation to business-type activities in the government-wide discussion and analysis. The total increase in net position was \$7,307,643 resulting in ending net position of \$100,271,699.

General Fund Budgetary Highlights – General Fund revenues were more than budget by \$801,238. General Fund expenditures were less than the final budget by \$334,878. The revenue surplus was due to properties that were added to the tax rolls increasing property taxes and more Franchises, licenses, permits and fees than expected. These items were discussed above.

The Town’s original budget shows a balanced budget with the amount of budgeted reserve for contingencies included in the budget for capital. The final budget contained two balanced budget amendments for the Planning Building and Technology department in General Government and the Police department.

Capital Assets and Debt Administration

Capital and Intangible Assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$219,543,009 (net of accumulated depreciation). The investment in capital assets includes land, buildings, water and sewer transportation and treatment system, roadways, sidewalks, storm water drainage system, parks, machinery and equipment.

The major capital asset events during the current year include:

- Construction in progress in governmental funds totaled \$10,878,537, related to several road projects under construction as well as reconstruction of the Gibson Pond Dam.
- Capitalized the Ice House Pavilion for \$2,165,021.
- Completion of Clark House renovations of \$250,802.
- Capitalization of parking on Church Street totaling \$1,113,300.
- Acquisition of new furniture for Parks and Sanitation of \$17,563. and a radar system for Transportation of \$21,134.
- Land acquisition needed for road improvements of \$18,990.
- Acquisition of vehicles totaling \$47,860 for the Police Department, \$34,392 for the Transportation Department and \$39,601 for Utilities. And acquisition of an ATV for the Amphitheater totaling \$11,593
- Donation of roads totaling \$481,074. Completed road improvements of \$85,550.
- Acquisition of equipment of \$406,905, software of \$33,227 and easements of \$23,800 – all for Utilities.
- Developer contributions of pump stations of \$840,510, land of \$2,000, and water and sewer lines of \$2,052,465 for the Utilities system.

- System improvements for Utilities including final capitalization of the I-20 sewer system totaling \$9,291,581, acquisition of the Watergate sewer system totaling \$3,700,000; implementation of the AMI metering system totaling \$1,947,361; and other system improvements totaling \$1,859,230.
- Construction in progress in business-type activities totaled \$16,414,041, related to construction and extension of water and sewer lines.

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

Long-Term Debt – At year end June 30, 2021, the Town had total indebtedness outstanding of \$75,968,905. Debt secured by the full faith and credit of the Town represented \$300,000. The total and bonded debt secured by the pledge of net revenues of the Enterprise Fund totaled \$75,668,905. Additional information on the Town's long-term debt can be found in *Note 9*.

Short-Term Debt -- During the year ended June 30, 2021, the Town issued Bond Anticipation Notes totaling \$27,535,000. These are considered short-term borrowings but will eventually be replaced with long-term debt. The Governmental Fund BAN's total \$15,285,000, with \$7,250,000 secured by the full faith and credit of the Town. The remaining Governmental Fund BAN's along with the \$12,250,000 that belong to the Enterprise Fund are secured by the pledge of future revenue bonds or BAN's. Additional information on the Town's short-term debt can be found in *Note 9*.

Economic Factors and Next Year's Budgets and Rates – The Town of Lexington continues to experience growth and shows definite signs of a strong economy. The general increase in economic activity in the Town's corporate limits and service area continues to drive revenues for the general government and the water and sewer enterprise fund. Although the pandemic stalled some activity in the short term, the Town is in sound financial condition and is rebounding well. Growth naturally places demands on the Town for additional services and creates quality of life challenges including heavy traffic. The Town's approved budget for fiscal year 2022 did not include a tax increase, however, it did include a 1.4% increase in building permit fees, dog park fees, and facility rental fees as well as a 5.5% rate increase for the water and sewer fund.

Request for Information

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

BASIC FINANCIAL INFORMATION

TOWN OF LEXINGTON, SOUTH CAROLINA

Town of Lexington, South Carolina

Statement of Net Position

June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and temporary investments	\$ 3,900,051	\$ 17,707,063	\$ 21,607,114
Receivables, net	980,563	3,838,467	4,819,030
Due from other Governments	568,728	-	568,728
Inventories-supplies	-	762,013	762,013
Prepays	409,964	63,913	473,877
Restricted:			
Cash and temporary investments	12,600,511	8,290,986	20,891,497
Other receivables	2,870,530	-	2,870,530
Total current assets	<u>21,330,347</u>	<u>30,662,442</u>	<u>51,992,789</u>
Noncurrent assets:			
Land and construction in progress	18,739,207	18,138,087	36,877,294
Buildings, vehicles, equipment, and infrastructure	35,131,646	112,422,276	147,553,922
Capacity reserve	-	33,545,064	33,545,064
Retail Distribution rights	-	1,401,561	1,401,561
Prepaid Capital Improvements	-	1,370,820	1,370,820
Total noncurrent assets	<u>53,870,853</u>	<u>166,877,808</u>	<u>220,748,661</u>
Total assets	<u>75,201,200</u>	<u>197,540,250</u>	<u>272,741,450</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources-pension and OPEB related	3,584,618	1,794,513	5,379,131
Deferred outflow of resources-deferred charge on refunding	-	2,388,452	2,388,452
Total deferred outflows of resources	<u>3,584,618</u>	<u>4,182,965</u>	<u>7,767,583</u>
Total assets and deferred outflows of resources	<u>78,785,818</u>	<u>201,723,215</u>	<u>280,509,033</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	2,900,462	2,175,274	5,075,736
Liabilities payable from restricted assets	420,138	958,743	1,378,881
Noncurrent: due within one year	16,135,000	14,351,794	30,486,794
Total current liabilities	<u>19,455,600</u>	<u>17,485,811</u>	<u>36,941,411</u>
Noncurrent liabilities:			
Noncurrent: Due in more than one year	379,531	73,999,839	74,379,370
Asset retirement obligation	-	977,902	977,902
Net pension liability	15,705,347	8,581,913	24,287,260
OPEB liability	633,444	343,364	976,808
Total noncurrent liabilities	<u>16,718,322</u>	<u>83,903,018</u>	<u>100,621,340</u>
Total liabilities	<u>36,173,922</u>	<u>101,388,829</u>	<u>137,562,751</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow of Resources	311,592	62,687	374,279
Total deferred inflows of resources	<u>311,592</u>	<u>62,687</u>	<u>374,279</u>
Total liabilities and deferred inflows of resources	<u>36,485,514</u>	<u>101,451,516</u>	<u>137,937,030</u>
NET POSITION			
Net investment in capital assets	44,980,930	82,857,134	127,838,064
Restricted for:			
Capital Projects	323,346	1,820	325,166
Debt Service	324,825	4,804,330	5,129,155
General government	1,098,070	-	1,098,070
Parks	165,537	-	165,537
Public Safety	52,503	-	52,503
Tourism	3,951,841	-	3,951,841
Transportation	221,135	-	221,135
Unrestricted	(8,817,883)	12,608,415	3,790,532
Total net position	<u>\$ 42,300,304</u>	<u>\$ 100,271,699</u>	<u>\$ 142,572,003</u>

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

Town of Lexington, South Carolina

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Total
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 3,526,511	\$ 788,678	\$ 346,008	\$ (2,391,825)
Public safety	7,282,842	255,005	390,181	(6,516,050)
Parks and sanitation	3,496,682	2,128,629	104,531	1,526,927
Transportation	2,306,875	218,858	481,165	(1,568,696)
Victims' assistance	90,094	30,820	8	(59,266)
Tourism related	210,670	170,572	-	(40,098)
Debt service	356,421	-	-	(356,421)
Bond/BAN issuance costs	134,051	-	-	(134,051)
Total governmental activities	17,404,146	3,592,562	1,321,893	(9,539,480)
Business-type activities:				
ENTERPRISE FUND	21,778,517	21,615,740	-	7,218,083
Total business-type activities	21,778,517	21,615,740	-	7,218,083
Total primary government	\$ 39,182,663	\$ 25,208,302	\$ 1,321,893	\$ (2,321,397)
General revenues:				
Property taxes				3,666,000
Business license taxes				6,126,515
Hospitality tax				3,208,712
State aid not restricted for specific purpose				563,011
Gain (loss) on sale of capital assets				23,889
Unrestricted investment earnings				11,363
Transfers				(46,052)
Total general revenues, special items, and transfers				13,642,998
Change in net position				7,307,643
Net position - beginning				131,250,402
Net position - ending				\$ 142,572,003

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

Town of Lexington, South Carolina

**Balance Sheet
Governmental Funds**

June 30, 2021

	General Fund	Hospitality Tax Fund	Downtown TIF District	Corley Mill TIF District	Gibson Pond Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and temporary investments	\$ 1,646,556	\$ -	\$ -	\$ -	\$ -	\$ 2,253,495	\$ 3,900,051
Receivables, net	973,563	-	-	-	-	7,000	980,563
Due from other funds	5,420,981	-	-	-	-	-	5,420,981
Prepaid items	409,867	-	-	-	-	97	409,964
Due from other governments	257,714	-	-	-	-	311,014	568,728
Restricted:							
Restricted - cash and temporary investments	-	3,898,454	405,353	1,080,186	5,209,538	2,006,980	12,600,511
Other receivables	-	276,577	44	9,500	2,584,409	-	2,870,530
Total assets	<u>\$ 8,708,681</u>	<u>\$ 4,175,031</u>	<u>\$ 405,397</u>	<u>\$ 1,089,686</u>	<u>\$ 7,793,947</u>	<u>\$ 4,578,586</u>	<u>\$ 26,751,328</u>
LIABILITIES							
Accounts payable	\$ 573,373	\$ 307,315	\$ 3,613	\$ 167,134	\$ 1,258,417	\$ 73,325	\$ 2,383,177
Accrued payroll liabilities	352,784	-	-	-	-	11,922	364,706
Due to other funds	-	-	-	68,536	4,415,723	936,722	5,420,981
Construction payables	-	120,944	-	-	100,000	-	220,944
Revenue bonds - current	-	-	4,620,000	3,415,000	7,250,000	-	15,285,000
Other liabilities	143,079	-	-	9,500	-	-	152,579
Total liabilities	<u>\$ 1,069,236</u>	<u>\$ 428,259</u>	<u>\$ 4,623,613</u>	<u>\$ 3,660,170</u>	<u>\$ 13,024,140</u>	<u>\$ 1,021,969</u>	<u>\$ 23,827,387</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue -- property taxes	143,369	-	-	-	-	-	143,369
Total deferred inflow of resources	<u>143,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,369</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,212,605</u>	<u>\$ 428,259</u>	<u>\$ 4,623,613</u>	<u>\$ 3,660,170</u>	<u>\$ 13,024,140</u>	<u>\$ 1,021,969</u>	<u>\$ 23,970,756</u>
FUND BALANCES (DEFICITS)							
Nonspendable	409,867	-	-	-	-	97	409,964
Restricted	-	3,746,772	-	-	-	205,069	3,951,841
Tourism	-	-	-	-	-	65,031	65,031
Capital projects	-	-	-	-	-	183,367	183,367
Park Improvements	-	-	-	-	-	52,503	52,503
Public Safety	-	-	-	-	-	232,877	232,877
Impact Fees	-	-	-	-	-	221,135	221,135
Transportation	-	-	-	-	-	1,097,114	1,097,114
General Government	-	-	-	-	-	2,218,740	2,818,740
Committed	600,000	-	-	-	-	(719,316)	(6,252,000)
Unassigned	6,486,209	-	(4,218,216)	(2,570,484)	(5,230,193)	3,556,617	2,780,572
Total fund balances (deficits)	<u>\$ 7,496,076</u>	<u>\$ 3,746,772</u>	<u>\$ (4,218,216)</u>	<u>\$ (2,570,484)</u>	<u>\$ (5,230,193)</u>	<u>\$ 3,556,617</u>	<u>\$ 2,780,572</u>
Total liabilities and fund balances (deficits)	<u>\$ 8,708,681</u>	<u>\$ 4,175,031</u>	<u>\$ 405,397</u>	<u>\$ 1,089,686</u>	<u>\$ 7,793,947</u>	<u>\$ 4,578,586</u>	<u>\$ 26,751,328</u>

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

Town of Lexington, South Carolina

**Balance Sheet
Governmental Funds**

June 30, 2021

- Continued -

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

Total fund balances -- governmental funds	\$2,780,572
--	--------------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$75,680,805 and the accumulated depreciation is \$21,809,952.	53,870,853
---	------------

Property taxes receivable that are not available to pay for expenditures for the current period are not recognized in the governmental funds.	143,369
---	---------

Accrued interest on bonds in governmental funds is not due and payable in the current period and therefore is not reported as a liability in the funds.	(199,194)
---	-----------

Long-term liabilities, including bonds payable, net pension liability, and Other Post Employment Benefits (OPEB) are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds payable	(300,000)	
Compensated absences	(929,531)	
Net pension related items	(12,392,842)	
OPEB related items	(672,923)	
	<u>(14,295,296)</u>	

Net position of governmental activities	<u><u>\$42,300,304</u></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, 2021

	General Fund	Hospitality Tax Fund	Downtown TIF District	Corley Mill TIF District	Gibson Pond Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 3,666,428	\$ -	\$ 205,856	\$ 35,109	\$ -	\$ -	\$ 3,907,393
Franchises, licenses, permits and fees	8,831,087	-	-	-	-	-	8,831,087
Other governments	563,011	-	-	-	-	-	563,011
Hospitality tax	-	3,199,205	-	-	-	-	3,199,205
Grant revenue	-	-	-	-	2,584,409	852,055	3,436,464
Road assessment	-	-	-	-	-	45,980	45,980
Alcohol permits	-	-	-	-	-	58,914	58,914
Fines and forfeitures	230,581	-	-	-	-	55,196	285,777
Impact fees	-	-	-	-	-	204,109	204,109
Interest income	8,250	9,507	181	91	269	8,189	26,487
Accommodations tax	-	-	-	-	-	169,698	169,698
Miscellaneous	90,728	-	-	-	-	140,767	231,495
Total revenues	<u>13,390,085</u>	<u>3,208,712</u>	<u>206,037</u>	<u>35,200</u>	<u>2,584,678</u>	<u>1,534,908</u>	<u>20,959,620</u>
EXPENDITURES							
Current:							
General government	2,880,837	-	-	-	-	323,542	3,204,379
Public safety	5,902,951	-	-	-	-	462,900	6,365,851
Parks and sanitation	2,476,874	-	-	-	-	6,255	2,483,129
Transportation	966,509	-	-	-	-	60,071	1,026,580
Victims' assistance	-	-	-	-	-	79,269	79,269
Tourism related	-	-	-	-	-	210,670	210,670
Debt service:							
Interest	-	-	81,062	66,900	-	115,905	263,867
Principal retirement	-	-	-	-	-	460,000	460,000
Bond/BAN issuance costs	-	-	78,813	75,373	(20,135)	-	134,051
Capital outlay:							
General government	8,112	-	-	-	-	71,163	79,275
Public safety	55,300	-	-	-	-	284,904	340,204
Parks and sanitation	-	-	89,011	-	5,644,959	2,199,173	7,933,143
Transportation	34,392	-	-	337,823	-	200,777	572,992
Tourism related	-	1,539,409	-	-	-	-	1,539,409
Total expenditures	<u>12,324,975</u>	<u>1,539,409</u>	<u>248,886</u>	<u>480,096</u>	<u>5,624,824</u>	<u>4,474,629</u>	<u>24,692,819</u>
Excess (deficiency) of revenues over expenditures	<u>1,065,110</u>	<u>1,669,303</u>	<u>(42,849)</u>	<u>(444,896)</u>	<u>(3,040,146)</u>	<u>(2,939,721)</u>	<u>(3,733,199)</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	25,589	-	-	-	-	-	25,589
Transfers in	1,460,263	-	-	-	-	3,247,499	4,707,762
Transfers out	(1,186,615)	(1,395,000)	-	-	(2,060,884)	(111,315)	(4,753,814)
Total other financing sources (uses)	<u>299,237</u>	<u>(1,395,000)</u>	<u>-</u>	<u>-</u>	<u>(2,060,884)</u>	<u>3,136,184</u>	<u>(20,463)</u>
Net change in fund balances	1,364,347	274,303	(42,849)	(444,896)	(5,101,030)	196,463	(3,753,662)
Fund balances - beginning	6,131,729	3,472,469	(4,175,367)	(2,125,588)	(129,163)	3,360,154	6,534,234
Fund balances - ending	<u>\$ 7,496,076</u>	<u>\$ 3,746,772</u>	<u>\$ (4,218,216)</u>	<u>\$ (2,570,484)</u>	<u>\$ (5,230,193)</u>	<u>\$ 3,556,617</u>	<u>\$ 2,780,572</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, 2021

- Continued -

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

Total net change in fund balances - governmental funds	\$ (3,753,662)
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Property tax revenues not considered current financial resources are not recognized in the governmental funds but are in the statement of activities.	(430)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlays (net of book value of disposed assets of \$1,700) of \$10,352,181 were more than depreciation expense of \$2,059,793.	8,292,388
Donations of capital assets are recorded as program revenues in the statement of activities.	481,074
Repayment of long-term liabilities, such as bonds payable and capital leases, is an expenditure in the governmental funds, but reduces liabilities in the statement of net assets.	460,000
Compensated absences are accrued and accounted for when the Town becomes liable to its employees in the statement of activities. However, these expenses are only recorded when paid in the governmental funds statements. The accrual increased by a net \$23,473 for this fiscal year.	(23,473)
Pension expense is accrued and accounted for when the Town becomes liable to its employees in the statement of activities. However these expenses are only recorded when paid in the governmental funds statements.	(1,225,370)
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.	(57,110)
Interest on long-term debt in the statement of activities differs from the governmental funds because governmental funds record interest in the period it is paid. Interest is recorded as it accrues in the statement of activities regardless of when due.	(159,459)
Change in net position of governmental activities	<u><u>\$ 4,013,958</u></u>

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

Town of Lexington, South Carolina

**Statement of Net Position
Proprietary Fund**

June 30, 2021

	Business-type Activities - Enterprise Fund
	Water/Sewer Fund
ASSETS	
Current assets:	
Cash and temporary investments	\$ 17,707,063
Receivables, net	3,838,467
Inventories - supplies	762,013
Prepaid items	63,913
Restricted - cash and temporary investments	8,290,986
Total current assets	<u>30,662,442</u>
Noncurrent assets:	
Land and construction in progress	18,138,087
Buildings, vehicles, equipment and infrastructure	112,422,276
Intangible - capacity reserve	33,545,064
Intangible - retail distribution rights	1,401,561
Prepaid capital improvements	1,370,820
Total noncurrent assets	<u>166,877,808</u>
Total assets	<u>197,540,250</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow pension and OPEB related	1,794,513
Deferred charge on refunding	2,388,452
Total deferred outflows of resources	<u>4,182,965</u>
Total assets and deferred outflows of resources	<u>201,723,215</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	1,887,430
Accrued payroll liabilities	218,964
Customer deposits	68,880
Construction payables	608,672
Accrued interest	350,071
Accrued compensated absences-current portion	160,000
Revenue bonds - current	14,191,794
Total current liabilities	<u>17,485,811</u>
Noncurrent liabilities:	
Revenue bonds payable	73,807,308
Accrued compensated absences	192,531
Asset retirement obligation	977,902
Net pension liability	8,581,913
OPEB liability	343,364
Total noncurrent liabilities	<u>83,903,018</u>
Total liabilities	<u>101,388,829</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflow pension and OPEB related	62,687
Total deferred inflows of resources	<u>62,687</u>
Total liabilities and deferred inflows of resources	<u>101,451,516</u>
 NET POSITION	
Net investment in capital assets	82,857,134
Restricted for:	
Capital projects	1,820
Debt service	4,804,330
Unrestricted	12,608,415
Total net position	<u>\$ 100,271,699</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 Fund**

For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Fund Water/Sewer Fund
OPERATING REVENUES	
Water service	\$ 6,022,040
Sewer service	14,914,936
Tap and meter fees	166,463
Other income	512,301
Total operating revenues	<u>21,615,740</u>
OPERATING EXPENSES	
Salaries and benefits	6,336,399
Water and sewer treatment services	4,154,557
Contractual services	758,339
Supplies	436,973
Asset retirement obligation expense	29,463
Depreciation and amortization	5,237,566
Other operating expense	1,643,257
Total operating expenses	<u>18,596,554</u>
Operating income	<u>3,019,186</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	33,253
Interest expense	(2,441,798)
Sale of capital assets	10,255
Bond issue costs	(740,165)
Total nonoperating revenues (expenses)	<u>(3,138,455)</u>
Income (loss) before contributions and transfers	(119,269)
CAPITAL CONTRIBUTIONS	
Capital contribution fees	4,485,885
Developer capital asset contributions	2,894,975
Total capital contributions	<u>7,380,860</u>
Transfers in	46,052
Total transfers	<u>46,052</u>
Change in net position	7,307,643
Total net position - beginning	92,964,056
Total net position - ending	<u><u>\$ 100,271,699</u></u>

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

Town of Lexington, South Carolina

**Statement of Cash Flows
Proprietary Fund**

For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Fund Water/Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 21,436,758
Payments to employees	(5,736,560)
Payments to suppliers	(7,182,718)
Net cash provided by operating activities	<u>8,517,480</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase and construction of capital assets	(9,759,802)
Bond issuance costs paid	(740,165)
Principal paid on capital debt	(23,323,869)
Interest and fees paid	(2,925,248)
Proceeds from bond issuance	32,235,129
Proceeds from capital contribution fees	4,485,885
Transfer from other fund	46,052
Gain (Loss) on sale of assets	20,255
Net cash provided by capital and related financing activities	<u>38,237</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	33,253
Net cash provided by investing activities	<u>33,253</u>
Net increase in cash and cash equivalents	8,588,970
Balances - beginning of year	17,409,079
Balances - end of the year	<u>\$ 25,998,049</u>
Reconciliation to the Statement of Net Position	
Cash and temporary investments	\$ 17,707,055
Restricted -- cash and temporary investments	8,290,994
	<u>\$ 25,998,049</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 3,019,186
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	5,237,566
Asset retirement obligation expense	29,463
Changes in assets and liabilities:	
Customer receivables	(178,719)
Inventory	(267,379)
Prepaid items	4,699
Accounts payable - supplier	77,786
Customer deposits	(262)
Compensated absences	29,854
Salaries and benefits payable	565,286
Net cash provided by operating activities	<u>\$ 8,517,480</u>
Non-cash investing, capital and financing supplementary information	
Revenue bond principal accretion and discount amortization	\$ 250
Revenue bond and BAN premium and deferred amount on refunding amortization	<u>\$ (230,478)</u>
Contributed capital assets from developers	<u>\$ 2,894,975</u>

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— 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 2021 (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, 2021

— 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 2021 (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, 2021

— 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.

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

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

The Town reports the following major proprietary fund:

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

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

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

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

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

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, 2021, consists of various supplies and other inventorable items, which are expensed at the time they are consumed.

Deferred Charges

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

Prepaid Items

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

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets

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

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

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

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense/expenditure until then. The Town has two items that qualify for reporting in this category, both of which are only reported in the government-wide statement of net position and the proprietary fund statement of net position. The first item is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred outflow related to pensions. See *Note 13* 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 position that applies to a future period and so will not be recognized as revenue until that time. The Town has two items that qualify for reporting in this category. The first item, which arises only under a modified accrual basis of accounting, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for property taxes that were unavailable at year end. These amounts are deferred and will be recognized as revenue when they become available. The second item is deferred inflow related to pensions. These items appear only on the government wide statement of net position and the proprietary fund statement of net position. See *Note 13* for further detail related to pensions.

Compensated Absences

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

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

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

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

Long-Term Liabilities

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

Pension Liability

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

Net Position Flow Assumption

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

E. Revenue

Program Revenue and General Revenue

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

Property Tax Revenue

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

The Downtown TIF District Fund ("Downtown TIF") was established in September 2014. Property tax revenue recorded in the Downtown TIF Fund represents taxes resulting from the incremental increase in assessed values within the Downtown TIF District occurring after the establishment of the Downtown TIF District. The Town entered an intergovernmental agreement with Lexington School District One ("School District") that limits the incremental revenues allocable to the Downtown TIF District from the School District. The limits include exclusion of School District debt service millage, amounts subject to reimbursement to the School District for various homestead exemptions allowed under state law, and a maximum aggregate limit of \$3,400,000 during the term of the Downtown TIF District. Accordingly, Downtown TIF District related property tax revenues for the year ended June 30, 2021 totaled \$205,856 with cumulative Downtown TIF revenues since inception totaling \$605,157. The Downtown TIF district expires December 31, 2029.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— 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, 2021 totaled \$35,109 with cumulative Corley Mill TIF revenues since inception totaling \$68,356. The Corley Mill TIF district expires December 31, 2036.

Capital Contributions

Contributions generally include developer contributions of deeded infrastructure assets associated with water and wastewater systems and Capital Contribution Fees (CCF’s). Deeded infrastructure assets are recognized as capital assets and contributions at the estimated fair value at the date of transfer. CCF’s are charges assessed against new development to recover major capital costs associated with reserving capacity in the Town’s utility systems. These fees are deemed to be ‘imposed non-exchange transactions’ and are recognized in the same period that the assets are received or when the Town has a legally enforceable claim to the assets. There are no time requirements of when such resources can be used, and while it is uncustomary for such resources to be refunded, certain “Sanitary Sewer Service Agreements” do allow the refund of paid CCF’s for any unused (or excess) fee certificates after the development project is completed. At year ended June 30, 2021 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 \$2,596,050 at June 30, 2021 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, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

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.

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 been specifically committed for use in satisfying those contractual requirements. The Town recognizes committed fund balances that have been approved for specific purposes by Town Council before the fiscal year end.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

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, 2021

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

B. Encumbrances

Encumbrances represent outstanding purchase orders or commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the Governmental Fund Types. During the year ended June 30, 1997, the Town Council changed its policy whereby all appropriations for contracts and commitments lapse at fiscal year-end. Therefore, no reserve for encumbrances is applicable for year ended June 30, 2021.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

3. Deposits and Investments

The Town had the following temporary investments at June 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Rating</u>
State Treasurer's Investment Pool	\$ 18,854,633	7/2/20 to 12/8/20	Unrated
Governmental Mutual Funds	16,021,463	On-Demand	AAA
Total fair value	<u>\$ 34,876,096</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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

3. Deposits and Investments (Continued)

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

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

Concentration of credit risk:

The Town's investment policy does not allow for an investment of more than 50% of the Town's total investment portfolio in any one issuer or type of security, with the exception of United States Treasuries and authorized pools. At June 30, 2021, the Town had investments in governmental mutual funds representing 45.9% 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, 2021, the reported carrying amount of the Town's cash deposits with financial institutions was \$7,620,815 and the financial institutions' balances totaled \$7,405,393. The balance was fully insured and collateralized. The Town had \$1,700 on hand at June 30, 2021.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— 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, 2021:

- 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	\$ 1,700
Carrying amount of cash deposits	7,620,815
Carrying amount of temporary investments	<u>34,876,096</u>
Total	<u><u>\$ 42,498,611</u></u>
Cash and temporary investments	\$ 21,607,114
Cash and temporary investments-restricted	<u>20,891,497</u>
Total	<u><u>\$ 42,498,611</u></u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

4. Receivables

Receivables at June 30, 2021, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Fees and services	\$ 47,955	\$ 6,105,337	\$ 6,153,292
Property and other taxes	197,658	-	197,658
Other	776,514	579,180	1,355,694
Less, allowance for doubtful accounts	(41,564)	(2,846,050)	(2,887,614)
	<u>980,563</u>	<u>3,838,467</u>	<u>4,819,030</u>
Restricted:			
Property and other taxes	2,870,530	-	2,870,530
	<u>\$ 3,851,093</u>	<u>\$ 3,838,467</u>	<u>\$ 7,689,560</u>

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

5. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2021, were as follows:

	Interfund	
	Receivables	Payables
General fund	\$ 5,420,981	\$ -
<u>Special revenue funds:</u>		
Police grants and programs	-	244,849
Corley mill TIF	-	68,536
<u>Capital projects funds:</u>		
Gibson pond fund	-	4,415,723
Clark house renovations	-	276,050
Ice house pavilion	-	276,992
Virginia Hylton Park Renovation	-	138,831
	<u>\$ 5,420,981</u>	<u>\$ 5,420,981</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— 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, 2021, were as follows:

	Interfund	
	Transfers Out	Transfers In
General fund	\$ 1,186,615	\$ 1,460,263
Other governmental funds:		
Debt service fund	-	601,615
Special revenue funds:		
Victims' assistance	-	60,000
Emergency response and recovery	46,052	125,000
Accommodations tax	65,263	-
Hospitality tax	1,395,000	-
Special Events	-	15,000
Amphitheatre	-	10,000
Capital projects funds		
Streets and infrastructure	-	375,000
Gibson Pond Fund	2,060,884	-
Ice House Pavillion	-	2,060,884
Enterprise fund	-	46,052
	<u>\$ 4,753,814</u>	<u>\$ 4,753,814</u>

The General Fund transfers out include \$601,615 to the Debt Service Fund to fund debt service requirements. Additionally, \$375,000 was transferred to Streets and Infrastructure Fund; \$10,000 to Amphitheater Fund; \$15,000 to Special Events Fund; and \$60,000 to the Victims' Assistance Fund to fund these programs. Finally, \$125,000 was transferred to the Emergency Response and Recovery Fund in response to the Covid-19 pandemic to fund a rebate program for water and sewer customers. Town water and sewer customers who made a purchase from a business inside the Town limits in July or August and sent the receipts to the Finance department received a rebate of up to \$25 on their water or sewer bill.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

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

The Emergency Response and Recovery Fund transferred \$46,052 to the Enterprise Fund to reimburse the rebates given. The Accommodations Tax fund transferred \$65,263 to the the General Fund. The Hospitality Tax Fund transferred \$1,395,000 to the General Fund. The Gibson Pond Fund transferred \$2,060,884 to the Ice House Pavillion Fund as the Bond Anticipation Note to fund these two projects is in the Gibson Pond Fund

Downtown TIF District Fund:

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

Carrying balance at the year ended June 30, 2021, is as follows:

	Restricted Cash and Temporary Investments
Construction Fund	\$ 382,605
Operating Account	22,748
	<u>\$ 405,353</u>

Corley Mill TIF District Fund:

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

Carrying balance at the year ended June 30, 2021, is as follows:

	Restricted Cash and Temporary Investments
Construction Fund	\$ 1,080,186
	<u>\$ 1,080,186</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

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

Gibson Pond Fund:

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

Carrying balance at the year ended June 30, 2021, is as follows:

	Restricted Cash and Temporary Investments
Construction Fund	\$ 5,209,538
	<u>\$ 5,209,538</u>

Hospitality Tax Fund

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

Carrying balance at the year ended June 30, 2021, is as follows:

	Restricted Cash and Temporary Investments
Hospitality Tax Fund	\$ 3,898,454
	<u>\$ 3,898,454</u>

Waterworks and Sewer System Enterprise Fund:

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

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

Carrying balances of restricted cash and temporary investments in the Waterworks and Sewer System Enterprise Fund at June 30, 2021, are as follows:

	Restricted Cash and Temporary Investments
Renewal and replacement fund	\$ 101,795
State Revolving Fund Construction fund - 2019	247,056
State Revolving Fund Constructin fund 2020	4,844,292
Construction fund	2,461.
Debt service fund 2011	175,064
Debt service fund 2012	83,298
Debt service fund 2017	334,756
Debt service fund 2018A	64,478
Debt service fund 2020A	137,352
Debt service fund 2020B	224,653
Debt service fund SRF 2019	16,762
Debt service reserve fund -- combined	2,059,019
	<u>\$ 8,290,986</u>

Capital Projects Funds:

The 2017 Bond financing includes the designation that funds from the sale of specific properties will be used to help fund the project costs. Therefore, the Downtown Development Fund cash is restricted to be used for that project.

Carrying balance at the year ended June 30, 2021, is as follows:

	Restricted Cash and Temporary Investments
Downtown development	65,031
	<u>\$ 65,031</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— 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, 2021, are as follows:

	Restricted Cash and Temporary Investments
Police grants and programs	\$ 17,371
Alcohol permits	166,848
Sidewalk fund	7,608
Drug fund	26,895
Victims' assistance	18,840
Emergency response and recovery	1,000,000
Golden hills tax district	214,477
COVID 19 fund	97,114
Park improvements	17,830
Impact fees	232,877
Accommodations tax	142,089
	<hr/>
	\$ 1,941,949

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

7. Capital Assets

The following is a summary of capital asset activity in governmental activities for the year ended June 30, 2021:

	Balances 30-Jun-20	Additions	Retirements	Balances 30-Jun-21
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,841,680	\$ 18,990	\$ -	\$ 7,860,670
Construction in Progress	4,240,348	7,986,427	(1,348,238)	10,878,537
Total capital assets, not being depreciated	<u>12,082,028</u>	<u>8,005,417</u>	<u>(1,348,238)</u>	<u>18,739,207</u>
Capital assets, being depreciated:				
Buildings	13,936,500	3,478,321	-	17,414,821
Vehicles and equipment	6,886,738	195,906	(256,401)	6,826,243
Furniture	-	17,563	-	17,563
Streets and roadways	24,990,084	566,906	-	25,556,990
Sidewalks	2,879,481	-	-	2,879,481
Storm drainage	4,246,500	-	-	4,246,500
Total capital assets, being depreciated	<u>52,939,303</u>	<u>4,258,696</u>	<u>(256,401)</u>	<u>56,941,598</u>
Less accumulated depreciation for:				
Buildings	4,325,669	370,913	-	4,696,582
Vehicles and equipment	4,568,053	673,077	(254,701)	4,986,429
Furniture	-	2,956	-	2,956
Streets and roadways	7,990,122	820,426	-	8,810,548
Sidewalks	771,704	74,827	-	846,531
Storm drainage	2,268,384	198,522	-	2,466,906
Total accumulated depreciation	<u>19,923,932</u>	<u>2,140,721</u>	<u>(254,701)</u>	<u>21,809,952</u>
Total capital assets, being depreciated, net	<u>33,015,371</u>	<u>2,117,975</u>	<u>(1,700)</u>	<u>35,131,646</u>
Governmental activities capital assets, net	<u><u>\$ 45,097,399</u></u>	<u><u>\$ 10,123,392</u></u>	<u><u>\$ (1,349,938)</u></u>	<u><u>\$ 53,870,853</u></u>

Note: In Fiscal Year 2021, one fully depreciated vehicle totaling \$24,494 was transferred from the Business Type Activities to the Governmental Activities and is included in the additions column in Governmental Activities. One fully depreciated piece of equipment totaling \$56,434 was transferred from the Business-Type Activities to the Governmental Activities and is included in the additions column in Governmental Activities.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

7. Capital Assets (Continued)

The following is a summary of capital asset activity in business-type activities for the year ended June 30, 2021:

	Balances June 30, 2020	Additions	Retirements	Balances June 30, 2021
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,698,246	\$ 25,800	\$ -	\$ 1,724,046
Construction in progress	25,206,110	4,619,415	(13,411,484)	16,414,041
Total capital assets, not being depreciated	26,904,356	4,645,215	(13,411,484)	18,138,087
Capital assets, being depreciated:				
Buildings and system	127,506,105	19,841,455	(10,099)	147,337,461
Vehicles, machinery and equipment	5,592,953	486,432	(140,042)	5,939,343
Total capital assets, being depreciated	133,099,058	20,327,887	(150,141)	153,276,804
Less accumulated depreciation for:				
Buildings and system	33,804,902	3,243,297	-	37,048,199
Vehicles, machinery and equipment	3,436,070	510,301	(140,042)	3,806,329
Total accumulated depreciation	37,240,972	3,753,598	(140,042)	40,854,528
Total capital assets, being depreciated, net	95,858,086	16,574,289	(10,099)	112,422,276
Business-type activities capital assets, net	<u>\$ 122,762,442</u>	<u>\$ 21,219,504</u>	<u>\$ (13,421,583)</u>	<u>\$ 130,560,363</u>
Intangible assets:				
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
Amortization of intangible assets:				
Capacity reserve	11,303,472	1,433,913	-	12,737,385
Retail distribution rights	1,051,172	50,055	-	1,101,227
Total amortization of intangible assets	12,354,644	1,483,968	-	13,838,612
Total intangible assets, net	<u>\$ 36,430,593</u>	<u>\$ (1,483,968)</u>	<u>\$ -</u>	<u>\$ 34,946,625</u>
Total tangible and intangible assets, net	<u>\$ 159,193,035</u>	<u>\$ 19,735,536</u>	<u>\$ (13,421,583)</u>	<u>\$ 165,506,988</u>

Note: In Fiscal Year 2021, one fully depreciated vehicle valued at \$24,494 was transferred to the Governmental Activities and is included in the disposals column in Business-Type Activities. One fully depreciated piece of equipment valued at \$56,434 was transferred to the 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, 2021

— Continued —

7. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 74,331
Public safety	426,454
Parks and sanitation	360,353
Transportation	<u>1,198,655</u>

Total depreciation expense – governmental activities	<u>\$ 2,059,793</u>
--	---------------------

Business-type activities:

Water and sewer	<u>\$ 3,753,598</u>
-----------------	---------------------

Total depreciation expense – business-type activities	<u><u>\$ 3,753,598</u></u>
---	----------------------------

Downtown TIF District Projects

During the year ended June 30, 2021, the Town expended \$286,123 for authorized Downtown TIF District capital projects in accordance with the Icehouse Redevelopment Plan. Expenditures for the Old Mill Trail Project totaled \$89,011. 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, 2021, the Town expended \$509,875 for authorized Corley Mill TIF District capital projects in accordance with the Corley Mill Redevelopment Plan. Expenditures for the I-20 Exit Ramp Improvement Project totaled \$10,000. Expenditures for the Highway 378/Sunset split totaled \$326,936. 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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

7. Capital Assets (Continued)

Intangible Assets:

Purchase of Sewer Capacity

During the year ended June 30, 2010, the Town entered into an agreement with the City of Cayce to participate in the construction of a new sewer treatment facility to be owned by the City of Cayce. The Agreement provides for the Town to have usage rights to a total available sewer capacity of 12.462 MGD in the new 25 MGD facility. Accordingly, the costs incurred for the Town's proportionate share in the plant, \$35,114,910 are being amortized over 30 years with amortization expense totaling \$1,174,428 recognized during the year ended June 30, 2021. 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, 2021.

During the year ended June 30, 2005, the Town entered into an agreement with the Lexington County Joint Municipal Water and Sewer Commission (the "Commission") as described in *Note 12* to acquire wastewater transport capacity in a sewer line that interconnects the Commission's service area and the Town's Regional Sewer System to Cayce's Plant. The interconnection was completed in June 2016. Accordingly, the costs incurred to acquire the transport capacity, \$1,087,664, are being amortized over 30 years with amortization expense totaling \$27,898 recognized during the year ended June 30, 2021. 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, 2021

— 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, 2021. During the year ended June 30, 2007, the Town entered an agreement with West Columbia for the purchase of an additional 1 MGD of water treatment capacity at the LMWTF. The cost of the additional capacity of \$1,541,767 is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$30,848 recognized during the year ended June 30, 2021. 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, 2021.

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, 2021, net of accumulated amortization (\$1,451,618, taking into account the imputed cost of capital approximating 5%) and is being amortized to the Town’s Waterworks and Sewer System Enterprise Fund operations with amortization expense totaling \$50,056 recognized during the year ended June 30, 2021.

8. Asset Retirement Obligation

The Town owns three pump stations that currently have lagoons. All were acquired in FY 2018 as part of the I-20 sewer facility condemnation (see *Note 11*). The first is under administrative order to eliminate further discharge. The flows from this lagoon have been diverted it was closed out in accordance with SCDHEC regulations in February 2021. The remaining two lagoons are being replaced with true pump stations. Both are expected to be decommissioned in FY 2022. An engineering firm has been employed to assist with the work on these two lagoons and they provided the cost estimates for cleanout, remediation and disposal requirements.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

9. Debt

The following is a summary of debt of the Town for the year ended June 30, 2021:

	Balances June 30, 2020	Additions	Reductions	Balances June 30, 2021	Due Within One Year
<u>Governmental activities:</u>					
Short Term Debt:					
Revenue bond anticipation note	\$ 7,990,000	\$ 8,035,000	\$ (7,990,000)	\$ 8,035,000	\$ 8,035,000
General obligation bond anticipation note	-	7,250,000	-	7,250,000	7,250,000
Total short term debt	<u>\$ 7,990,000</u>	<u>\$ 15,285,000</u>	<u>\$ (7,990,000)</u>	<u>\$ 15,285,000</u>	<u>\$ 15,285,000</u>
Long Term Liabilities:					
General obligation bonds	\$ 170,000	\$ -	\$ (170,000)	\$ -	\$ -
GO bond -- direct placement	590,000	-	(290,000)	300,000	300,000
Compensated absences	906,058	564,082	(540,609)	929,531	550,000
Governmental activities					
Long-term liabilities	<u>\$ 1,666,058</u>	<u>\$ 564,082</u>	<u>\$ (1,000,609)</u>	<u>\$ 1,229,531</u>	<u>\$ 850,000</u>
<u>Business-type activities:</u>					
Short Term Debt:					
Bond anticipation note	\$ 15,680,000	\$ 12,250,000	\$ (15,680,000)	\$ 12,250,000	\$ 12,250,000
BAN premium	63,818	240,590	(224,211)	80,197	-
Total short term debt	<u>\$ 15,743,818</u>	<u>\$ 12,490,590</u>	<u>\$ (15,904,211)</u>	<u>\$ 12,330,197</u>	<u>\$ 12,250,000</u>
Long Term Liabilities:					
Revenue bonds payable:					
Revenue bonds	\$ 60,541,706	\$ 18,160,803	\$ (7,643,869)	\$ 71,058,640	\$ 1,861,597
Less deferred amounts:					
For issuance discount	(3,019)	-	250	(2,769)	-
For issuance premium	3,333,131	1,583,736	(303,833)	4,613,034	-
Total revenue bonds payable	<u>63,871,818</u>	<u>19,744,539</u>	<u>(7,947,452)</u>	<u>75,668,905</u>	<u>1,861,597</u>
Compensated absences	<u>322,677</u>	<u>208,633</u>	<u>(178,779)</u>	<u>352,531</u>	<u>160,000</u>
Business-type activities					
Long-term liabilities	<u>\$ 64,194,495</u>	<u>\$ 19,953,172</u>	<u>\$ (8,126,231)</u>	<u>\$ 76,021,436</u>	<u>\$ 2,021,597</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

9. Debt (Continued)

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

Series 2021 General Obligation Bond Anticipation Notes:

The Town issued General Obligation Bond Anticipation Notes, Series 2020 during the year ended June 30, 2021. The notes were issued 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 \$7,250,000 and interest of 3.0% per annum are due on September 1, 2021.

Series 2012 General Obligation Bonds

During the year ended June 30, 2013, the Town issued \$1,465,000 of Town of Lexington, South Carolina General Obligation Bonds of 2012. The payment of principal and interest on the Bonds is secured by an irrevocable pledge of the full faith, credit and taxing power of the Town. The Bonds require semi-annual interest payments at rates of 2.00% and annual principal installments ranging from \$150,000 to \$170,000 through June 15, 2021. The proceeds from the bonds refunded the General Obligation Bonds of 2002 which were used to fund roadway and other capital improvements. The Series 2012 bonds were paid in full in fiscal year 2021.

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

Series 2017 General Obligation Bonds – Direct Placement

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

9. Debt (Continued)

General Obligation Bonds, Direct Placement Bonds, and Bond Anticipation Notes (Continued)

Interest payments are payable semi-annually each January 1 and July 1, beginning July 1, 2017 and annual principal installments ranging from \$275,000 to \$300,000 beginning January 1, 2018 through January 1, 2022. The Series 2017 Bonds have an outstanding balance at June 30, 2021 of \$300,000.

The Series 2017 Bonds are subject to optional prepayment by the Town in whole or in part at the price of par plus accrued interest on any interest payment date.

The annual debt service requirements to amortize all general obligation bonds outstanding as of June 30, 2021, including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>300,000</u>	<u>8,370</u>	<u>308,370</u>
Total	<u>\$ 300,000</u>	<u>\$ 8,370</u>	<u>\$ 308,370</u>

Revenue Bonds and Bond Anticipation Notes – Governmental Funds

Pursuant to *Note 1* the Saxe Gotha Public Facilities Corporation (the “Corporation”) issued \$4,620,000 Revenue Bond Anticipation Notes (BAN), Series 2021 (Ice House Redevelopment Project Area) on the Town’s behalf. The notes are due on May 6, 2022 and carry an interest rate of 1.0% per annum. The proceeds of the 2021 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, 2021

— Continued —

9. Debt (Continued)

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

The Ice House TIF Bond will bear rates of interest, including the initial rate of 9.8% that will be at rates that are deemed by the Town to be consistent with results of periodic reviews of forecasted and actual TIF Revenues, as well as debt service on the Revenue Bonds. The interest rate on the Ice House TIF Bond will be subject to adjustment as follows: the interest rate will be subject to adjustment, as required to assure that payment of principal and interest on the Ice House TIF bond, from its date of issuance to the earliest of the date of its maturity or the date of its retirement will be sufficient to reimburse the Corporation and the Town for the costs of debt service on the future Revenue Bonds. Interest on the Ice House TIF Bond is payable annually on each May 1, beginning May 1, 2016. Unpaid interest shall be treated as principal for purposes of determining the amount of interest due on the Ice House TIF Bond. To date \$603,990 of TIF Revenues have been applied to Ice House TIF Bond interest. As of June 30, 2021, accrued interest on the Ice House TIF Bond totals \$2,359,661. 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 \$3,415,000 Revenue Bond Anticipation Notes (BAN) Series 2021 (Corley Mill Redevelopment Project Area) on the Town’s behalf. The notes are due on March 18, 2022 and carry an interest rate of 1.125% per annum. The proceeds of the 2021 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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

9. Debt (Continued)

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

Corley Mill TIF Bond will be payable semi-annually on a date designated by the Mayor. Unpaid interest shall not be treated as principal but will accrue and compound annually at the rate of interest currently set for the Bond. To date \$33,246 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 \$566,404. 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 and Bond Anticipation Notes – Business Type Activities

Gross revenues of the Waterworks and Sewer System Enterprise Fund, after paying the costs and expenses of operating and maintaining the system, are pledged for repayment of the revenue bonds of the enterprise fund. The Town is in compliance with all applicable bond covenants at June 30, 2021.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

9. Debt (Continued)

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

Series 2019 Revenue Bond Anticipation Notes:

The Town issued Combined Waterworks and Sewer System Revenue Bond Anticipation Notes, Series 2020 during the year ended June 30, 2021. The notes were issued to provide funds to refund a portion of prior bond anticipation notes and to provide additional funds for the construction and equipping of the Cromer Road Pump station, upgrades to Water Pumping Capacity at the Lake Murray Water Treatment Facility and various other capital improvements for the system. Principal of \$12,250,000 and interest of 2.25% per annum are due on October 27, 2021.

Series 2012 Revenue Bonds:

The Town of Lexington, South Carolina Combined Waterworks and Sewer System Revenue Bonds, Series 2012 require semi-annual interest payments at rates of 2.00% to 2.50% beginning August 1, 2012 and annual principal installments ranging from \$60,000 to \$1,870,000 beginning April 1, 2020 through 2032. The Series 2012 bonds were issued for \$7,650,000 with an outstanding balance at June 30, 2021 of \$7,517,231 (net of unamortized discount of (\$2,769)). Amortization of the discount equaled \$250.

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

The Series 2012 Bonds maturing on or prior to April 1, 2022, are not subject to redemption prior to maturity. The Series 2012 Bonds maturing after April 1, 2022, are subject to redemption prior to maturity, at the option of the Town, on or after April 1, 2022, as a whole at any time, or in part from time to time on any interest payment date in the maturities as designated by the Town (but only in integral multiples of \$5,000) and by lot within a maturity, at a redemption price of 100% of the principal amount thereof with the interest accrued on such principal amount to the date fixed for redemption.

Series 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% beginning June 1, 2018 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, 2021 of \$35,455,482. (net of unamortized premium of \$2,930,482). Amortization of the premium equaled (\$136,566).

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

9. Debt (Continued)

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

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, 2021, of \$10,289,010 (net of unamortized premium of \$134,010). 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, 2021

— Continued —

9. Debt (Continued)

Revenue Bonds and Bond Anticipation Notes – 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 \$50,269.85 beginning September 1, 2020 and ending September 1, 2040. Then quarterly payments of principal and interest in the amount of \$9,079.98 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, 2021 is \$3,357,837.

The 2019 SRF Loan was issued to finance a new I-20 wastewater pump station and force main and to closeout 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% beginning April 1, 2021 and annual principal installments ranging from \$260,000 to \$530,000 beginning April 1, 2021 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 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, 2021 of \$6,967,602 (net of unamortized premium of \$857,602). Amortization of the discount equaled \$19,491.

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

9. Debt (Continued)

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

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% beginning April 1, 2021 and annual principal installments ranging from \$400,000 to \$840,000 beginning April 1, 2021 through 2027. The Series 2020B bonds were issued to provide for the current refunding of the Town's outstanding Combined Waterworks and Sewer System Revenue Refunding Bonds, Series 2011, the proceeds of which provided financing for the System; and to pay the costs of issuance of the Series 2020B Bonds. The Series 2020B Bond was issued for \$6,370,000 with an outstanding balance at June 30, 2021 of \$5,240,940 (net of unamortized premium of \$690,940). Amortization of the premium equaled \$15,703.

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 \$16,477.00 beginning July 1, 2043 and ending April 1, 2052. The 2020C SRF loan was issued for \$6,840,803 at an interest rate of 1.80% for the first 20 years and 2.20% for the last 10 years. The outstanding balance at June 30, 2021 is \$6,840,803.

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

9. Debt (Continued)

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

The annual debt service requirements to amortize all revenue bonds outstanding as of June 30, 2021, including interest components are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	1,861,597	2,512,595	4,374,192
2023	2,200,063	2,561,944	4,762,007
2024	2,292,772	2,479,186	4,771,958
2025	2,390,631	2,381,626	4,772,257
2026	2,478,645	2,279,462	4,758,107
2027-2031	13,199,058	9,850,297	23,049,355
2032-2036	16,139,402	7,420,059	23,559,461
2037-2041	19,255,189	4,244,875	23,500,064
2042-2046	6,884,213	1,602,635	8,486,848
2047-2051	4,292,057	348,365	4,640,422
2052	65,013	895	65,908
Subtotal	71,058,640	35,681,939	106,740,579
Plus: net discounts and premiums	4,610,265	-	4,610,265
Total	<u>\$ 75,668,905</u>	<u>\$ 35,681,939</u>	<u>\$ 111,350,844</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, 2021, \$43,500,000 of bonds outstanding are considered defeased.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

10. Capital Contribution Fees and Capital Asset Contributions

A summary of capital asset contributions from developers and receipts of capital contribution fees during the year ended June 30, 2021, follows:

<u>Business-type activities:</u>	
Capital contribution fees received	\$ 4,485,885
Capital asset contributions from developers	<u>2,894,975</u>
Total capital contribution fees and capital asset contributions recognized	<u>\$ 7,380,860</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 \$2,596,050 at June 30, 2021, 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.

11. Contingencies

Federal Grants

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

Litigation:

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

12. Commitments

Developers and Contractors:

The Town has outstanding contracts to provide certain developers future sewer taps. The Town reserves sewer treatment capacity to provide the future service at the inception of the installment contracts. At June 30, 2021, the number of unredeemed capital contribution certificates representing future taps into the system is approximately 2,122.

Additionally, the Town has outstanding commitments to contractors and others for approximately \$1,495,791.

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.

Regional Sewer Line Interconnection Agreement:

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

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

Water Sale and Purchase Agreement:

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

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

13. Employee Retirement -- Pensions

South Carolina Retirement System

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

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

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

13. Employee Retirement – Pensions (Continued)

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, 2019, employees participating in the SCRS were required to contribute 9.00% of all earnable compensation. The employer contribution rate for SCRS was 15.56%. Included in the total SCRS employer contribution rate is a base retirement contribution of 15.41% and 0.15% contribution rate for the incidental death program. The Town's contributions for the years ended June 30, 2021, 2020, and 2019 are as follows:

Year Ended June 30,	Incidental			Incidental		
	Base	Death	Total	Base	Death	Total
2021	15.41%	0.15%	15.56%	\$ 1,086,607	\$ 10,577	\$ 1,097,184
2020	15.41%	0.15%	15.56%	\$ 1,063,870	\$ 10,356	\$ 1,074,226
2019	14.26%	0.15%	14.41%	\$ 925,047	\$ 9,731	\$ 934,778

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

13. Employee Retirement – Pensions (Continued)

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 7 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

Effective July 1, 2019, employees participating in the PORS were required to contribute 9.75% of all earnable compensation. The employer contribution rate for PORS was 17.84% and 0.20% for the incidental death program and 0.20% for the accidental death program. The Town's contributions for the years ended June 30, 2021, 2020, and 2019 are as follows:

Year Ended June 30,	Incidental			Incidental		
	Base	Death	Total	Base	Death	Total
2021	17.84%	0.40%	18.24%	\$ 707,496	\$ 15,863	\$ 723,359
2020	17.84%	0.40%	18.24%	\$ 688,767	\$ 15,443	\$ 704,210
2019	16.84%	0.40%	17.24%	\$ 647,211	\$ 15,373	\$ 662,584

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

13. Employee Retirement – Pensions (Continued)

At June 30, 2021, the Town reported a liability of \$15,811,926 and \$8,475,334 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, 2020 actuarial valuations, using most recent membership data projected forward to June 30, 2021, and financial information of the pension trust funds as of June 30, 2020, 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, 2021 the Town's proportion of SCRS was 0.061882% and of PORS was 0.25557%.

At June 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
Difference between expected and actual experience	\$ 182,449	\$ 180,118	\$ 59,792	\$ 37,306
Assumption Changes	19,372	103,427	-	-
Net difference between projected and actual investment earnings	1,163,100	867,854	-	-
Deferred amounts from changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	751,348	266,189	-	191,549
Pension expenses paid to PEBA during FY2021	<u>1,097,184</u>	<u>723,359</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,213,453</u>	<u>\$ 2,140,947</u>	<u>\$ 59,792</u>	<u>\$ 228,855</u>

Deferred outflows of \$1,097,184 for SCRS and \$723,359 for PORS reported as resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

13. Employee Retirement – Pensions (Continued)

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

<u>Year ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>	<u>Net</u>
2022	\$ 655,648	\$ 427,905	\$ 1,083,553
2023	634,596	312,944	947,540
2024	469,434	234,344	703,778
2025	296,799	213,540	510,339
	<u>\$ 2,056,477</u>	<u>\$ 1,188,733</u>	<u>\$ 3,245,210</u>

The total pension liabilities in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% – 12.5%	3.5% - 9.5%
Inflation Rate	2.25%	2.25%
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

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

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety, and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

13. Employee Retirement – Pensions (Continued)

The long-term expected rate of return on pension plan investments for actuarial purposes 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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 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 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Normal Return			8.05%

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

13. Employee Retirement – Pensions (Continued)

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table represents the Town's proportionate share of the net SCRS and PORS pension liabilities calculated using the discount rate of 7.25 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 (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 19,596,944	\$ 15,811,926	\$ 12,651,391
PORS	11,219,915	8,475,334	6,271,611

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 Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State 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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

14. Post-Employment Benefits Other than Pension

The Town, as a single employer, has adopted a policy to pay health insurance as a defined benefit (the Plan) until age 65 for retirees who retire with 20 years of service with the Town and retire between the ages of 62 and 65, which would be paid from the fund from which the employee's salary was charged. The Town offers a continuation of health care coverage at group rates to retirees and their spouses with the costs to be paid by the retiree based on 100% premium rates. This policy was adopted by vote of council on June 30, 2004 and may be amended by vote of council. These benefits are neither guaranteed nor mandatory. As of July 1, 2019, the valuation date for the plan year 2021, there were 176 active members and no retirees receiving benefits under this plan.

The Town has elected not to fund the Plan at this time and will utilize a pay-as-you go policy. Changes in the Town's annual other postemployment benefits (OPEB) liability from June 30, 2020 to June 30, 2021 are shown in the following table:

	Total OPEB <u>Liability</u>
Balance as of June 30, 2020	\$ 882,333
Changes for the year:	
Service Cost	79,099
Interest on total OPEB liability	21,133
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	4,714
Benefit Payments	<u>(10,471)</u>
Balance as of June 30, 2021	<u>\$ 976,808</u>

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, calculated based on the discount rate and actuarial assumptions below. It was then projected forward to the measurement date, June 30, 2021. The discount rate was based on the Bond Buyer General Obligation 20 Year Bond Municipal Index. The plan has not had a formal actuarial experience study performed.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

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

Key Actuarial Assumptions:	June 30, 2020	June 30, 2021
Discount Rate	2.21%	2.16%
Valuation date	July 1, 2019	July 1, 2019
Measurement date	June 30, 2020	June 30, 2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.30%	2.30%
Medical trend rate	5.7% - 3.9% over 55 years	5.7% - 3.9% over 55 years
Salary increases including inflation	Graded Scale Including Merit Increases	Graded Scale Including Merit Increases

The following table presents the total OPEB liability of the Town, calculated using the discount rate of 2.16%, 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 (1.16%) or 1 percentage point higher (3.16%) than the current rate.

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	\$ 1,074,778	\$976,808	\$886,098

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	\$826,085	\$976,808	\$1,160,463

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

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

The total OPEB expense for the year ending June 30, 2021 is as follows:

OPEB Expense	July 1, 2019 to June 30, 2020	July 1, 2020 to June 30, 2021
Service cost	\$ 75,258	\$ 79,099
Interest on total OPEB liability	33,039	21,133
Effect of plan changes	-	-
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	(1,869)	(1,869)
Recognition of assumption changes or inputs	(7,035)	(6,446)
OPEB Expense	<u>\$ 99,393</u>	<u>\$ 91,917</u>

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, 2021, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (13,082)	\$ -
Changes of assumptions	(72,550)	24,731
Total	<u>\$ (85,632)</u>	<u>\$ 24,731</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

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

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,	
2022	\$ (8,315)
2023	(8,315)
2024	(8,315)
2025	(8,315)
2026	(8,315)
Thereafter*	(19,326)

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

15. Tax Abatements

The Town is subject to tax abatements granted by the County of Lexington. The County offers three tax abatement programs. These programs may be combined.

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

15. Tax Abatements (Continued)

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.

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.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

15. Tax Abatements (Continued)

Special Source Revenue Credit Program (SSRC)

The SSRC program offers individual incentives packages by abating property taxes to attract new business to the County and to retain current businesses. The SSRC program was established by the SC Code Sections 4-29-68, 4-1-170, and 12-44-70. Generally, for taxpayers to be approved for this program they must agree to incur costs of designing, acquiring, constructing, improving, or expanding improved or unimproved real estate or personal property used in the operation of a manufacturing or commercial enterprise; infrastructure servicing the project; or certain aircraft within the investment period. The investment period begins on the day in which the property described in the agreement is entered into service and ends at an agreed upon point in time. Once the investment period begins, the taxpayer will receive a specified percentage refund of their property taxes for the property included in the agreement within 30 days of their property tax payment. If the taxpayer fails to maintain conditions set forth in the agreement, state law requires that the taxpayer pay two additional years of property tax if the SSRC was received on personal property. Other recapture provisions may be negotiated on a case by case basis.

The Town of Lexington's property tax revenues were reduced by \$32,791 under agreements entered into by Lexington County as of June 30, 2021. The State of South Carolina reimbursed the County \$463 of these property tax revenues, which Lexington County disbursed back to the Town.

Tax Abatement Program	Amount of Taxes Abated during the Fiscal Year	State of South Carolina Revenue Reimbursement Amount
Fee-in-Lieu of Tax and Infrastructure Program (FILOT+IP)	\$ 14,901	\$ 463
Fee-in-Lieu of Tax and Source Revenue Credit Program (FILOT+SSRC)	17,890	-
	<u>32,791</u>	<u>463</u>

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

16. Risk Management

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

The Town has its tort liability and casualty insurance through Travelers Insurance Company, Inc. The limit of the tort liability is \$3,000,000 per occurrence, while the limit for casualty insurance varies depending on the value of the property. The Town pays an annual experience rated premium to Arthur J. Gallagher Risk Management Services, Inc. for general insurance coverage, totaling approximately \$382,830 in the 2021 fiscal year.

The Town provides for the administration of a plan providing health and dental coverage for all employees through the Employee Insurance Program (EIP). The Town's payments to the EIP plan approximated \$1,815,328 during the year.

The Town maintained its workers compensation insurance with Key Risk Insurance Company through Arthur J. Gallagher Risk Management Services, Inc. The Town paid \$224,767 for this coverage.

The Town is self-insured for unemployment benefits. Claims are administered by the South Carolina Employment Security Commission and are then reimbursed by the Town. The Town funds all unemployment claims through current available resources. No liability has been accrued at year-end for potential claims, as they are expected to be minimal.

17. Subsequent Events

On August 19, 2021 the Town issued \$7,540,000 Town of Lexington, South Carolina General Obligation Bond Anticipation Notes (BAN), Series 2021. This series was issued to refund the General Obligation BAN, Series 2020, 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 2020 BAN's.

Town of Lexington, South Carolina
Notes to Financial Statements
Fiscal Year Ended June 30, 2021

— Continued —

17. Subsequent Events (Continued)

On October 20, 2021 the Town issued \$12,170,000 Combined Waterworks and Sewer System Revenue Improvement Bonds, Series 2021A. This series was issued to refund and provide permanent financing for the Town's Combined Waterworks and Sewer System Revenue Bond Anticipation Notes (BAN), Series 2020A which was issued to fund 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, acquisition of the I-20 and Watergate Sewer Systems, other capital improvements to the Town's Combined Waterworks and Sewer System, and to pay the costs of issuance of the Series 2021A Bonds.

On October 20, 2021 the Town issued \$4,855,000 Combined Waterworks and Sewer System Revenue Bonds, Series 2021B. This series was issued to provide for the current refunding of the Town's outstanding Combined Waterworks and Sewer System Revenue Bonds, Series 2012 and to pay the costs of issuance of the Series 2021B Bonds.

On March 11, 2021 the Federal Government enacted the American Rescue Plan Act of 2021 (ARPA). The Town's share of ARPA funding is anticipated to be approximately \$11,000,000. On October 12, 2021 the Town received \$5,515,364, the first half of the distribution.

Subsequent events were evaluated through December 17, 2021. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEXINGTON, SOUTH CAROLINA

Town of Lexington, South Carolina

**General Fund
Budgetary Comparison Schedule**

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 3,369,000	\$ 3,369,000	\$ 3,666,428	\$ 297,428
Franchises, licenses, permits and fees	8,455,447	8,455,447	8,831,087	375,640
Other governments	475,000	475,000	563,011	88,011
Fines and forfeitures	200,000	200,000	230,581	30,581
Interest income	29,400	29,400	8,250	(21,150)
Miscellaneous	60,000	60,000	90,728	30,728
Total revenues	<u>12,588,847</u>	<u>12,588,847</u>	<u>13,390,085</u>	<u>801,238</u>
EXPENDITURES				
General government				
Council				
Personnel	66,078	66,078	65,632	446
Operations	114,325	114,325	75,085	39,240
Administration				
Personnel	990,665	990,665	975,784	14,881
Operations	123,202	123,202	79,693	43,509
Finance				
Personnel	273,643	273,643	261,500	12,143
Operations	52,503	52,503	62,271	(9,768)
Planning, building, and technology				
Personnel	939,784	939,784	909,011	30,773
Operations	477,227	470,627	451,861	18,766
Total general government	<u>3,037,427</u>	<u>3,030,827</u>	<u>2,880,837</u>	<u>149,990</u>
Public safety				
Personnel	5,483,851	5,426,851	5,306,183	120,668
Operations	638,532	639,532	596,768	42,764
Parks and sanitation				
Personnel	1,276,011	1,276,011	1,236,485	39,526
Operations	1,235,999	1,235,999	1,240,389	(4,390)
Transportation				
Personnel	529,099	529,099	506,112	22,987
Operations	423,730	423,730	460,397	(36,667)
Total expenditures	<u>12,624,649</u>	<u>12,562,049</u>	<u>12,227,171</u>	<u>334,878</u>
Capital outlay:				
General government	253,833	201,283	8,112	193,171
Public safety	21,982	137,132	55,300	81,832
Parks and sanitation	-	-	-	-
Transportation	33,892	33,892	34,392	(500)
Total capital outlay	<u>309,707</u>	<u>372,307</u>	<u>97,804</u>	<u>274,503</u>
Total expenditures and capital outlay	<u>12,934,356</u>	<u>12,934,356</u>	<u>12,324,975</u>	<u>609,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(345,509)</u>	<u>(345,509)</u>	<u>1,065,110</u>	<u>1,410,619</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	25,589	25,589
Transfers in	1,425,000	1,425,000	1,460,263	35,263
Transfers out	(1,186,615)	(1,186,615)	(1,186,615)	-
Total other financing sources (uses)	<u>238,385</u>	<u>238,385</u>	<u>299,237</u>	<u>60,852</u>
Net change in fund balances	(107,124)	(107,124)	1,364,347	1,471,471
Fund balances - beginning	6,131,729	6,131,729	6,131,729	-
Fund balances - ending	<u>\$ 6,024,605</u>	<u>\$ 6,024,605</u>	<u>\$ 7,496,076</u>	<u>\$ 1,471,471</u>

*** 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**

	2021	2020	2019	2018	2017	2016	2015	2014
South Carolina Retirement System								
Town's proportion of the net pension liability	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	\$ 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	\$ 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	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	50.71%	54.40%	54.10%	53.30%	52.90%	57.00%	59.92%	56.39%
South Carolina Police Officers Retirement System								
Town's proportion of the net pension liability	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	\$ 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	\$ 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	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	58.79%	62.70%	61.70%	60.90%	60.40%	64.60%	67.55%	62.98%

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

Town of Lexington, South Carolina

**Pension Plan
Schedule of Contributions**

	2021	2020	2019	2018	2017	2016	2015	2014
South Carolina Retirement System								
Contractually required contributions	\$ 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	(1,097,184)	(1,074,226)	(934,778)	(802,828)	(628,348)	(570,155)	(550,862)	(508,085)
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town covered payroll	\$ 7,051,311	\$ 6,903,769	\$ 6,420,178	\$ 5,920,564	\$ 5,435,531	\$ 5,155,108	\$ 5,048,629	\$ 4,793,251
Contributions as a percentage of covered payroll	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.91%	10.60%
South Carolina Police Officers Retirement System								
Contractually required contributions	\$ 723,359	\$ 704,210	\$ 662,584	\$ 569,270	\$ 457,063	\$ 415,205	\$ 392,658	\$ 360,672
Contributions in relation to the contractually required	(723,359)	(704,210)	(662,584)	(569,270)	(457,063)	(415,205)	(392,658)	(360,672)
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town covered payroll	\$ 3,965,784	\$ 3,860,803	\$ 3,843,296	\$ 3,505,357	\$ 3,209,713	\$ 3,021,869	\$ 2,928,098	\$ 2,808,975
Contributions as a percentage of covered payroll	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%	12.84%

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

Town of Lexington, South Carolina

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 79,099	\$ 75,258	\$ 56,068	\$ 57,450
Interest on total OPEB liability	21,133	33,039	31,536	27,503
Effect of plan changes	-	-	-	-
Effect of economic/demographic gains or (losses)	-	(16,820)	-	-
Effect of assumption changes or inputs	4,714	(76,095)	32,726	(23,846)
Benefit payments	(10,471)	(3,481)	(17,253)	(8,986)
Net change in total OPEB liability	94,475	11,901	103,077	52,121
Total OPEB liability -- beginning	882,333	870,432	767,355	715,233
Total OPEB liability -- ending	<u>\$ 976,808</u>	<u>\$ 882,333</u>	<u>\$ 870,432</u>	<u>\$ 767,354</u>
Covered employee payroll	\$ 9,139,483	\$ 9,139,483	\$ 7,651,873	\$ 7,651,873
Total OPEB liability as a percentage of covered-employee payroll	10.69%	9.65%	11.38%	10.03%

The Town implemented GASB 75 during fiscal year 2018. Although GASB 75 requires 10 years of data, if prior years are not reported in accordance with the current GASB standards, recalculations are not required and they should not be reported. Accordingly, we show only four years' calculations.

OTHER FINANCIAL INFORMATION

TOWN OF LEXINGTON, SOUTH CAROLINA

COMBINING 'NON-MAJOR' GOVERNMENTAL FINANCIAL
STATEMENTS

TOWN OF LEXINGTON, SOUTH CAROLINA

Town of Lexington, South Carolina

**Nonmajor Governmental Funds
Combining Balance Sheet**

June 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and temporary investments	\$ 472,725	\$ 324,825	\$ 1,455,945	\$ 2,253,495
Receivables, net	7,000	-	-	7,000
Prepaid items	-	-	97	97
Due from other governments	311,014	-	-	311,014
Restricted - cash and temporary investments	1,941,949	-	65,031	2,006,980
Total assets	<u>\$ 2,732,688</u>	<u>\$ 324,825</u>	<u>\$ 1,521,073</u>	<u>\$ 4,578,586</u>
LIABILITIES				
Accounts payable	\$ 27,700	\$ 4,275	\$ 41,350	\$ 73,325
Accrued payroll liabilities	9,830	-	2,092	11,922
Due to other funds	244,848	-	691,874	936,722
Total liabilities	<u>282,378</u>	<u>4,275</u>	<u>735,316</u>	<u>1,021,969</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	97	97
Restricted	1,992,065	-	65,031	2,057,096
Committed	458,245	320,550	1,439,945	2,218,740
Unassigned	-	-	(719,316)	(719,316)
Total fund balances (deficits)	<u>2,450,310</u>	<u>320,550</u>	<u>785,757</u>	<u>3,556,617</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,732,688</u>	<u>\$ 324,825</u>	<u>\$ 1,521,073</u>	<u>\$ 4,578,586</u>

Town of Lexington, South Carolina

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

For the Year Ended June 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Grant revenue	\$ 852,055	\$ -	\$ -	\$ 852,055
Road assessment	45,980	-	-	45,980
Alcohol permits	58,914	-	-	58,914
Fines and forfeitures	55,196	-	-	55,196
Impact fees	204,109	-	-	204,109
Interest income	4,205	786	3,198	8,189
Accommodations tax	169,698	-	-	169,698
Other income	111,567	-	29,200	140,767
Total revenues	<u>1,501,724</u>	<u>786</u>	<u>32,398</u>	<u>1,534,908</u>
EXPENDITURES				
Current:				
General government	318,047	-	5,495	323,542
Public safety	462,900	-	-	462,900
Parks and sanitation	6,255	-	-	6,255
Transportation	23,588	-	36,483	60,071
Victims' assistance	79,269	-	-	79,269
Tourism related	210,670	-	-	210,670
Debt service:				
Principal retirement	-	460,000	-	460,000
Interest expense	-	115,905	-	115,905
Capital outlay:				
General government	69,812	-	1,351	71,163
Public safety	40,919	-	243,985	284,904
Parks and sanitation	6,408	-	2,192,765	2,199,173
Transportation	-	-	200,777	200,777
Total expenditures	<u>1,217,868</u>	<u>575,905</u>	<u>2,680,856</u>	<u>4,474,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>283,856</u>	<u>(575,119)</u>	<u>(2,648,458)</u>	<u>(2,939,721)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	210,000	601,615	2,435,884	3,247,499
Transfers out	(111,315)	-	-	(111,315)
Total other financing sources (uses)	<u>98,685</u>	<u>601,615</u>	<u>2,435,884</u>	<u>3,136,184</u>
Net change in fund balances	382,541	26,496	(212,574)	196,463
Fund balances - beginning	2,067,769	294,054	998,331	3,360,154
Fund balances - ending	<u>\$ 2,450,310</u>	<u>\$ 320,550</u>	<u>\$ 785,757</u>	<u>\$ 3,556,617</u>

INDIVIDUAL FUND STATEMENTS
AND
SCHEDULES

Town of Lexington, South Carolina

General Fund Balance Sheet

June 30, 2021

(With comparative amounts for the year ended June 30, 2020)

	2021	2020
ASSETS		
Cash and temporary investments	\$ 1,646,556	\$ 5,481,243
Receivables, net	973,563	833,594
Due from other funds	5,420,981	506,039
Prepaid items	409,867	320,065
Due from other governments	257,714	153,809
Total assets	<u>\$ 8,708,681</u>	<u>\$ 7,294,750</u>
LIABILITIES		
Accounts payable	\$ 573,373	\$ 654,684
Accrued payroll liabilities	352,784	277,166
Other liabilities	143,079	87,374
Total liabilities	<u>1,069,236</u>	<u>1,019,224</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue -- property taxes	143,369	143,797
Total deferred inflow of resources	<u>143,369</u>	<u>143,797</u>
Total liabilities and deferred inflows of resources	<u>1,212,605</u>	<u>1,163,021</u>
FUND BALANCES		
Nonspendable	409,867	320,065
Committed	600,000	600,000
Unassigned	6,486,209	5,211,664
Total fund balances	<u>7,496,076</u>	<u>6,131,729</u>
Total liabilities and fund balances	<u>\$ 8,708,681</u>	<u>\$ 7,294,750</u>

Town of Lexington, South Carolina

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

For the Year Ended June 30, 2021

(With comparative actual amounts at June 30, 2020)

	2021		2020	
	Budget	Actual	Variance with Final Budget	Actual
REVENUES				
Property taxes	\$ 3,369,000	\$ 3,666,428	\$ 297,428	\$ 4,154,285
Franchises, licenses, permits and fees	8,455,447	8,831,087	375,640	8,421,845
Other governments	475,000	563,011	88,011	1,030,139
Fines and forfeitures	200,000	230,581	30,581	174,343
Interest income	29,400	8,250	(21,150)	43,812
Miscellaneous	60,000	90,728	30,728	108,856
Total revenues	<u>12,588,847</u>	<u>13,390,085</u>	<u>801,238</u>	<u>13,933,280</u>
EXPENDITURES				
General government				
Council				
Personnel	66,078	65,632	446	66,359
Operations	114,325	75,085	39,240	128,174
Administration				
Personnel	990,665	975,784	14,881	966,919
Operations	123,202	79,693	43,509	90,325
Finance				
Personnel	273,643	261,500	12,143	269,774
Operations	52,503	62,271	(9,768)	48,610
Planning, building, and technology				
Personnel	939,784	909,011	30,773	920,408
Operations	470,627	451,861	18,766	404,761
Total general government	<u>3,030,827</u>	<u>2,880,837</u>	<u>149,990</u>	<u>2,895,330</u>
Public safety				
Personnel	5,426,851	5,306,183	120,668	5,218,093
Operations	639,532	596,768	42,764	630,780
Parks and sanitation				
Personnel	1,276,011	1,236,485	39,526	1,203,357
Operations	1,235,999	1,240,389	(4,390)	1,197,372
Transportation				
Personnel	529,099	506,112	22,987	494,655
Operations	423,730	460,397	(36,667)	464,779
Total expenditures	<u>12,562,049</u>	<u>12,227,171</u>	<u>334,878</u>	<u>12,104,366</u>
Capital outlay:				
General government	201,283	8,112	193,171	139,153
Public safety	137,132	55,300	81,832	484,883
Parks and sanitation	-	-	-	57,169
Transportation	33,892	34,392	(500)	273,776
Total capital outlay	<u>372,307</u>	<u>97,804</u>	<u>274,503</u>	<u>954,981</u>
Total expenditures and capital outlay	<u>12,934,356</u>	<u>12,324,975</u>	<u>609,381</u>	<u>13,059,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(345,509)</u>	<u>1,065,110</u>	<u>1,410,619</u>	<u>873,933</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	25,589	25,589	16
Transfers in	1,425,000	1,460,263	35,263	1,375,000
Transfers out	(1,186,615)	(1,186,615)	-	(2,218,046)
Total other financing sources (uses)	<u>238,385</u>	<u>299,237</u>	<u>60,852</u>	<u>(843,030)</u>
Net change in fund balances	(107,124)	1,364,347	1,471,471	30,903
Fund balances - beginning	6,131,729	6,131,729	-	6,100,826
Fund balances - ending	<u>\$ 6,024,605</u>	<u>\$ 7,496,076</u>	<u>\$ 1,471,471</u>	<u>\$ 6,131,729</u>

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

Town of Lexington, South Carolina

**Downtown TIF District
Balance Sheet**

June 30, 2021

(With comparative amounts for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Restricted:		
Cash and temporary investments	\$ 405,353	\$ 482,586
Other receivables	12	714
Due from other governments	32	-
Total assets	<u>\$ 405,397</u>	<u>\$ 483,300</u>
LIABILITIES		
Accounts payable	\$ 3,613	\$ 13,667
Revenue bonds payable	<u>4,620,000</u>	<u>4,645,000</u>
Total liabilities	<u>4,623,613</u>	<u>4,658,667</u>
FUND (DEFICITS)		
Unassigned	<u>(4,218,216)</u>	<u>(4,175,367)</u>
Total fund (deficits)	<u>(4,218,216)</u>	<u>(4,175,367)</u>
Total liabilities and fund (deficits)	<u>\$ 405,397</u>	<u>\$ 483,300</u>

Town of Lexington, South Carolina

Downtown TIF District

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2021

(With comparative amounts for the year ended June 30, 2020)

	2021	2020
REVENUES		
Property taxes	\$ 205,856	\$ 130,706
Interest income	181	6,097
Total revenues	<u>206,037</u>	<u>136,803</u>
EXPENDITURES		
Debt service:		
Interest expense	81,062	113,750
Bond issuance costs	78,813	94,497
Capital outlay:		
Parks and sanitation	89,011	23,626
Total expenditures	<u>248,886</u>	<u>231,873</u>
Net change in fund balances	(42,849)	(95,070)
Fund (deficits) - beginning	(4,175,367)	(4,080,297)
Fund (deficits) - ending	<u>\$ (4,218,216)</u>	<u>\$ (4,175,367)</u>

Town of Lexington, South Carolina

**Corley Mill TIF District
Balance Sheet**

June 30, 2021

(With comparative amounts for the year ended June 30, 2020)

	2021	2020
ASSETS		
Restricted:		
Cash and temporary investments	\$ 1,080,186	\$ 1,386,263
Other receivables	9,500	40,869
Total assets	<u>\$ 1,089,686</u>	<u>\$ 1,427,132</u>
LIABILITIES		
Accounts payable	\$ 167,134	\$ 99,305
Due to other funds	68,536	98,915
Other liabilities	9,500	9,500
Revenue BANs payable	<u>3,415,000</u>	<u>3,345,000</u>
Total liabilities	<u>3,660,170</u>	<u>3,552,720</u>
FUND (DEFICITS)		
Unassigned	<u>(2,570,484)</u>	<u>(2,125,588)</u>
Total fund (deficits)	<u>(2,570,484)</u>	<u>(2,125,588)</u>
Total liabilities and fund (deficits)	<u>\$ 1,089,686</u>	<u>\$ 1,427,132</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, 2020 and 2021

(With comparative amounts for the year ended June 30, 2020)

	2021	2020
REVENUES		
Property taxes	\$ 35,109	\$ 14,268
Interest income	91	21,346
Total revenues	<u>35,200</u>	<u>35,614</u>
EXPENDITURES		
Debt service:		
Interest	66,900	87,267
BAN issuance costs	75,373	71,139
Capital outlay:		
Transportation	337,823	286,412
Total expenditures	<u>480,096</u>	<u>444,818</u>
Net change in fund balances	(444,896)	(409,204)
Fund (deficits) - beginning	(2,125,588)	(1,716,384)
Fund (deficits) - ending	<u>\$ (2,570,484)</u>	<u>\$ (2,125,588)</u>

Town of Lexington, South Carolina

**Hospitality Tax Fund
Balance Sheet**

June 30, 2021

(With comparative amounts for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Restricted:		
Cash and temporary investments	\$ 3,898,454	\$ 3,262,448
Other receivables	276,577	230,982
Total assets	<u>\$ 4,175,031</u>	<u>\$ 3,493,430</u>
LIABILITIES		
Accounts payable	\$ 307,315	\$ 20,961
Construction payables	120,944	-
Total liabilities	<u>428,259</u>	<u>20,961</u>
FUND BALANCES		
Restricted	<u>3,746,772</u>	<u>3,472,469</u>
Total fund balances	<u>3,746,772</u>	<u>3,472,469</u>
Total liabilities and fund balances	<u>\$ 4,175,031</u>	<u>\$ 3,493,430</u>

Town of Lexington, South Carolina

Hospitality Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2021

(With comparative amounts for the year ended June 30, 2020)

	2021	2020
REVENUES		
Hospitality tax	\$ 3,199,205	\$ 2,811,664
Interest income	9,507	37,062
Total revenues	<u>3,208,712</u>	<u>2,848,726</u>
EXPENDITURES		
Capital outlay:		
Tourism related	<u>1,539,409</u>	<u>231,642</u>
Total expenditures	<u>1,539,409</u>	<u>231,642</u>
Excess of revenues over expenditures	<u>1,669,303</u>	<u>2,617,084</u>
OTHER FINANCING USES		
Transfers out	<u>(1,395,000)</u>	<u>(1,375,000)</u>
Total other financing (uses)	<u>(1,395,000)</u>	<u>(1,375,000)</u>
Net change in fund balances	274,303	1,242,084
Fund balances - beginning	3,472,469	2,230,385
Fund balances - ending	<u>\$ 3,746,772</u>	<u>\$ 3,472,469</u>

Town of Lexington, South Carolina

Gibson Pond Balance Sheet

June 30, 2021

(With comparative amounts for the year ended June 30, 2020)

	2021	2020
ASSETS		
Restricted:		
Cash and temporary investments	\$ 5,209,538	\$ -
Due from other governments	2,584,409	-
Total assets	<u>\$ 7,793,947</u>	<u>\$ -</u>
LIABILITIES		
Accounts payable	\$ 1,258,417	\$ 10,864
Due to other funds	4,415,723	118,299
Construction payables	100,000	-
Revenue BAN payable	7,250,000	-
Total liabilities	<u>13,024,140</u>	<u>129,163</u>
FUND (DEFICITS)		
Unassigned	(5,230,193)	(129,163)
Total fund (deficits)	<u>(5,230,193)</u>	<u>(129,163)</u>
Total liabilities and fund (deficits)	<u>\$ 7,793,947</u>	<u>\$ -</u>

Town of Lexington, South Carolina

Gibson Pond

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2021

(With comparative amounts for the year ended June 30, 2020)

	2021	2020
REVENUES		
Grant revenue	\$ 2,584,409	\$ -
Interest income	269	-
Total revenues	<u>2,584,678</u>	<u>-</u>
EXPENDITURES		
Current:		
Transportation	-	35,453
Debt service:		
BAN issuance costs	(20,135)	-
Capital outlay:		
Parks and sanitation	5,644,959	-
Total expenditures	<u>5,624,824</u>	<u>35,453</u>
(Deficiency) of revenues (under) expenditures	<u>(3,040,146)</u>	<u>(35,453)</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	(2,060,884)	-
Total other financing sources (uses)	<u>(2,060,884)</u>	<u>-</u>
Net change in fund balances	(5,101,030)	(35,453)
Fund (deficits) - beginning	(129,163)	(93,710)
Fund (deficits) - ending	<u>\$ (5,230,193)</u>	<u>\$ (129,163)</u>

Town of Lexington, South Carolina

**Special Revenue Funds
Combining Balance Sheet**

June 30, 2021

(With comparative total amounts for the year ended June 30, 2020)

	Alcohol Permits	Drug Fund	Police Grants	Victims' Assistance	Emergency Response and Recovery	COVID 19	Impact Fees
ASSETS							
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ 183,806	\$ -	\$ -
Receivables, net	-	-	-	-	-	-	-
Due from other governments	-	-	248,034	-	-	-	-
Restricted - cash and temporary investments	166,848	26,895	17,371	18,840	1,000,000	97,114	232,877
Total assets	<u>\$ 166,848</u>	<u>\$ 26,895</u>	<u>\$ 265,405</u>	<u>\$ 18,840</u>	<u>\$ 1,183,806</u>	<u>\$ 97,114</u>	<u>\$ 232,877</u>
LIABILITIES							
Accounts payable	\$ 1,311	\$ -	\$ 2,641	\$ 1,318	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	6,523	3,307	-	-	-
Due to other funds	-	-	244,848	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>1,311</u>	<u>-</u>	<u>254,012</u>	<u>4,625</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Restricted	165,537	26,895	11,393	14,215	1,000,000	97,114	232,877
Committed	-	-	-	-	183,806	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>165,537</u>	<u>26,895</u>	<u>11,393</u>	<u>14,215</u>	<u>1,183,806</u>	<u>97,114</u>	<u>232,877</u>
Total liabilities and fund balances (deficits)	<u>\$ 166,848</u>	<u>\$ 26,895</u>	<u>\$ 265,405</u>	<u>\$ 18,840</u>	<u>\$ 1,183,806</u>	<u>\$ 97,114</u>	<u>\$ 232,877</u>

								TOTALS	
Sidewalk Fund	Accommodations' Tax	Golden Hills Tax District	Amphitheater	Vision Plan	Veterans' Monument	Tuition Reimbursement	Park Improvements	2021	2020
\$ -	\$ -	\$ -	\$ 31,477	\$ 224,733	\$ -	\$ 32,709	\$ -	\$ 472,725	\$ 443,571
-	-	-	7,000	-	-	-	-	7,000	4,125
-	62,980	-	-	-	-	-	-	311,014	194,192
7,608	142,089	214,477	-	-	-	-	17,830	1,941,949	1,676,863
<u>\$ 7,608</u>	<u>\$ 205,069</u>	<u>\$ 214,477</u>	<u>\$ 38,477</u>	<u>\$ 224,733</u>	<u>\$ -</u>	<u>\$ 32,709</u>	<u>\$ 17,830</u>	<u>\$ 2,732,688</u>	<u>\$ 2,318,751</u>
\$ -	\$ -	\$ 950	\$ 21,480	\$ -	\$ -	\$ -	\$ -	\$ 27,700	38,156
-	-	-	-	-	-	-	-	9,830	4,978
-	-	-	-	-	-	-	-	244,848	200,576
-	-	-	-	-	-	-	-	-	7,272
-	-	950	21,480	-	-	-	-	282,378	250,982
7,608	205,069	213,527	-	-	-	-	17,830	1,992,065	1,682,373
-	-	-	16,997	224,733	-	32,709	-	458,245	433,715
-	-	-	-	-	-	-	-	-	(48,319)
<u>7,608</u>	<u>205,069</u>	<u>213,527</u>	<u>16,997</u>	<u>224,733</u>	<u>-</u>	<u>32,709</u>	<u>17,830</u>	<u>2,450,310</u>	<u>2,067,769</u>
<u>\$ 7,608</u>	<u>\$ 205,069</u>	<u>\$ 214,477</u>	<u>\$ 38,477</u>	<u>\$ 224,733</u>	<u>\$ -</u>	<u>\$ 32,709</u>	<u>\$ 17,830</u>	<u>\$ 2,732,688</u>	<u>\$ 2,318,751</u>

Town of Lexington, South Carolina

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

For the Year Ended June 30, 2021

(With comparative total amounts for the year ended June 30, 2020)

	Alcohol Permits	Drug Fund	Police Grants	Victims' Assistance	Emergency Response and Recovery	COVID 19	Impact Fees
REVENUES							
Grant revenue	\$ -	\$ -	\$ 511,787	\$ -	\$ -	\$ 340,268	\$ -
Road assessment	-	-	-	-	-	-	-
Alcohol permits	58,914	-	-	-	-	-	-
Fines and forfeitures	-	24,376	-	30,820	-	-	-
Impact fees	-	-	-	-	-	-	204,109
Interest income	387	48	-	8	1,136	165	311
Accommodations tax	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total revenues	<u>59,301</u>	<u>24,424</u>	<u>511,787</u>	<u>30,828</u>	<u>1,136</u>	<u>340,433</u>	<u>204,420</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	143,334	-
Public safety	-	2,125	460,775	-	-	-	-
Parks and sanitation	6,152	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Victims' assistance	-	-	-	79,269	-	-	-
Tourism related	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	51,666	-
Public safety	-	-	40,919	-	-	-	-
Parks and sanitation	6,408	-	-	-	-	-	-
Total expenditures	<u>12,560</u>	<u>2,125</u>	<u>501,694</u>	<u>79,269</u>	<u>-</u>	<u>195,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,741</u>	<u>22,299</u>	<u>10,093</u>	<u>(48,441)</u>	<u>1,136</u>	<u>145,433</u>	<u>204,420</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	60,000	125,000	-	-
Transfers out	-	-	-	-	(46,052)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>78,948</u>	<u>-</u>	<u>-</u>
Net change in fund balances	46,741	22,299	10,093	11,559	80,084	145,433	204,420
Fund balances (deficits) - beginning	118,796	4,596	1,300	2,656	1,103,722	(48,319)	28,457
Fund balances (deficits) - ending	<u>\$ 165,537</u>	<u>\$ 26,895</u>	<u>\$ 11,393</u>	<u>\$ 14,215</u>	<u>\$ 1,183,806</u>	<u>\$ 97,114</u>	<u>\$ 232,877</u>

								TOTALS	
Sidewalk Fund	Accomodations' Tax	Golden Hills Tax District	Amphitheater	Vision Plan	Veteran's Monument	Tuition Reimbursement	Park Improvements	2021	2020
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 852,055	\$ 583,111
-	-	45,980	-	-	-	-	-	45,980	44,121
-	-	-	-	-	-	-	-	58,914	59,250
-	-	-	-	-	-	-	-	55,196	30,712
-	-	-	-	-	-	-	-	204,109	28,449
33	874	455	34	597	-	107	50	4,205	4,957
-	169,698	-	-	-	-	-	-	169,698	185,568
-	-	-	105,827	5,740	-	-	-	111,567	166,329
33	170,572	46,435	105,861	6,337	-	107	50	1,501,724	1,102,497
-	-	-	143,583	21,670	-	9,460	-	318,047	205,178
-	-	-	-	-	-	-	-	462,900	534,034
-	-	-	-	-	103	-	-	6,255	47,997
-	-	23,588	-	-	-	-	-	23,588	-
-	-	-	-	-	-	-	-	79,269	80,334
-	210,670	-	-	-	-	-	-	210,670	179,904
-	-	-	-	18,146	-	-	-	69,812	14,210
-	-	-	-	-	-	-	-	40,919	62,806
-	-	-	-	-	-	-	-	6,408	-
-	210,670	23,588	143,583	39,816	103	9,460	-	1,217,868	1,124,463
33	(40,098)	22,847	(37,722)	(33,479)	(103)	(9,353)	50	283,856	(21,966)
-	-	-	10,000	15,000	-	-	-	210,000	1,271,678
-	(65,263)	-	-	-	-	-	-	(111,315)	(27,956)
-	(65,263)	-	10,000	15,000	-	-	-	98,685	1,243,722
33	(105,361)	22,847	(27,722)	(18,479)	(103)	(9,353)	50	382,541	1,221,756
7,575	310,430	190,680	44,719	243,212	103	42,062	17,780	2,067,769	846,013
\$ 7,608	\$ 205,069	\$ 213,527	\$ 16,997	\$ 224,733	\$ -	\$ 32,709	\$ 17,830	\$ 2,450,310	\$ 2,067,769

Town of Lexington, South Carolina

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

For the Year Ended June 30, 2021

(With comparative actual amounts for the year ended June 30, 2020)

	2021			2020
	Budgeted Amounts		Variance with	
	Original	Final	Final Budget	Actual
REVENUES				
Fines and forfeitures	\$ 24,226	\$ 24,226	\$ 6,594	\$ 25,656
Interest income	-	-	8	15
Total revenues	<u>24,226</u>	<u>24,226</u>	<u>6,602</u>	<u>25,671</u>
EXPENDITURES				
Current:				
Victims' assistance	<u>84,226</u>	<u>84,226</u>	<u>4,957</u>	<u>80,334</u>
Total expenditures	<u>84,226</u>	<u>84,226</u>	<u>4,957</u>	<u>80,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>1,645</u>	<u>(54,663)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>60,000</u>	<u>60,000</u>	-	60,000
Total other financing sources	<u>60,000</u>	<u>60,000</u>	-	60,000
Net change in fund balances	-	-	1,645	5,337
Fund balances (deficits)- beginning	<u>2,656</u>	<u>2,656</u>	-	<u>(2,681)</u>
Fund balances (deficits) - ending	<u>\$ 2,656</u>	<u>\$ 2,656</u>	<u>\$ 1,645</u>	<u>\$ 2,656</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, 2021

(With comparative amounts at June 2020)

	2021	2020
ASSETS		
Cash and temporary investments	\$ 324,825	\$ 302,616
Total assets	<u>\$ 324,825</u>	<u>\$ 302,616</u>
LIABILITIES		
Accounts payable	\$ 4,275	\$ 8,562
Total liabilities	<u>4,275</u>	<u>8,562</u>
FUND BALANCES		
Committed	320,550	294,054
Total fund balances	<u>320,550</u>	<u>294,054</u>
Total liabilities and fund balances	<u>\$ 324,825</u>	<u>\$ 302,616</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, 2021

(With comparative actual amounts for the year ended June 30, 2020)

	2021			2020
	Budgeted Amounts		Variance with	
	Original	Final	Final Budget	Actual
REVENUES				
Interest income	\$ -	\$ -	\$ 786	\$ 850
Total revenues	-	-	786	850
EXPENDITURES				
Interest expense	40,000	40,000	115,905	40,429
Principal retirement	561,615	561,615	460,000	533,664
Total expenditures	601,615	601,615	575,905	574,093
Excess (deficiency) of revenues over expenditures	(601,615)	(601,615)	178,306	(573,243)
OTHER FINANCING SOURCES				
Transfers in	601,615	601,615	-	708,042
Total other financing sources	601,615	601,615	-	708,042
Net change in fund balances	-	-	26,496	134,799
Fund balances - beginning	294,054	294,054	-	159,255
Fund balances - ending	\$ 294,054	\$ 294,054	\$ 26,496	\$ 294,054

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**

Nonmajor Capital Projects Funds

June 30, 2021

(With comparative total amounts at June 30, 2020)

	Streets & Infrastructure	Clark House	Ice House Pavillion	Downtown Development	Virginia Hylton Park	TOTALS	
						2021	2020
ASSETS							
Cash and temporary investments	\$ 1,455,945	\$ -	\$ -	\$ -	\$ -	\$ 1,455,945	\$ 1,270,088
Prepaid items	97	-	-	-	-	97	-
Restricted - cash and temporary investments	-	-	-	65,031	-	65,031	66,198
Total assets	<u>\$ 1,456,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,031</u>	<u>\$ -</u>	<u>\$ 1,521,073</u>	<u>\$ 1,336,286</u>
LIABILITIES							
Accounts payable	\$ 13,908	\$ 1,551	\$ 25,891	\$ -	\$ -	\$ 41,350	\$ 190,818
Construction payable	-	-	-	-	-	-	58,888
Accrued payroll liabilities	2,092	-	-	-	-	2,092	-
Due to other funds	-	276,050	276,992	-	138,832	691,874	88,249
Total liabilities	<u>16,000</u>	<u>277,601</u>	<u>302,883</u>	<u>-</u>	<u>138,832</u>	<u>735,316</u>	<u>337,955</u>
FUND BALANCES (DEFICITS)							
Nonspendable	97	-	-	-	-	97	-
Restricted	-	-	-	65,031	-	65,031	66,198
Committed	1,439,945	-	-	-	-	1,439,945	1,270,088
Unassigned	-	(277,601)	(302,883)	-	(138,832)	(719,316)	(337,955)
Total fund balances (deficits)	<u>1,440,042</u>	<u>(277,601)</u>	<u>(302,883)</u>	<u>65,031</u>	<u>(138,832)</u>	<u>785,757</u>	<u>998,331</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,456,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,031</u>	<u>\$ -</u>	<u>\$ 1,521,073</u>	<u>\$ 1,336,286</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, 2021

(With comparative total amounts for the year ended June 30, 2020)

	Streets & Infrastructure	Clark House	Ice House Pavillion	Downtown Development	Virginia Hylton Park	TOTALS	
						2021	2020
REVENUES							
Interest income	\$ 3,014	\$ -	\$ -	\$ 184	\$ -	\$ 3,198	\$ 8,383
Other income	29,200	-	-	-	-	29,200	-
Total revenues	32,214	-	-	184	-	32,398	8,383
EXPENDITURES							
Current:							
General government	-	5,495	-	-	-	5,495	-
Transportation	36,483	-	-	-	-	36,483	-
Capital outlay:							
General government	-	-	-	1,351	-	1,351	79,090
Public safety	-	243,985	-	-	-	243,985	-
Parks and sanitation	-	-	2,087,604	-	105,161	2,192,765	337,955
Transportation	200,777	-	-	-	-	200,777	77,420
Total expenditures	237,260	249,480	2,087,604	1,351	105,161	2,680,856	494,465
(Deficiency) of revenues (under) expenditures	(205,046)	(249,480)	(2,087,604)	(1,167)	(105,161)	(2,648,458)	(486,082)
OTHER FINANCING SOURCES							
Transfers in	375,000	-	2,060,884	-	-	2,435,884	250,000
Total other financing sources	375,000	-	2,060,884	-	-	2,435,884	250,000
Net change in fund balances	169,954	(249,480)	(26,720)	(1,167)	(105,161)	(212,574)	(236,082)
Fund balances (deficits) - beginning	1,270,088	(28,121)	(276,163)	66,198	(33,671)	998,331	1,234,413
Fund balances (deficits) - ending	\$ 1,440,042	\$ (277,601)	\$ (302,883)	\$ 65,031	\$ (138,832)	\$ 785,757	\$ 998,331

Town of Lexington, South Carolina

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

June 30, 2021

	2021	2020
ASSETS		
Cash and temporary investments	\$ 17,707,063	\$ 13,507,434
Receivables, net	3,838,467	3,942,248
Inventories - supplies	762,013	494,634
Prepaid items	63,913	68,613
Restricted - cash and temporary investments	8,290,986	3,901,645
Land and construction in progress	18,138,087	26,904,356
Buildings, vehicles, equipment and infrastructure	112,422,276	95,858,086
Intangible - capacity reserve	33,545,064	35,065,583
Intangible - retail distribution rights	1,401,561	1,365,010
Prepaid capital improvements	1,370,820	1,096,656
Total assets	<u>197,540,250</u>	<u>182,204,265</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow pension related	1,794,513	1,590,428
Deferred charge on refunding	2,388,452	2,499,647
Deferred outflow asset retirement obligation	-	29,463
Total deferred outflows of resources	<u>4,182,965</u>	<u>4,119,538</u>
Total assets and deferred outflows of resources	<u>201,723,215</u>	<u>186,323,803</u>
LIABILITIES		
Accounts payable	1,887,430	2,238,721
Accrued payroll liabilities	218,964	164,526
Customer deposits	68,880	69,142
Construction payables	608,672	1,281,190
Accrued interest	350,071	416,922
Accrued compensated absences-current portion	160,000	172,285
Revenue bonds - current	14,191,794	17,352,687
Revenue bonds payable	73,807,308	62,262,949
Accrued compensated absences	192,531	150,393
Asset retirement obligation	977,902	977,902
Net pension liability	8,581,913	7,693,700
OPEB liability	343,364	314,447
Total liabilities	<u>101,388,829</u>	<u>93,094,864</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow pension related	32,452	230,098
Deferred inflow OPEB related	30,235	34,785
Total deferred inflows of resources	<u>62,687</u>	<u>264,883</u>
Total liabilities and deferred inflows of resources	<u>101,451,516</u>	<u>93,359,747</u>
NET POSITION		
Net investment in capital assets	82,857,134	83,050,206
Restricted for:		
Capital projects	1,820	1,683
Debt service	4,804,330	350,866
Unrestricted	12,608,415	9,561,301
Total net position	<u>\$ 100,271,699</u>	<u>\$ 92,964,056</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, 2021

(With comparative amounts for the year ended June 30, 2020)

	2021	2020
OPERATING REVENUES		
Water service	\$ 6,022,040	\$ 5,891,113
Sewer service	14,914,936	13,818,959
Tap and meter fees	166,463	138,328
Other income	512,301	411,510
Total operating revenues	<u>21,615,740</u>	<u>20,259,910</u>
OPERATING EXPENSES		
Salaries and benefits	6,336,399	6,288,199
Water and sewer treatment services	4,154,557	3,838,925
Contractual services	758,339	672,243
Supplies	436,973	497,853
Asset retirement obligation expense	29,463	316,147
Depreciation and amortization	5,237,566	4,923,270
Other operating expense	1,643,257	1,726,702
Total operating expenses	<u>18,596,554</u>	<u>18,263,339</u>
Operating income	<u>3,019,186</u>	<u>1,996,571</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	33,253	185,381
Interest expense	(2,441,798)	(1,917,187)
Sale of capital assets	10,255	-
Bond issue costs	(740,165)	(241,431)
Total nonoperating revenues (expenses)	<u>(3,138,455)</u>	<u>(1,973,237)</u>
Income (loss) before contributions and transfers	(119,269)	23,334
CAPITAL CONTRIBUTIONS		
Capital contribution fees	4,485,885	2,341,634
Developer capital asset contributions	2,894,975	3,931,915
Total capital contributions	<u>7,380,860</u>	<u>6,273,549</u>
Transfers in	46,052	21,282
Transfers out	-	(5,000)
Total transfers	<u>46,052</u>	<u>16,282</u>
Change in net position	7,307,643	6,313,165
Total net position - beginning	92,964,056	86,650,891
Total net position - ending	<u>\$ 100,271,699</u>	<u>\$ 92,964,056</u>

Town of Lexington, South Carolina

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

For the Year Ended June 30, 2021

(With comparative amounts for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 21,436,758	\$ 20,399,736
Payments to employees	(5,736,560)	(5,800,063)
Payments to suppliers	(7,182,718)	(6,368,535)
Net cash provided (used) by operating activities	<u>8,517,480</u>	<u>8,231,138</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	(9,759,802)	(13,756,712)
Bond issuance costs paid	(740,165)	(241,431)
Principal paid on capital debt	(23,323,869)	(8,430,000)
Interest and fees paid	(2,925,248)	(1,922,091)
Proceeds from bond issuance	32,235,129	15,680,000
Proceeds from capital contribution fees	4,485,885	2,341,634
Transfer from other fund	46,052	-
Gain (Loss) on sale of assets	20,255	-
Net cash provided (used) by capital and related financing activities	<u>38,237</u>	<u>(6,328,600)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	33,253	185,381
Net cash provided by investing activities	<u>33,253</u>	<u>185,381</u>
Net increase in cash and cash equivalents	8,588,970	2,087,919
Balances - beginning of year	17,409,079	15,321,160
Balances - end of the year	<u>\$ 25,998,049</u>	<u>\$ 17,409,079</u>
Reconciliation to the Statement of Net Position		
Cash and temporary investments	\$ 17,707,055	\$ 13,507,434
Restricted -- cash and temporary investments	8,290,994	3,901,645
	<u>\$ 25,998,049</u>	<u>\$ 17,409,079</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,019,186	\$ 1,996,572
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,237,566	4,923,270
Asset retirement obligation expense	29,463	316,147
Changes in assets and liabilities:		
Customer receivables	(178,719)	125,035
Inventory	(267,379)	116,045
Prepaid items	4,699	(3,443)
Accounts payable - supplier	77,786	251,140
Customer deposits	(262)	14,792
Compensated absences	29,854	23,008
Salaries and benefits payable	565,286	468,572
Net cash provided by operating activities	<u>\$ 8,517,480</u>	<u>\$ 8,231,138</u>
Non-cash investing, capital and financing supplementary information		
Revenue bond principal accretion and discount amortization	\$ 250	\$ 250
Revenue bond and BAN premium and deferred amount on refunding amortization	<u>\$ (230,478)</u>	<u>\$ (230,478)</u>
Contributed capital assets from developers	<u>\$ 2,894,975</u>	<u>\$ 3,931,915</u>

TOWN OF LEXINGTON, SOUTH CAROLINA

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, 2021

(With comparative amounts at June 30, 2020)

	2021	2020
Governmental Funds Capital Assets:		
Land	\$ 7,860,670	\$ 7,841,680
Buildings	17,414,821	13,936,500
Vehicles and equipment	6,826,243	6,886,737
Streets and roadways	25,556,990	24,990,084
Sidewalks	2,879,481	2,879,481
Storm drainage	4,246,500	4,246,500
Furniture	17,563	-
Construction in progress	10,878,537	4,240,349
Total governmental funds capital assets	<u>\$ 75,680,805</u>	<u>\$ 65,021,331</u>
Investments in Governmental Funds Capital Assets by Source:		
General fund	\$ 16,104,104	\$ 15,928,045
Special revenue funds	26,045,929	16,082,137
Capital projects funds	8,897,929	8,859,379
Donations	24,632,843	24,151,770
Total governmental funds capital assets	<u>\$ 75,680,805</u>	<u>\$ 65,021,331</u>

Town of Lexington, South Carolina

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

June 30, 2021

Function and Activity	Land	Buildings and Improvements	Vehicles and Equipment	Furniture	Streets and Roadways	Sidewalks	Storm Drainage	Construction in Progress	Total
General government:									
Administration	\$ -	\$ -	\$ 75,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,254
Information technology	-	40,021	602,229	-	-	-	-	-	642,250
Building department	-	90,317	175,500	-	-	-	-	-	265,817
Other-unclassified	2,866,845	6,575,963	-	-	-	-	-	-	9,442,808
Total general government	2,866,845	6,706,301	852,983	-	-	-	-	-	10,426,129
Public safety:									
Police	-	2,687,285	3,098,346	-	-	-	-	-	5,785,631
Police grants and programs	-	-	860,886	-	-	-	-	-	860,886
Total public safety	-	2,687,285	3,959,232	-	-	-	-	-	6,646,517
Parks and sanitation	1,104,602	5,106,760	824,354	17,563	-	-	-	5,468,426	12,521,705
Streets	1,321,990	20,684	1,189,674	-	20,769,608	2,879,481	4,246,500	251,118	30,679,055
Tourism related	2,567,233	2,893,791	-	-	4,787,382	-	-	5,158,993	15,407,399
Total governmental funds capital assets	\$ 7,860,670	\$ 17,414,821	\$ 6,826,243	\$ 17,563	\$ 25,556,990	\$ 2,879,481	\$ 4,246,500	\$ 10,878,537	\$ 75,680,805

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, 2021

Function and Activity	Governmental Funds Capital Assets June 30, 2020	Additions	Deductions	Governmental Funds Capital Assets June 30, 2021
General government:				
Administration	\$ 63,661	\$ 11,593	\$ -	\$ 75,254
Information technology	642,250	-	-	642,250
Building department	281,962	-	(16,145)	265,817
Other-unclassified	9,442,808	-	-	9,442,808
Total general government	<u>10,430,681</u>	<u>11,593</u>	<u>(16,145)</u>	<u>10,426,129</u>
Public safety:				
Police	5,927,587	47,860	(189,816)	5,785,631
Police grants and programs	860,886	-	-	860,886
Total public safety	<u>6,788,473</u>	<u>47,860</u>	<u>(189,816)</u>	<u>6,646,517</u>
Parks and sanitation	<u>4,290,804</u>	<u>10,807,262</u>	<u>(2,576,361)</u>	<u>12,521,705</u>
Streets	<u>30,015,832</u>	<u>708,123</u>	<u>(44,900)</u>	<u>30,679,055</u>
Tourism related	<u>13,495,541</u>	<u>1,911,858</u>	<u>-</u>	<u>15,407,399</u>
Total governmental funds capital assets	<u>\$ 65,021,331</u>	<u>\$ 13,486,696</u>	<u>\$ (2,827,222)</u>	<u>\$ 75,680,805</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, 2021

	<u>Municipal Court</u>
Total Court Fines and Assessments:	
Court fines and assessments collected	\$ 605,584
Court fines and assessments remitted to State Treasurer	<u>(294,836)</u>
Total Court fines and assessments retained	<u>\$ 310,748</u>
 Surcharges and Assessments retained for Victim's Services	
Surcharges collected and retained	\$ 5,861
Assessments retained	<u>24,959</u>
Total surcharges and assessments retained for victims services	<u>\$ 30,820</u>
 Victim Services Collected	
Carryforward from previous year - beginning balance	\$ 2,656
Victim Service Revenue	
Victim service fines retained by the Town	-
Victim service assessments retained by the Town	24,959
Victim service surcharges retained by the Town	5,861
General funds transferred to victim service fund	<u>60,007</u>
Total funds allocated to victim service fund + beginning balance (A)	<u>93,483</u>
 Expenditures for Victim Service Program	
Operating expenditures	\$ 79,269
General funds transferred from victim service fund	<u>-</u>
Total expenditures from victim service fund/program (B)	<u>79,269</u>
 Total victim service funds retained by the Town (A-B)	<u>14,214</u>
 Carryforward funds - end of year	<u>\$ 14,214</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 120 – 125)

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 126 – 138)

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

Debt Capacity (Pages 139 – 143)

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 144 – 147)

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 148– 150)

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 21,138,355	\$ 15,512,819	\$ 22,280,682	\$ 17,780,768	\$ 19,153,384	\$ 26,915,354	\$ 31,477,076	\$ 38,263,218	\$ 42,097,399	\$ 44,980,930
Restricted	791,947	4,369,475	1,872,027	1,289,726	2,595,091	1,106,424	3,646,020	2,977,826	4,335,940	6,137,257
Net position related to pensions	-	-	-	(8,529,887)	-	-	-	-	-	-
Unrestricted	2,679,714	4,805,256	1,433,504	7,027,556	(357,045)	(738,191)	(4,975,209)	(7,186,813)	(8,146,993)	(8,817,883)
Total Governmental Activities Net Position	\$ 24,610,016	\$ 24,687,550	\$ 25,586,213	\$ 17,568,163	\$ 21,391,430	\$ 27,283,587	\$ 30,147,887	\$ 34,054,231	\$ 38,286,346	\$ 42,300,304
Business-Type Activities										
Net investment in capital assets	\$ 58,355,456	\$ 62,655,081	\$ 60,161,057	\$ 59,324,704	\$ 61,530,756	\$ 66,377,699	\$ 75,354,093	\$ 85,887,406	\$ 83,050,206	\$ 82,857,134
Restricted	2,302,194	2,828,869	2,770,896	2,882,005	4,635,549	4,678,831	3,055,334	297,373	352,549	4,806,150
Unrestricted	11,669,866	10,981,789	12,496,964	9,677,164	9,475,096	8,637,771	3,399,978	466,111	9,561,301	12,608,415
Total Business-Type Activities Net Position	\$ 72,327,516	\$ 76,465,739	\$ 75,428,917	\$ 71,883,873	\$ 75,641,401	\$ 79,694,301	\$ 81,809,405	\$ 86,650,890	\$ 92,964,056	\$ 100,271,699
Primary Government										
Net investment in capital assets	\$ 79,493,811	\$ 78,167,900	\$ 82,441,739	\$ 77,105,472	\$ 80,684,140	\$ 93,293,053	\$ 106,831,169	\$ 124,150,624	\$ 125,147,605	\$ 127,838,064
Restricted	3,094,141	7,198,344	4,642,923	4,171,731	7,230,640	5,785,255	6,701,354	3,275,199	4,688,489	10,943,407
Unrestricted	14,349,580	15,787,045	13,930,468	8,174,833	9,118,051	7,899,580	(1,575,231)	(6,730,702)	1,414,308	3,790,532
Total Primary Government Net Position	\$ 96,937,532	\$ 101,153,289	\$ 101,015,130	\$ 89,452,036	\$ 97,032,831	\$ 106,977,888	\$ 111,957,292	\$ 120,705,121	\$ 131,250,402	\$ 142,572,003

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 2,160,110	\$ 2,219,010	\$ 2,452,235	\$ 2,762,611	\$ 2,523,348	\$ 2,894,668	\$ 3,240,056	\$ 3,457,142	\$ 3,596,794	\$ 3,526,511
Public safety	4,592,481	4,885,709	5,067,670	5,307,208	5,219,328	5,679,893	6,448,736	7,643,258	7,440,083	7,282,842
Parks and sanitation	2,946,943	2,965,844	3,148,892	3,282,748	3,838,062	4,255,565	4,144,077	2,909,386	3,174,258	3,496,682
Transportation	-	-	-	-	-	-	-	904,302	2,148,751	2,306,875
Victims' assistance	58,844	64,050	60,586	70,203	69,444	69,429	74,863	77,410	89,661	90,094
Tourism related	191,767	65,226	117,156	83,747	149,164	212,161	476,416	153,358	177,904	210,670
Interest on long-term debt	68,056	205,715	80,910	412,150	229,181	43,081	91,269	-	-	356,421
Ban issuance costs	-	-	-	-	169,097	187,538	134,968	-	-	134,051
Total governmental activities expenses	10,018,201	10,405,554	10,927,449	11,918,667	12,197,624	13,342,335	14,610,385	15,144,856	16,627,451	17,404,146
Business-type activities:										
Water and sewer system	10,393,672	12,006,205	14,326,478	14,932,300	16,604,056	16,395,543	18,961,278	19,344,251	20,421,957	21,778,517
Total business-type activities expenses	10,393,672	12,006,205	14,326,478	14,932,300	16,604,056	16,395,543	18,961,278	19,344,251	20,421,957	21,778,517
Total primary government expenses	\$ 20,411,873	\$ 22,411,759	\$ 25,253,927	\$ 26,850,967	\$ 28,801,680	\$ 29,737,878	\$ 33,571,663	\$ 34,489,107	\$ 37,049,408	\$ 39,182,663
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 317,510	\$ 397,902	\$ 280,736	\$ 328,703	\$ 546,280	\$ 480,286	\$ 737,423	\$ 658,588	\$ 569,198	\$ 788,678
Public safety	284,140	303,152	330,134	329,874	289,954	228,524	219,284	222,488	179,400	255,005
Parks, streets, and sanitation	1,198,980	1,215,474	1,288,368	2,769,945	2,127,623	2,459,542	2,263,636	2,229,282	1,985,289	2,128,629
Transportation	-	-	-	-	-	-	-	43,926	69,565	218,858
Victims' assistance	40,394	41,430	38,361	41,300	68,915	32,266	29,086	32,510	25,671	30,820
Tourism related	190,030	162,588	204,867	229,004	184,559	194,084	216,984	219,375	186,479	170,572
Operating grants and contributions	348,780	302,618	279,646	149,973	297,213	903,283	601,658	818,991	598,825	1,321,893
Capital grants and contributions	1,246,751	539,066	1,739,145	114,395	1,461,930	3,135,012	1,002,705	1,391,853	3,225,820	2,950,211
Total governmental activities program revenues	3,626,585	2,962,230	4,161,257	3,963,194	4,976,474	7,432,997	5,070,776	5,617,013	6,840,247	7,864,666
Business-type activities:										
Charges for services:										
Water and sewer system	12,272,844	12,761,048	13,055,451	13,624,132	14,968,276	15,737,510	17,277,469	19,563,039	20,259,911	21,615,740
Capital grants and contributions	1,512,554	3,350,276	2,925,129	2,902,401	5,297,781	4,588,774	3,609,981	4,646,911	6,273,549	7,380,860
Total business-type activities program revenues	13,785,398	16,111,324	15,980,580	16,526,533	20,266,057	20,326,284	20,887,450	24,209,950	26,533,460	28,996,600
Total primary government program revenues	\$ 17,411,983	\$ 19,073,554	\$ 20,141,837	\$ 20,489,727	\$ 25,242,531	\$ 27,759,281	\$ 25,958,226	\$ 29,826,963	\$ 33,373,707	\$ 36,861,266

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense)/revenue										
Governmental activities	\$ (6,391,616)	\$ (7,443,324)	\$ (6,766,192)	\$ (7,955,473)	\$ (7,221,150)	\$ (5,909,338)	\$ (9,539,609)	\$ (9,527,843)	\$ (9,787,204)	\$ (9,539,480)
Business-type activities	3,391,726	4,105,119	1,654,102	1,594,233	3,662,001	3,930,741	1,926,172	4,865,699	6,111,503	7,218,083
Total primary government net (expense)/revenue	\$ (2,999,890)	\$ (3,338,205)	\$ (5,112,090)	\$ (6,361,240)	\$ (3,559,149)	\$ (1,978,597)	\$ (7,613,437)	\$ (4,662,144)	\$ (3,675,701)	\$ (2,321,397)
General revenues and other changes in net position										
Governmental activities:										
Taxes by source:										
Property tax	\$ 3,168,186	\$ 3,215,838	\$ 3,290,669	\$ 3,398,405	\$ 3,561,644	\$ 3,598,334	\$ 3,737,759	\$ 3,957,537	\$ 4,170,612	\$ 3,666,000
Business license tax	3,515,175	3,984,362	4,002,197	4,387,786	4,813,669	5,018,546	5,584,681	5,764,738	6,038,374	6,126,515
Hospitality tax	-	-	-	-	1,933,233	2,611,948	2,713,008	2,882,786	2,848,726	3,208,712
State aid not restricted for specific purpose	357,512	416,313	418,627	419,223	465,791	532,430	585,881	655,640	1,030,139	563,011
Unrestricted investment earnings	5,436	1,873	1,868	6,616	3,847	16,262	22,552	50,152	45,565	11,363
Miscellaneous	-	-	-	62,171	-	-	-	-	-	-
Other financing source - bond issuance	-	-	-	-	-	-	-	64,702	-	-
Gain (loss) on sale of capital assets	18,484	(97,528)	(48,506)	4,932	266,233	23,975	(27,134)	39,066	(103,249)	23,889
Transfers	-	-	-	134,769	-	-	-	25,000	(16,282)	(46,052)
Total governmental activities	7,064,793	7,520,858	7,664,855	8,413,902	11,044,417	11,801,495	12,616,747	13,439,621	14,013,885	13,553,438
Business-type activities:										
Water and sewer system:										
Unrestricted investment earnings	62,148	33,104	42,670	52,731	95,527	129,565	295,743	267,751	185,381	33,253
Transfers	-	-	-	(134,769)	-	-	-	(25,000)	16,282	46,052
Gain (loss) on sale of capital assets	-	-	-	(65,697)	-	(7,406)	-	49,181	-	10,255
Total business-type activities	62,148	33,104	42,670	(147,735)	95,527	122,159	295,743	291,932	201,663	89,560
Total primary government	\$ 7,126,941	\$ 7,553,962	\$ 7,707,525	\$ 8,266,167	\$ 11,139,944	\$ 11,923,654	\$ 12,912,490	\$ 13,731,553	\$ 14,215,548	\$ 13,642,998
Change in net position:										
Governmental activities	\$ 673,177	\$ 77,534	\$ 898,663	\$ 458,429	\$ 3,823,267	\$ 5,892,157	\$ 3,077,138	\$ 3,911,778	\$ 4,226,681	\$ 4,013,958
Business-type activities	3,453,874	4,138,223	1,696,772	1,446,498	3,757,528	4,052,900	2,221,915	5,157,631	6,313,166	7,307,643
Total primary government	\$ 4,127,051	\$ 4,215,757	\$ 2,595,435	\$ 1,904,927	\$ 7,580,795	\$ 9,945,057	\$ 5,299,053	\$ 9,069,409	\$ 10,539,847	\$ 11,321,601

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

(Modified Accrual Basis of Accounting)

(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable										
Restricted	\$ 464	\$ 133,596	\$ 9,580	\$ 89,549	\$ 247,405	\$ 254,673	\$ 285,223	\$ 327,716	\$ 320,065	\$ 409,867
Committed	630,000	330,000	330,000	-	600,000	600,000	600,000	600,000	600,000	600,000
Unassigned	3,926,382	3,829,904	3,575,917	3,762,736	4,212,743	4,759,999	5,207,641	5,173,110	5,211,664	6,486,209
Total general fund	<u>\$ 4,556,846</u>	<u>\$ 4,293,500</u>	<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>
Downtown TIF District										
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	\$ 484,797	\$ -	\$ -	\$ -
Unassigned	N/A	N/A	N/A	\$ (233,532)	\$ (2,442,387)	\$ (3,889,049)	(4,460,505)	(4,080,297)	(4,175,367)	(4,218,216)
	<u>\$ -</u>	<u>\$ -</u>	<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>
Corley Mill TIF District										
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	\$ (73,678)	\$ (1,716,384)	\$ (2,125,588)	\$ (2,570,484)
	<u>\$ -</u>	<u>\$ -</u>	<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>
Hospitality tax fund										
Restricted	N/A	N/A	N/A	N/A	\$ 1,660,790	\$ 3,023,999	\$ 1,727,244	\$ 2,230,385	\$ 3,472,469	\$ 3,746,772
	<u>\$ -</u>	<u>\$ -</u>	<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>
Gibson Pnd fund										
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ (5,230,193)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,230,193)</u>
All other governmental funds										
Special revenue funds										
Nonspendable										
Restricted	\$ 599,771	895,737	933,099	510,103	618,327	671,507	560,096	602,441	1,682,373	1,992,065
Committed	79,308	79,495	37	-	-	217,980	292,664	282,411	433,715	458,245
Assigned	-	22	-	153,035	82,176	-	-	-	-	-
Unassigned	(2,046)	(17,496)	(494,890)	(2,482)	(72,061)	(21,654)	(68,151)	(129,946)	(174,879)	-
Capital projects and debt service										
Nonspendable										
Restricted	223,326	1,401,520	971,758	521,042	521,047	1,312,292	1,547,120	304,255	66,198	65,031
Committed	-	-	-	-	-	-	-	1,089,413	1,564,142	1,760,495
Assigned	-	-	-	612,540	15,523	-	-	-	-	-
Unassigned	(1,410,346)	-	(428,061)	(47,739)	153,112	(227,671)	(238,134)	(2,603)	(340,558)	(719,316)
Total all other governmental funds	<u>\$ (509,987)</u>	<u>\$ 2,359,278</u>	<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>

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes by source:										
Property tax	\$ 3,150,728	\$ 3,257,650	\$ 3,291,130	\$ 3,408,719	\$ 3,588,553	\$ 3,648,367	\$ 3,790,760	\$ 4,060,059	\$ 4,299,259	\$ 3,907,393
Hospitality tax	-	-	-	-	1,933,233	2,611,948	2,713,008	2,882,786	2,811,664	3,199,205
Franchises, licenses, and permits	4,912,344	5,403,682	5,451,208	7,324,467	7,339,912	7,493,357	8,247,558	8,413,353	8,450,294	8,831,087
Intergovernmental	816,701	765,510	1,331,185	659,745	1,107,197	1,487,440	1,286,293	1,369,361	1,716,621	4,104,369
Fines and forfeitures	324,577	344,552	366,368	368,523	285,077	260,844	248,340	254,975	205,055	285,777
Interest income	3,219	3,877	3,457	8,137	33,395	21,597	48,100	120,391	122,507	26,487
Miscellaneous	318,827	308,091	358,310	405,947	328,865	664,877	618,512	584,904	460,753	605,302
Total revenues	\$ 9,526,396	\$ 10,083,362	\$ 10,801,658	\$ 12,175,538	\$ 14,616,232	\$ 16,188,430	\$ 16,952,571	\$ 17,685,829	\$ 18,066,153	\$ 20,959,620
Expenditures										
Current:										
General government	\$ 2,051,576	\$ 2,087,405	\$ 2,298,407	\$ 2,546,806	\$ 2,385,034	\$ 2,702,188	\$ 2,918,984	\$ 2,827,351	\$ 3,100,508	\$ 3,198,884
Public safety	4,178,929	4,460,077	4,643,948	4,788,611	4,705,435	5,021,577	5,614,690	6,171,361	6,382,907	6,365,851
Parks and sanitation	2,299,070	2,189,384	2,273,710	2,355,503	2,929,722	3,181,462	3,180,240	2,688,980	2,448,726	2,483,129
Transportation	-	-	-	-	-	-	-	935,700	994,887	990,097
Victims' assistance	60,212	61,316	62,515	70,218	69,112	69,095	74,410	73,545	80,334	79,269
Tourism related	74,224	33,073	117,156	83,747	133,725	197,003	117,525	153,358	179,904	210,670
Capital outlay	660,059	1,766,513	3,000,980	651,885	3,053,714	2,958,262	4,981,592	4,912,649	2,068,142	10,507,001
Debt service:										
Principal	352,540	360,000	399,250	389,250	534,250	644,393	626,590	732,690	533,664	560,000
Interest	73,266	107,066	27,465	146,950	101,279	180,987	143,315	286,414	241,446	163,867
BAN issue costs	-	-	-	-	-	-	134,968	216,365	234,567	393,337
Administrative charges	-	-	-	-	-	-	1,166	-	-	-
Total expenditures	\$ 9,749,876	\$ 11,064,834	\$ 12,823,431	\$ 11,034,466	\$ 13,913,767	\$ 14,956,133	\$ 17,793,480	\$ 18,998,413	\$ 16,265,085	\$ 24,952,105
Excess of revenues over (under) expenditures	\$ (223,480)	\$ (981,472)	\$ (2,021,773)	\$ 1,141,072	\$ 702,465	\$ 1,232,297	\$ (840,909)	\$ (1,312,584)	\$ 1,801,068	\$ (3,992,485)

TOWN OF LEXINGTON, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

(Continued)

	2011	2012	2014	2015	2016	2017	2018	2019	2020	2021
Other financing sources (uses)										
Transfers in	785,262	842,134	2,233,260	2,886,195	1,159,943	1,928,781	1,952,105	2,109,471	3,604,720	4,707,762
Transfers out	(785,262)	(842,134)	(2,233,260)	(2,751,426)	(1,159,943)	(1,928,781)	(1,952,105)	(2,084,471)	(3,621,002)	(4,753,814)
Proceeds from capital lease/other obligations	-	-	-	-	308,215	-	-	-	-	-
Issuance of special source revenue bonds	-	3,362,602	-	-	-	-	-	-	-	-
Sale of capital assets	18,484	284,680	259,949	4,932	266,233	23,975	3,150	39,066	16	25,589
Refunding bonds issued	-	(59,892)	6,484	-	-	-	-	-	-	-
Other financing sources- bond premium	-	-	-	62,171	-	(1,430,000)	-	-	-	-
Bond issue costs	-	-	-	(215,132)	(169,097)	(187,538)	-	-	-	-
Other financing sources- BAN premium	-	-	-	-	-	36,667	-	-	-	-
Other financing sources- BAN issuance	-	-	-	-	-	1,430,000	-	64,702	68,931	259,286
Other financing sources- BAN repayment	-	-	-	2,640,000	5,865,000	-	-	-	-	-
Total other financing sources (uses)	18,484	3,587,390	266,433	(3,300,000)	(6,790,000)	(126,896)	3,150	128,768	52,665	238,823
Net change in fund balances	\$ (204,996)	\$ 2,605,918	\$ (1,755,340)	\$ 467,812	\$ 231,423	\$ 1,105,401	\$ (837,759)	\$ (1,183,816)	\$ 1,853,733	\$ (3,753,662)
Capital asset expenditures	\$ 660,059	\$ 1,766,513	\$ 3,000,980	\$ 651,885	\$ 3,053,714	\$ 2,958,262	\$ 4,981,592	\$ 4,912,649	\$ 2,068,142	\$ 10,507,001
Debt service as a percentage of noncapital expenditures	4.7%	5.0%	4.3%	5.2%	5.9%	6.9%	6.0%	7.2%	5.5%	5.0%

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

(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Service (Thousands of Gallons)										
In-town										
Residential	368,588	346,806	324,390	343,623	370,406	375,811	348,836	370,323	367,373	382,950
Commercial	349,748	344,239	329,868	340,914	359,454	389,301	383,696	397,270	369,173	359,679
Total	718,336	691,045	654,258	684,537	729,860	765,112	732,532	767,593	736,546	742,629
Out of town										
Residential	94,298	92,978	95,131	111,190	124,982	135,035	127,453	139,494	138,285	146,096
Commercial	34,966	31,574	31,688	30,841	32,056	29,309	26,049	29,727	33,798	33,509
Total	129,264	124,552	126,819	142,031	157,038	164,344	153,502	169,221	172,083	179,605
Total direct rate	\$ 5.44	\$ 5.67	\$ 6.07	\$ 5.98	\$ 5.75	\$ 5.76	\$ 6.09	\$ 6.13	\$ 6.48	\$ 6.53
Sewer Service (Thousands of Gallons)										
In-town										
Residential	381,916	359,416	335,846	354,499	391,136	410,072	390,174	429,245	440,501	465,205
Commercial	258,450	263,636	266,636	275,494	286,202	297,686	294,315	299,603	280,422	279,698
Total	640,366	623,052	602,482	629,993	677,338	707,758	684,489	728,848	720,923	744,903
Out of town										
Residential	436,860	434,392	405,229	470,045	537,032	578,742	563,433	609,460	638,546	659,020
Commercial	56,763	55,603	59,522	51,782	63,350	55,257	48,538	52,489	55,576	54,430
Total	493,623	489,995	464,751	521,827	600,382	633,999	611,971	661,949	694,122	713,450
Total direct rate	\$ 6.32	\$ 6.71	\$ 7.30	\$ 7.08	\$ 7.28	\$ 7.36	\$ 8.69	\$ 9.47	\$ 9.77	\$ 6.45

Source: Utility billing records

TOWN OF LEXINGTON, SOUTH CAROLINA

WATER AND SEWER RATES
LAST TEN FISCAL YEARS

(Unaudited)

Water Service	2012		2013		2014		2015		2016		2017		2018		2019		2020		2021	
	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	\$ 6.87	\$ 3.83	\$ 7.08	\$ 3.94	\$ 7.29	\$ 4.06	\$ 7.29	\$ 4.06	\$ 7.03	\$ 3.92	\$ 7.21	\$ 4.02	\$ 7.39	\$ 4.12	\$ 7.57	\$ 4.22	\$ 7.76	\$ 4.33	\$ 7.76	\$ 4.33
Commercial	\$ 6.87	\$ 3.57	\$ 7.08	\$ 3.68	\$ 7.29	\$ 3.79	\$ 7.29	\$ 3.79	\$ 7.03	\$ 3.66	\$ 7.21	\$ 3.75	\$ 7.39	\$ 3.84	\$ 7.57	\$ 3.94	\$ 7.76	\$ 4.04	\$ 7.76	\$ 4.04
Out of town																				
Residential	\$ 11.32	\$ 7.16	\$ 11.66	\$ 7.37	\$ 12.01	\$ 7.59	\$ 12.01	\$ 7.59	\$ 12.65	\$ 7.06	\$ 12.97	\$ 7.24	\$ 13.29	\$ 7.42	\$ 13.62	\$ 7.61	\$ 13.96	\$ 7.80	\$ 13.96	\$ 7.80
Commercial	\$ 11.32	\$ 6.71	\$ 11.66	\$ 6.91	\$ 12.01	\$ 7.12	\$ 12.01	\$ 7.12	\$ 12.65	\$ 6.59	\$ 12.97	\$ 6.75	\$ 13.29	\$ 6.92	\$ 13.62	\$ 7.09	\$ 13.96	\$ 7.27	\$ 13.96	\$ 7.27
Sewer Service																				
In-town																				
Residential	\$ 6.52	\$ 4.52	\$ 6.72	\$ 4.66	\$ 6.92	\$ 4.80	\$ 6.92	\$ 4.80	\$ 7.28	\$ 5.05	\$ 7.46	\$ 5.18	\$ 7.65	\$ 5.31	\$ 7.84	\$ 5.44	\$ 8.04	\$ 5.58	\$ 8.04	\$ 5.58
Commercial	\$ 6.52	\$ 4.52	\$ 6.72	\$ 4.66	\$ 6.92	\$ 4.80	\$ 6.92	\$ 4.80	\$ 7.28	\$ 5.05	\$ 7.46	\$ 5.18	\$ 7.65	\$ 5.31	\$ 7.84	\$ 5.44	\$ 8.04	\$ 5.58	\$ 8.04	\$ 5.58
Out of town																				
Residential	\$ 8.68	\$ 7.98	\$ 8.94	\$ 8.22	\$ 9.21	\$ 8.47	\$ 9.21	\$ 8.47	\$ 12.38	\$ 8.59	\$ 12.69	\$ 8.80	\$ 13.01	\$ 9.02	\$ 13.34	\$ 9.25	\$ 13.67	\$ 9.48	\$ 13.67	\$ 9.48
Commercial	\$ 8.68	\$ 7.98	\$ 8.94	\$ 8.22	\$ 9.21	\$ 8.47	\$ 9.21	\$ 8.47	\$ 12.38	\$ 8.59	\$ 12.69	\$ 8.80	\$ 13.01	\$ 9.02	\$ 13.34	\$ 9.25	\$ 13.67	\$ 9.48	\$ 13.67	\$ 9.48

Source: Town of Lexington water and sewer rate schedules

Note: Monthly base rates apply to 5/8" x 3/4" meters - the majority of meters in use for both residential and commercial users. Higher base rates apply to users with larger meters.
Volume charges are per 1,000 gallons.

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

Taxpayer	June 30, 2021				June 30, 2020			
	WATER		SEWER		WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County government	30,892	1	3.35%	27,492	1	3.84%	34,862	1
Apartment complex	14,627	2	1.59%	12,334	3	0.85%	13,503	2
Apartment complex	13,317	3	1.44%	12,169	4	0.83%	-	3
Apartment complex	11,038	4	1.20%	11,038	5	0.76%	9,641	5
Apartment complex	9,816	5	1.06%	9,816	6	0.67%	9,617	6
Assisted Living	7,985	6	0.87%	-	-	-	-	-
Apartment complex	7,505	7	0.81%	6,891	10	0.47%	8,339	5
Apartment complex	7,326	8	0.79%	7,326	8	0.50%	7,778	7
Apartment complex	7,234	9	0.78%	7,071	9	0.48%	7,746	8
Car wash	6,452	10	0.70%	13,595	2	0.93%	7,996	6
School district	-	-	-	9,709	7	0.67%	6,158	10
Manufacturer	-	-	-	-	-	-	6,269	9
Mobile home park	-	-	-	-	-	-	-	-
Totals	116,192		12.59%	117,441		8.05%	111,909	
Total consumption	922,234			1,458,353			908,628	

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

TOWN OF LEXINGTON, SOUTH CAROLINA
PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)
(Continued)

Taxpayer	June 30, 2017				June 30, 2016			
	WATER		SEWER		WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County government	41,747	1	4.49%	38,825	1	2.89%	35,093	1
Apartment complex	12,273	2	1.32%	12,273	3	0.91%	12,028	2
Apartment complex	11,029	3	1.19%	9,091	5	0.68%	8,848	4
Apartment complex	11,015	4	1.19%	8,786	6	0.65%	8,892	6
Apartment complex	9,830	5	1.06%	9,830	4	0.73%	10,345	5
Apartment complex	9,044	6	0.97%	7,446	9	0.55%	10,141	3
Car wash	8,468	7	0.91%	8,468	7	0.63%	5,892	10
School district	7,209	8	0.78%	15,574	2	1.16%	17,859	8
Apartment complex	6,769	9	0.73%	-	-	-	7,184	7
Apartment complex	6,514	10	0.70%	6,514	10	0.49%	6,819	8
Mobile home park	-	-	-	7,851	8	0.59%	-	9
Extended care facility	-	-	-	-	-	-	7,061	9
Totals	123,898		13.34%	124,658		-	6,926	10
Total consumption	929,456			1,341,756			1,277,720	

Taxpayer	June 30, 2015				June 30, 2014			
	WATER		SEWER		WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County government	32,572	1	3.94%	31,801	1	2.76%	28,997	1
Apartment complex	11,648	2	1.41%	8,471	6	0.73%	8,345	8
Apartment complex	9,836	3	1.19%	9,101	4	0.79%	10,769	4
Apartment complex	9,290	4	1.12%	8,539	5	0.74%	8,693	7
Apartment complex	8,244	5	1.00%	8,244	7	0.71%	17,508	2
Apartment complex	7,641	6	0.92%	-	-	-	6,708	-
Apartment complex	6,969	7	0.84%	6,969	8	0.60%	9,540	5
School district	6,713	8	0.81%	16,630	2	1.44%	13,795	3
Manufacturer	6,469	9	0.78%	-	-	-	5,843	10
Apartment complex	6,421	10	0.78%	6,421	10	0.56%	9,050	6
Mobile home park	-	-	-	13,153	3	1.14%	7,003	9
Extended care facility	-	-	-	6,755	9	0.59%	-	-
Apartment complex	-	-	-	-	-	-	4,351	-
Totals	105,803		12.79%	116,084		10.06%	119,543	
Total consumption	826,586			1,154,031			1,062,838	

TOWN OF LEXINGTON, SOUTH CAROLINA
PRINCIPAL WATER AND SEWER CUSTOMERS

(Unaudited)

(Continued)

Taxpayer	June 30, 2013				June 30, 2012			
	WATER		SEWER		WATER		SEWER	
	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank	Percentage of Total Consumption	Consumption (x 1000)	Rank
County government	27,827	1	3.41%	28,890	1	1.08%	29,015	1
Apartment complex	17,285	2	2.12%	17,285	2	0.50%	13,483	2
Apartment complex	11,409	3	1.40%	8,766	6	0.79%	13,213	3
Apartment complex	11,098	4	1.36%	10,399	3	0.49%	8,964	7
Apartment complex	10,468	5	1.28%	8,627	7	0.45%	8,754	8
Apartment complex	9,901	6	1.21%	8,925	5	0.42%	9,562	4
Apartment complex	7,359	7	0.90%	-	5	0.31%	8,326	9
Apartment complex	7,352	8	0.90%	7,352	8	0.34%	9,250	5
Medical center	7,030	9	0.86%	-	10	0.26%	-	-
Manufacturer	4,733	10	0.58%	-	8	0.31%	-	-
School district	-	-	-	-	-	-	-	-
Mobile home park	-	-	-	10,043	6	0.40%	18,069	2
Extended care facility	-	-	-	6,829	9	-	6,477	10
Totals	114,462	-	14.02%	113,445	10	-	9,097	6
							119,702	
Total consumption	815,597			1,113,047			1,131,481	

Source: Town of Lexington Billing Records

TOWN OF LEXINGTON, SOUTH CAROLINA

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Tax Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Assessed Value to Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2012	2011	\$ 73,511,410	\$ 1,500,776,722	\$ 16,181,230	\$ 196,567,736	\$ 89,692,640	\$ 1,697,344,458	35.14	5.28%
2013	2012	75,601,410	1,546,487,637	15,469,980	197,303,286	91,071,390	1,743,790,923	35.14	5.22%
2014	2013	77,204,480	1,581,452,032	16,073,550	209,417,714	93,278,030	1,790,869,746	35.14	5.21%
2015	2014	79,307,920	1,626,547,083	16,741,790	219,697,830	96,049,710	1,846,244,913	35.14	5.20%
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%

Source: Lexington County Auditor's Office

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

TOWN OF LEXINGTON, SOUTH CAROLINA

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

(Unaudited)

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Town of Lexington</u>	<u>Lexington</u>			<u>Midlands</u>		<u>Riverbanks Zoo</u>	<u>Mental Health</u>	<u>Total</u>	
			<u>School District 1</u>	<u>School District 2</u>	<u>Technical College</u>	<u>Recreation Commission</u>	<u>Zoo</u>			<u>School District 1</u>	<u>School District 2</u>
2012	2011	35.14	80.73	183.22	4.37	16.02	1.79	0.51	477.27	321.78	
2013	2012	35.14	83.35	183.12	4.37	15.74	1.79	0.50	479.00	324.01	
2014	2013	35.14	86.89	183.12	4.37	15.74	1.89	0.50	494.20	327.65	
2015	2014	35.14	94.25	176.21	4.37	16.74	2.39	0.50	502.90	329.60	
2016	2015 (1)	35.14	94.44	225.96	4.35	16.00	2.09	-	521.39	377.98	
2017	2016	34.29	94.97	225.96	4.35	16.22	2.09	-	536.22	377.89	
2018	2017	34.29	94.69	225.96	4.35	16.10	2.09	-	554.77	377.48	
2019	2018	34.29	97.16	225.96	4.35	15.90	2.09	-	561.49	379.75	
2020	2019	34.29	98.35	230.22	4.35	15.80	1.00	-	566.19	384.01	
2021	2020	26.06	96.66	230.22	4.17	14.93	1.00	-	541.68	373.04	

(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	2021			2020			2019		
	Taxable Assessed Value (12/31/2020)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2019)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2018)	Rank	Percentage of Total Taxable Assessed Value
Dominion Energy	\$ 3,676,380	1	2.68%	\$ 3,606,300	1	2.98%	\$ 3,599,070	1	3.13%
CHP Columbia SC Owner, LLC	1,425,957	2	1.04%	1,215,370	2	1.00%	1,215,370	2	1.06%
Lexington at Hope Ferry, LLC	1,260,000	3	0.92%	1,204,120	3	0.99%	-	-	-
Lauren Ridge Apartments, LP	1,302,860	4	0.95%	1,132,920	4	0.93%	1,132,920	3	0.99%
West Shore Mill, LLC	1,285,950	5	0.94%	1,118,220	5	0.92%	1,118,250	4	0.97%
Lullwater at Saluda Pointe, LLC	1,282,330	6	0.93%	1,115,070	6	0.92%	1,115,070	5	0.97%
Cedarcrest Village Apartments	1,178,009	7	0.86%	1,007,290	7	0.83%	1,007,290	6	0.88%
Morgan Overlook Apartments, LLC	952,200	8	0.69%	828,000	8	0.68%	828,000	7	0.72%
Waterway Apartments	879,750	9	0.64%	765,000	9	0.63%	765,000	8	0.67%
Moore Orthopaedic Clinic	-	-	-	729,180	10	0.60%	-	-	-
W M Lexington Trust	807,860	10	0.59%	-	-	-	702,480	9	0.61%
Harman Family Real Estate Co L	-	-	-	-	-	-	639,550	10	0.56%
Totals	\$ 14,051,296		10.24%	\$ 12,721,470		10.50%	\$ 12,123,000		10.56%
Total Assessed Valuations	\$ 137,332,270			\$ 121,189,080			\$ 114,837,380		

Taxpayer	2018			2017			2016		
	Taxable Assessed Value (12/31/2017)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2016)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2015)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 3,430,700	1	3.15%	\$ 3,227,130	1	3.09%	\$ 3,020,150	1	3.00%
Lullwater at Saluda Pointe, LLC	1,115,070	2	1.02%	1,115,070	2	1.07%	1,115,070	2	1.11%
Century Mill Partners, LLC	1,065,820	3	0.98%	1,065,820	3	1.02%	1,065,820	3	1.06%
Cedarcrest Village Apartments	1,000,500	4	0.92%	1,000,500	4	0.96%	1,000,500	4	0.99%
Lauren Ridge Apartments, LP	962,550	5	0.88%	962,550	5	0.92%	962,550	5	0.96%
Morgan Overlook Apartments, LLC	828,000	6	0.76%	828,000	6	0.79%	828,000	6	0.82%
Lowes Home Centers	626,820	10	0.58%	615,150	8	0.59%	708,250	7	0.70%
W M Lexington Trust	702,480	8	0.65%	702,480	7	0.67%	702,480	8	0.70%
Home Depot USA	-	-	-	594,650	10	0.57%	688,690	9	0.68%
Shenandoah Apartments	-	-	-	606,450	9	0.58%	606,450	10	0.60%
Waterway Apartments	765,000	7	0.70%	-	-	-	-	-	-
FC Real Estate Lexington, LLC	646,092	9	0.59%	-	-	-	-	-	-
Totals	\$ 11,143,032		10.23%	\$ 10,717,800		10.26%	\$ 10,697,960		10.62%
Total Assessed Valuations	\$ 108,848,910			\$ 104,560,480			\$ 100,778,920		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS

(Unaudited)

(Continued)

Taxpayer	2015			2014			2013		
	Taxable Assessed Value (12/31/2014)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2013)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (12/31/2012)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 2,959,360	1	3.08%	\$ 2,840,070	1	3.04%	\$ 2,561,310	1	2.81%
Lullwater at Saluda Pointe, LLC	969,620	2	1.01%	969,620	2	1.04%	969,620	2	1.06%
Century Mill Partners, LLC	967,250	3	1.01%	966,530	3	1.04%	963,560	3	1.06%
Cedarcrest Village Apartments	870,000	4	0.91%	837,000	5	0.90%	856,030	5	0.94%
Lauren Ridge Apartments, LP	837,000	5	0.87%	870,000	4	0.93%	860,540	4	0.94%
Lowes Home Centers	789,340	6	0.82%	807,880	6	0.87%	762,680	7	0.84%
Morgan Overlook Apartments, LLC	720,000	7	0.75%	720,000	7	0.77%	804,740	6	0.88%
W M Lexington Trust	610,860	8	0.64%	610,850	8	0.65%	610,850	8	0.67%
Home Depot USA	563,150	9	0.59%	-	-	-	557,450	10	0.61%
Harman Family Real Estate Co L	538,140	10	0.56%	562,150	10	0.60%	572,650	9	0.63%
Target Corporation	-	-	-	572,650	9	0.61%	-	-	-
Totals	\$ 9,824,720		10.24%	\$ 9,756,750		10.45%	\$ 9,519,430		10.44%
Total Assessed Valuations	\$ 96,049,710			\$ 93,278,030			\$ 91,071,390		

Taxpayer	2012		
	Taxable Assessed Value (12/31/2011)	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric & Gas	\$ 2,299,770	1	2.56%
Lullwater at Saluda Pointe, LLC	969,620	2	1.08%
Century Mill Partners, LLC	963,150	3	1.07%
Lauren Ridge Apartments, LP	837,000	4	0.93%
Morgan Overlook Apartments, LLC	804,740	5	0.90%
Lowes Home Centers	790,210	6	0.88%
W M Lexington Trust	610,850	7	0.67%
Cedarcrest Village Apartments	586,600	8	0.65%
Home Depot USA	568,850	9	0.63%
Harman Family Real Estate Co L	553,580	10	0.62%
Totals	\$ 8,984,370		10.00%
Total Assessed Valuations	\$ 89,692,640		

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
2012	2011	\$ 3,158,735	\$ 3,032,842	96.01%	\$ 117,754	\$ 3,150,596	99.74%
2013	2012	3,191,554	3,105,004	97.29%	81,655	3,186,659	99.85%
2014	2013	3,271,144	3,174,423	97.04%	91,685	3,266,108	99.85%
2015	2014	3,357,199	3,274,799	97.55%	76,157	3,350,956	99.81%
2016	2015	3,525,078	3,430,311	97.31%	86,634	3,516,945	99.77%
2017	2016	3,552,766	3,463,162	97.48%	79,922	3,543,084	99.73%
2018	2017	3,696,042	3,597,444	97.33%	83,255	3,680,699	99.58%
2019	2018	3,921,619	3,817,471	97.34%	72,931	3,890,402	99.20%
2020	2019	4,156,098	4,028,539	96.93%	85,865	4,114,404	99.00%
2021	2020	\$ 3,629,121	\$ 3,518,511	96.95%	N/A	\$ 3,518,511	96.95%

Source: Lexington County Treasurer's Office as of 6/30/21.

N/A - Not applicable

TOWN OF LEXINGTON, SOUTH CAROLINA
FRANCHISES, LICENSES, PERMITS AND FEES REVENUE
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year		Business License		Franchise Fees		Building Permits		Total
2012	\$	3,515,174	\$	1,179,981	\$	217,188	\$	4,912,343
2013		3,984,361		1,194,037		225,283		5,403,681
2014		4,002,197		1,259,782		189,229		5,451,208
2015		4,387,785		2,722,790		213,893		7,324,468
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

Source: Town of Lexington Trial Balance

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL BUSINESS LICENSE FILERS

(Unaudited)

	June 30, 2021				June 30, 2020				June 30, 2019				June 30, 2018			
Taxpayer	License Fees	Rank	Percentage of Total	License Fees	Rank	Percentage of Total	License Fees	Rank	License Fees	Rank	Percentage of Total	License Fees	Rank	Percentage of Total	License Fees	Rank
Retail Store	\$ 100,841	1	1.65%	97,904	2	1.62%	96,047	2	95,648	2	1.71%	95,648	2	1.71%	95,648	2
Home Improvement Store	57,053	2	0.93%	45,747	3	0.76%	44,122	4	44,105	4	0.77%	44,105	4	0.77%	44,105	4
Retail Store	47,850	3	0.78%	39,133	4	0.65%	35,611	6	35,611	6	0.62%	31,947	6	0.57%	31,947	6
Home Improvement Store	41,456	4	0.68%	38,120	5	0.63%	36,143	7	36,143	7	0.63%	33,933	7	0.61%	33,933	7
Grocery Store	39,563	5	0.65%	35,099	7	0.58%	35,012	3	35,340	3	0.61%	35,340	3	0.63%	35,340	3
Automotive Dealer	31,142	6	0.51%	-	-	-	50,047	5	49,895	5	0.87%	49,895	5	0.89%	49,895	5
Automotive Dealer	26,574	7	0.43%	29,156	9	0.48%	26,415	10	21,746	10	0.46%	21,746	10	0.39%	21,746	10
Manufacturer	26,482	8	0.43%	-	-	-	-	-	-	-	-	-	-	-	-	-
Home Improvement Store	24,370	9	0.40%	29,703	8	0.49%	33,849	9	-	-	0.59%	-	-	-	-	-
Pharmacy	21,375	10	0.35%	-	-	-	-	-	193,922	1	4.77%	193,922	1	3.47%	193,922	1
Computer Store	-	-	-	354,119	1	5.86%	275,145	1	-	-	-	-	-	-	-	-
Automotive Dealer	-	-	-	35,773	6	0.59%	-	-	-	-	-	-	-	-	-	-
Retail Store	-	-	-	24,227	10	0.40%	25,633	8	-	-	0.44%	24,720	8	0.44%	24,720	8
Totals	\$ 416,706	-	6.81%	\$ 728,981	-	12.06%	\$ 658,024	-	\$ 553,126	9	0.39%	\$ 553,126	9	0.39%	\$ 553,126	9
Total License Fees	\$ 6,126,515			\$ 6,038,373			\$ 5,764,738		\$ 5,584,681			\$ 5,584,681			\$ 5,584,681	

	June 30, 2017				June 30, 2016				June 30, 2015				June 30, 2014			
Taxpayer	License Fees	Rank	Percentage of Total	License Fees	Rank	Percentage of Total	License Fees	Rank	License Fees	Rank	Percentage of Total	License Fees	Rank	Percentage of Total	License Fees	Rank
Pharmacy	\$ 171,439	1	3.42%	\$ 122,704	1	2.55%	\$ 68,018	2	\$ 68,018	2	1.55%	\$ 41,018	2	1.02%	\$ 41,018	2
Retail Store	95,193	2	1.90%	93,511	2	1.94%	90,978	1	90,978	1	2.07%	90,420	1	2.26%	90,420	1
Automotive Dealer	44,761	3	0.89%	38,664	5	0.80%	34,128	6	34,128	6	0.78%	-	-	-	-	-
Home Improvement Store	41,913	4	0.84%	40,427	4	0.84%	37,009	4	37,009	4	0.84%	35,020	4	0.88%	35,020	4
Grocery Store	41,633	5	0.83%	41,438	3	0.86%	39,693	3	39,693	3	0.90%	37,199	3	0.93%	37,199	3
Retail Store	31,978	6	0.64%	34,777	7	0.72%	33,971	7	33,971	7	0.77%	33,768	5	0.84%	33,768	5
Home Improvement Store	31,201	7	0.62%	27,901	8	0.58%	24,360	9	24,360	9	0.56%	23,607	7	0.59%	23,607	7
Lawn and Garden Service	29,825	8	0.59%	36,070	6	0.75%	32,382	8	32,382	8	0.74%	30,344	6	0.76%	30,344	6
Automotive Dealer	24,734	9	0.49%	-	-	-	-	-	-	-	-	22,130	9	0.55%	22,130	9
Retail Store	21,443	10	0.43%	22,483	9	0.47%	-	-	-	-	-	22,594	8	0.56%	22,594	8
Automotive Dealer	-	-	-	21,476	10	0.45%	-	-	-	-	-	20,805	10	0.52%	20,805	10
Boat Dealer	-	-	-	-	-	-	34,622	5	34,622	5	0.79%	-	-	-	-	-
Computer Store	-	-	-	-	-	-	22,368	10	22,368	10	0.51%	-	-	-	-	-
Totals	\$ 534,120	-	10.65%	\$ 479,451	-	9.96%	\$ 417,529	-	\$ 417,529	-	9.51%	\$ 356,905	-	8.91%	\$ 356,905	-
Total License Fees	\$ 5,018,546			\$ 4,813,669			\$ 4,387,785		\$ 4,387,785			\$ 4,002,197			\$ 4,002,197	

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL BUSINESS LICENSE FILERS

(Unaudited)

(Continued)

Taxpayer	June 30, 2013			June 30, 2012		
	License Fees	Rank	Percentage of Total License Fees	License Fees	Rank	Percentage of Total License Fees
Retail Store	\$ 88,468	1	2.52%	\$ 83,439	1	2.37%
Grocery Store	34,869	2	0.99%	33,986	2	0.97%
Home Improvement Store	33,776	3	0.96%	32,605	3	0.93%
Retail Store	31,981	4	0.91%	31,328	4	0.89%
Manufacturer	-	-	-	29,389	5	0.84%
Health Organization	-	-	-	24,714	6	0.70%
Retail Store	23,226	7	0.66%	24,067	7	0.68%
Automotive Dealer	23,093	8	0.66%	23,991	8	0.68%
Lawn and Garden Service	28,704	6	0.82%	23,747	9	0.68%
Home Improvement Store	21,556	9	0.61%	20,010	10	0.57%
Automotive Dealer	20,248	10	0.58%	-	-	-
Pharmacy	28,985	5	0.82%	-	-	-
Totals	<u>\$ 334,906</u>		<u>9.53%</u>	<u>\$ 327,276</u>		<u>9.31%</u>
Total License Fees	<u>\$ 3,515,174</u>			<u>\$ 3,515,174</u>		

Source: Town of Lexington Business License Records

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	Governmental Activities						
	General Obligation Bonds	Certificates of Participation	Capital Leases	Notes Payable	Total	Percentage of Actual Tax Value	Per Capita
2012	\$ 1,415,000	\$ 1,177,900	\$ -	\$ 157,000	\$ 2,749,900	0.16%	140
2013	1,315,000	1,039,723	-	137,000	2,491,723	0.14%	124
2014	1,160,000	892,469	-	102,750	2,155,219	0.12%	106
2015	1,000,000	735,435	-	68,500	1,803,935	0.11%	87
2016	835,000	567,860	308,215	34,250	1,745,325	0.08%	83
2017	2,100,000	388,906	233,071	-	2,721,977	0.14%	128
2018	1,660,000	197,752	156,354	-	2,014,106	0.10%	93
2019	1,215,000	-	-	-	1,215,000	0.06%	55
2020	760,000	-	-	-	760,000	0.03%	34
2021	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000	0.01%	13
Fiscal Year Ended June 30	Business-Type Activities						
	Water and Sewer Revenue Bonds	Water and Sewer Bond Anticipation Notes	Contracts Payable	Capital Leases	Total	Per Customer	Total Primary Government
2012	\$ 55,883,888	\$ -	\$ 1,740,575	\$ 347,682	\$ 57,972,145	\$ 4,294	\$ 60,722,045
2013	55,496,545	10,000,000	1,723,349	-	67,219,894	4,621	69,711,617
2014	54,576,512	10,047,790	1,347,669	-	65,971,971	4,121	68,127,190
2015	54,897,691	10,067,125	1,086,274	-	66,051,090	3,965	67,855,025
2016	53,808,076	10,060,583	822,399	-	64,691,058	3,648	66,436,383
2017	52,673,460	10,059,750	548,016	-	63,281,226	3,382	66,003,203
2018	63,481,442	-	267,285	-	63,748,727	3,051	65,762,833
2019	65,449,983	7,065,622	-	-	72,515,605	3,340	73,730,605
2020	63,871,818	15,743,818	-	-	79,615,636	3,570	80,375,636
2021	\$ 75,668,905	\$ 12,330,197	\$ -	\$ -	\$ 87,999,102	\$ 3,677	\$ 88,299,102
						10.28%	\$ 3,084
						11.39%	3,481
						11.01%	3,343
						10.99%	3,289
						10.55%	3,168
						10.27%	3,108
						10.03%	3,041
						11.03%	3,328
						10.70%	3,580
						11.63%	\$ 3,782

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

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

TOWN OF LEXINGTON, SOUTH CAROLINA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30	General Obligation Bonds	GO Bond Anticipation Note	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2012	\$ 1,415,000	\$ -	\$ -	\$ 1,415,000	0.08%	\$ 72
2013	1,315,000	3,300,000	-	4,615,000	0.26%	230
2014	1,160,000	3,300,000	-	4,460,000	0.25%	219
2015	1,000,000	2,640,000	-	3,640,000	0.20%	176
2016	835,000	1,590,000	-	2,425,000	0.13%	116
2017	2,100,000	-	-	2,100,000	0.11%	99
2018	1,660,000	-	-	1,660,000	0.08%	77
2019	1,215,000	-	159,255	1,055,745	0.05%	48
2020	760,000	-	302,616	457,384	0.02%	20
2021	\$ 300,000	\$ 15,285,000	\$ -	\$ 15,585,000	0.60%	\$ 667

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, 2021
(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	\$ 137,332,270	\$ 137,332,270	\$ 7,550,000	100.00%	\$ 7,550,000
Overlapping:					
Lexington County	1,468,726,600	137,332,270	20,415,000	9.35%	1,908,803
Lexington County School District One	686,974,150	136,840,040	634,147,000	19.92%	126,322,082
Lexington County School District Two	335,884,800	492,230	216,435,000	0.15%	324,653
Lexington County Recreation Commission	1,112,404,810	137,332,270	20,660,000	12.35%	2,551,510
Riverbanks Zoo	3,263,838,128	137,332,270	26,505,000	4.21%	1,115,861
Total Overlapping			<u>918,162,000</u>		<u>132,222,909</u>
Total			<u><u>\$ 925,712,000</u></u>		<u><u>\$ 139,772,909</u></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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 7,175,411	\$ 7,285,711	\$ 7,462,242	\$ 7,683,977	\$ 8,062,314	\$ 8,364,838	\$ 8,707,913	\$ 9,186,990	\$ 9,695,126	\$ 10,986,582
Total net debt applicable to debt limit	1,415,000	4,615,000	4,460,000	3,640,000	2,425,000	2,100,000	1,660,000	1,215,000	760,000	7,550,000
Legal debt margin	\$ 5,760,411	\$ 2,670,711	\$ 3,002,242	\$ 4,043,977	\$ 5,637,314	\$ 6,264,838	\$ 7,047,913	\$ 7,971,990	\$ 8,935,126	\$ 3,436,582
Total net debt applicable to debt limit as a percentage of debt limit	19.7%	63.3%	59.8%	47.4%	30.1%	25.1%	19.1%	13.2%	7.8%	68.7%

Legal Debt Margin Calculation for Fiscal Year 2021

Total assessed value	\$ 137,332,270
Debt limit (8% of total assessed value)	10,986,582
Amount of debt applicable to debt limit:	7,550,000
Legal debt margin	\$ 3,436,582

Note: The Town's borrowing power is restricted by amended Article X, Section 14, of the State Constitution which became effective November 30, 1977. This Section provides that a local government unit cannot at any time have total general bonded debt outstanding (excluding certain lease and installment obligations) in any amount that exceeds eight percent (8%) of its total assessed property value. Also, excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and other bonded indebtedness existing on or prior to 1995.

TOWN OF LEXINGTON, SOUTH CAROLINA
 PLEDGED REVENUE COVERAGE
 WATERWORKS AND SEWER SYSTEM REVENUE BONDS
 LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Gross Revenues(1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2012	\$ 13,562,450	\$ 7,288,025	\$ 6,274,425	\$ 800,000	\$ 2,666,547	\$ 3,466,547	1.81
2013	14,438,362	8,287,257	6,151,105	975,000	2,378,989	3,353,989	1.83
2014	14,523,903	9,046,039	5,477,864	995,000	2,303,295	3,298,295	1.66
2015	15,607,266	8,854,272	6,752,994	1,090,000	2,295,101	3,385,101	1.99
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

Notes: (1) Includes capital contribution fees (CCFs) but excludes non-cash capital contributions
 (2) Does not include depreciation and other non-cash related charges

	CCF Revenue	% Increase (Decrease)		CCF Revenue	% Increase (Decrease)
2012	1,227,458	11.10	2017	2,218,877	-13.67
2013	1,644,210	33.95	2018	2,056,357	-7.32
2014	1,425,782	-13.28	2019	2,320,116	12.83
2015	1,996,101	40.00	2020	2,341,634	0.93
2016	2,570,332	28.77	2021	4,485,884	91.57

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

(Unaudited)

Fiscal Year Ended June 30	(1) Population	(2) Per Capita Personal Income	(3) Estimated Total Personal Income	(4) School Enrollment	(5) Unemployment Rate
2012	19,692	\$ 29,983	\$ 590,425,236	22,367	7.30%
2013	20,025	30,574	612,244,350	22,935	6.90%
2014	20,381	30,352	618,604,112	23,363	4.80%
2015	20,632	29,642	617,340,862	23,953	5.60%
2016	20,973	30,708	629,811,765	24,418	3.60%
2017	21,237	30,987	642,545,784	24,896	2.30%
2018	21,623	32,752	655,494,336	25,511	2.80%
2019	22,157	34,197	668,751,600	25,713	2.50%
2020	22,452	33,451	751,041,852	26,507	7.40%
2021	23,350	\$ 32,514	\$ 759,201,900	26,325	8.80%

Data Sources and Notes:

- (1) Information provided by U.S. Census Bureau. Annual estimates of the resident population April 1, 2010 to July 1, 2018. 2020 is estimated based on Town growth rate (approximated prior 9 years)
- (2) Information provided by U.S. Census Bureau American Community Survey (annual ACS 5-year estimates) 2020 estimate based upon Federal Reserve Bank of Richmond's SC Snapshot October, 2020 Median Family Income % decline year over year of 2.18% for the Columbia MSA.
- (3) Estimated by multiplying estimated population by estimated per capita personal income (not an official census estimate).
- (4) Provided by Lexington County School District 1 and includes entire District.
- (5) Provided by SC Labor and Marketing for June each year.

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS
LAST 10 FISCAL YEARS

(Unaudited)

Employer	2021			2020			2019			2018		
	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	1,080	1	8.4%	1,077	1	9.2%	1,083	1	9.4%	965	1	8.5%
Lexington County	921	2	7.2%	909	2	7.8%	905	2	7.8%	885	2	7.8%
Walmart	362	3	2.8%	358	3	3.1%	367	3	3.2%	364	3	3.2%
Lowe's Home Centers	215	4	1.7%	160	5	1.4%	160	4	1.4%	182	4	1.6%
Town of Lexington	193	5	1.5%	187	4	1.6%	180	5	1.6%	172	5	1.5%
Publix	170	6	1.3%	140	7	1.2%	160	6	1.4%	157	6	1.4%
Target	157	7	1.2%	112	8	1.0%	120	10	1.0%	98	10	0.9%
Home Depot	158	8	1.2%	158	6	1.4%	150	7	1.3%	140	7	1.2%
Avtec	103	9	0.8%	100	9	0.9%	135	8	1.2%	139	8	1.2%
Kohl's Department Stores, Inc.	74	10	0.6%	91	10	0.8%	107	9	0.9%	125	9	1.1%
Totals	3,433		26.7%	3,292		28.4%	3,357		29.1%	3,227		28.4%
Estimated total employment	12,842.5			11,646.8			11,530.2			11,414.7		

Employer	2017			2016			2015			2014		
	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	967	1	8.6%	868	1	7.8%	513	2	4.6%	493	2	4.5%
Lexington County	850	2	7.5%	720	2	6.4%	916	1	8.3%	857	1	7.8%
Walmart	364	3	3.2%	346	3	3.1%	335	3	3.0%	326	3	3.0%
Lowe's Home Centers	164	4	1.5%	160	4	1.4%	150	4	1.4%	135	6	1.2%
Town of Lexington	158	5	1.4%	150	5	1.3%	147	5	1.3%	142	4	1.3%
Publix	150	6	1.3%	-	-	-	-	-	-	-	-	-
Home Depot	140	7	1.2%	128	7	1.1%	-	-	-	-	-	-
Avtec	129	8	1.1%	129	6	1.2%	129	7	1.2%	119	8	1.1%
Kohl's Department Stores, Inc.	119	9	1.1%	121	9	1.1%	107	8	1.0%	129	7	1.2%
Target	110	10	1.0%	126	8	1.1%	140	6	1.3%	140	5	1.3%
Food Lion	-	-	-	89	10	0.8%	84	9	0.8%	-	-	-
KMart Stores	-	-	-	-	-	-	75	10	0.7%	90	9	0.8%
Honda Cars of Columbia	-	-	-	-	-	-	-	-	-	80	10	0.7%
Totals	3,451		27.9%	2,837		25.3%	2,596		23.6%	2,511		22.9%
Estimated total employment	11,300.9			11,187.6			11,075.9			10,924.7		

TOWN OF LEXINGTON, SOUTH CAROLINA

PRINCIPAL EMPLOYERS
CURRENT YEAR

(Unaudited)

(Continued)

	2013			2012			
	Employer	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
	Lexington County	854	1	8.0%	916	1	8.7%
	Lexington School District One	472	2	4.4%	513	2	4.9%
	Walmart	317	3	3.0%	335	3	3.2%
	Target	166	4	1.5%	140	5	1.3%
	Kohl's Department Stores, Inc.	152	5	1.4%	107	7	1.0%
	Town of Lexington	148	6	1.4%	136	6	1.3%
	Lowe's Home Centers	135	7	1.3%	150	4	1.4%
	Food Lion	81	8	0.8%	84	8	0.8%
	KMart Stores	78	9	0.7%	75	9	0.7%
	Honda Cars of Columbia	75	10	0.7%	70	10	0.7%
	Totals	2,478		23.1%	2,526		24.0%
	Estimated total employment	10,720.1			10,527.6		

Notes: Estimated total employment calculated by applying the 2004 county-wide ratio of labor force to population of 55% to the Town's population.

TOWN OF LEXINGTON, SOUTH CAROLINA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

(Unaudited)

<u>Year</u>	Residential Construction (Single & Multi-Family)		Commercial Construction		Other Building Related Permits Permits		Bank Deposits (x 1,000)
	<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>	<u># of Units</u>	<u>Value</u>	
2012	181	\$ 22,189,681	9	\$ 5,517,595	586	\$ 8,605,737	\$ 1,235,615
2013	159	20,450,176	9	6,755,300	755	14,502,984	1,241,592
2014	108	12,774,370	13	6,776,041	758	15,024,718	1,310,754
2015	112	17,465,322	15	16,662,921	742	12,278,172	1,229,571
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

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
General government	39.0	40.0	38.0	40.0	41.0	42.0	43.0	44.0	48.0	48.0
Public safety	45.0	45.0	49.0	51.0	51.0	53.0	57.0	61.0	61.0	61.0
Parks and sanitation	13.0	15.0	15.0	14.0	14.0	16.0	16.0	16.0	17.0	17.0
Transportation				1.0	5.0	5.0	8.0	8.0	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	38.0	39.0	39.0	39.0	40.0	41.0	47.0	51.0	55.0	57.0
Total	136.0	140.0	142.0	146.0	152.0	158.0	172.0	181.0	191.0	193.0

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
<u>Building/Zoning</u>										
Building permits issued	794	944	875	847	1,099	1,123	1,109	1,114	1,117	1,144
Building inspections conducted	3,083	2,975	2,558	2,132	3,082	2,964	4,619	4,891	4,341	5,152
Zoning permits issued	492	404	402	466	448	437	509	507	584	603
<u>Information Technology</u>										
Water/sewer customers (online transactions)	28,422	30,369	36,460	43,152	50,379	54,350	61,107	71,225	81,902	95,060
Fines (online transactions)	NA	991	NA	NA	NA	NA	NA	NA	NA	NA
<u>Finance</u>										
Business licenses issued intown/renewals	2,944	3,159	3,256	3,572	3,690	3,778	3,923	3,983	4,146	4,279
<u>Parks and Sanitation</u>										
Residential solid waste customers	5,799	5,987	6,121	6,235	6,331	6,441	6,611	6,845	7,137	7,366
<u>Public Safety - Police</u>										
Physical arrests	1,572	1,854	2,086	1,600	1,515	1,430	1,186	1,323	629	833
Parking tickets	22	34	55	53	30	14	3	-	22	16
Traffic violations	10,035	8,004	8,983	5,900	6,185	5,205	4,571	6,554	4,098	6,799
Business-Type Activities										
<u>Water and Sewer System</u>										
Average daily consumption of water (MGD)	2,322	2,235	2,140	2,265	2,430	2,546	2,427	2,567	2,489	2,527
Average daily consumption of sewer (MGD)	3,107	3,049	2,924	3,156	3,501	3,676	3,552	3,810	3,877	3,996
Capital contribution certificates sold- sewer	320	476	394	707	729	640	668	649	665	1,250
Capital contribution certificates sold- water	324	291	282	209	339	153	284	275	354	378
Capital contribution certificates sold (1)	644	767	676	916	1,068	793	952	924	1,019	1,628
Capital contribution certificates unredeemed-sewer	1,132	999	813	1,017	962	890	825	838	897	1,247
Capital contribution certificates unredeemed-water	312	312	312	312	312	312	312	312	312	312
Capital contribution certificates unredeemed (2)	1,444	1,311	1,125	1,329	1,274	1,202	1,137	1,150	1,209	1,559
Capital contribution certificates outstanding-sewer (3)	1,677	1,439	1,298	1,096	1,081	957	841	820	660	875

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, 2021.

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

(Unaudited)

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Town Hall (<i>approx. sq. ft. used</i>)	63,251	63,251	63,251	63,251	63,251	63,251	63,251	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	45	45	49	51	51	53	57	61	61	61
Enclosed Storage (<i>non heated</i>)	-	-	-	-	-	-	-	800	800	800
Covered Storage	-	-	-	-	-	-	-	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
Enclosed Storage (<i>heated</i>)	-	-	-	-	-	-	-	800	800	800
Parks and playgrounds	5	6	6	7	7	8	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
Enclosed Storage (<i>non heated</i>)	-	-	-	-	-	-	-	800	800	800
Covered Storage	-	-	-	-	-	-	-	19,690	19,690	19,690
Victims' Assistance										
Vehicle	1	1	1	1	1	1	1	1	1	1
Tourism Related										
Roof House (<i>approx. sq. ft. used</i>)	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
Water and Sewer System										
Office Building	-	-	-	-	-	-	-	8,400	8,400	8,400
Enclosed Storage (<i>heated</i>)	-	-	-	-	-	-	-	3,200	3,200	3,200
Enclosed Storage (<i>non heated</i>)	-	-	-	-	-	-	-	4,800	4,800	4,800
Covered Storage	-	-	-	-	-	-	-	7,840	7,840	7,840
Water and Sewer System										
Sewer treatment plants	1	1	1	1	-	-	-	-	-	-
Sewer capacity - all sources (<i>MGD</i>)	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46	12.46
Water capacity - all sources (<i>MGD</i>)	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Water lines (<i>miles</i>)	212	215	215	216	216	219	221	221	226	227
Sewer lines (<i>miles</i>)	273	277	284	290	299	306	313	313	330	390

Source: Town of Lexington departmental records

MGD = Million gallons per day

TOWN OF LEXINGTON, SOUTH CAROLINA

TOWN OF LEXINGTON, SOUTH CAROLINA

SUPPLEMENTARY GOVERNMENTAL AUDITING
STANDARDS REPORT

TOWN OF LEXINGTON, SOUTH CAROLINA

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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

PHONE: (803) 739-3090
FAX: (803) 791-0834

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lexington, South Carolina (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 17, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

The Brittingham Group LLP

West Columbia, South Carolina
December 17, 2021

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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

PHONE: (803) 739-3090
FAX: (803) 791-0834

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

We have audited the Town of Lexington's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
December 17, 2021

TOWN OF LEXINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Identifying Number	Federal Expenditures June 30, 2021
Direct Programs:			
U.S. Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 1,938,307
Total U.S. Department Homeland Security			<u>1,938,307</u>
U.S. Department of Justice			
Coronavirus Emergency Supplemental Funding Program	16.034		<u>40,802</u>
Total U.S. Department of Justice			<u>40,802</u>
U.S. Department of the Treasury			
Coronavirus Relief Fund	21.019		<u>154,198</u>
Total U.S. Department of the Treasury			<u>154,198</u>
Total Direct Programs:			<u>2,133,307</u>
Indirect Programs:			
U.S. Department of Transportation			
Passed through South Carolina Department of Public Safety			
State and Community Highway Safety	20.600		<u>123,401</u>
Total Passed through South Carolina Department of Public Safety			<u>123,401</u>
Total U.S. Department of Transportation			<u>123,401</u>
Total Indirect Programs:			<u>123,401</u>
Total Federal Awards			<u><u>\$ 2,256,708</u></u>

TOWN OF LEXINGTON

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2021

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, 2020 through June 30, 2021 and accordingly, does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the Town's fiscal year. The Town reports these on the accrual basis of accounting.

3. Indirect Costs

The Town has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF LEXINGTON
SCHEDULE OF FINDINGS

JUNE 30, 2021

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:
 Disaster Grants – Public Assistance (Presidentially Declared Disasters) CFDA #97.936
8. The threshold for distinguishing between Type A and Type B Programs was \$750,000.
9. The Town did not qualify as a low-risk auditee.

Financial Statement Findings:

There were no items noted.