

Popular Annual Financial Report To the Community

For the Fiscal Year Ended on June 30, 2023

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The City of Lexington proudly presents Popular Annual Financial Report [PAFR]. The purpose of this report is to inform the community of the City's financial activity in a simple and easy-to-read format for the fiscal year ending June 30, 2023.

These highlights are based on the City's 2023 Annual Comprehensive Financial Report [ACFR], a more inclusive and audited document.

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ABOUT THIS REPORT

The City of Lexington reports financial year-end results in the Annual Comprehensive Financial Report (ACFR).

The Popular Annual Financial Report (PAFR) is an unaudited report that summarizes the most significant data from the 2023 ACFR and is consistent with the Generally Accepted Accounting Principles.

For a complete review of the City's financial position for FY 2023, consult the 2023 ACFR available on the City's website at <http://lexingtonva.gov> or from the Finance Department at 540-462-3731.

Highlight of the Year: Diamond Hill Water and Sewer Project

In Fiscal Year 2023, infrastructure and general capital improvements advanced steadily. A notable accomplishment was the enhancement of water and sewer utilities along Diamond Street near Lylburn Downing. Completed on March 23, 2023, the project costed the City of Lexington \$5,224,150. It originated from the consolidation of five water and sewer projects outlined in the City's Capital Improvement Plan. The project area extended from Washington Street to Diamond Street and from Lewis Street to Randolph Street.



The City prioritizes replacing the old water and sewer systems, starting with the oldest one first. Thus, the Diamond Hill Water and Sewer Improvements Project (Phase 1) was the first major effort under this initiative. Plans were set in place to improve or replace water distribution lines and water meters across the City in locations such as Jackson Avenue, White Street, Jefferson, and McLaughlin Street.

Such improvements will help reduce repair and maintenance expenses that often cost the City necessary resources. For example, the City of Lexington has encountered twenty-five line (pipe) breaks annually, which can lead to significant water loss – roughly 30% of water produced is lost annually before it reaches the customer. A new focus on systematic improvements aligns with the City's mission to protect its citizens and provide clean water.

This trend expanded beyond Diamond Hill, with other notable projects completed including Route 60 West Bridge Repair, Lime Kiln Drainage improvements and Denny Circle water line replacement.

Infrastructure and Improvements in Lexington

The City of Lexington made a series of improvements throughout the community. Several of these noteworthy improvements are described below.



Randolph Street Sidewalk

The sidewalk on Randolph Street has been improved for compatibility with the Americans with Disabilities Act (ADA). ADA compliance requires a sidewalk width of at least three feet, surface texture considerations, and absence of trip hazards, to name a few. This project was completed on February 9th, 2023, at a cost of \$133500.



East Washington Curb and Gutter

The curbing and gutters on East Washington Street have been improved to capture and divert stormwater. The project was completed on March 10, 2023, for a total cost of \$92,900.



South Main ADA Sidewalk

Like Randolph Street, the sidewalk on South Main Street has been improved for ADA compliance. The total cost was \$26,700.

Brewbaker Timber Frame

The City Council, in conjunction with the Rockbridge Area Recreation Organization (RARO) and VMI cadets, built a timber frame structure for community use in the Brewbaker Annex. The project costed \$28,616.81 and was completed on April 4th. The City would like to thank the following organizations and individuals for their help and support in this project:

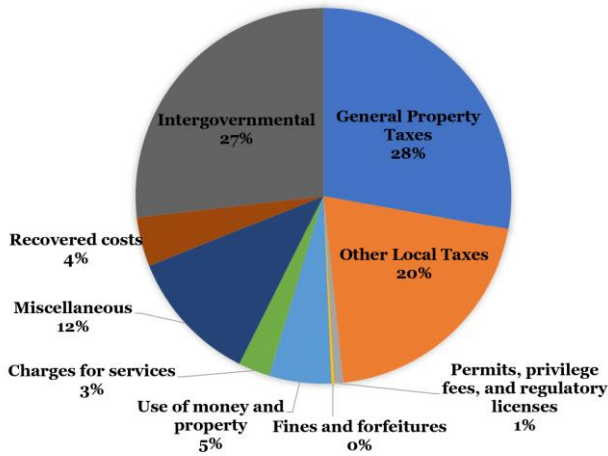


- Grigg and Cindy Mullen
- Lexington City Council, City Manager, Public Works, Zoning, Finance.
- Trevor Mitchell (architectural planning).
- RARO Staff: Beverly McGee, Rebecca Stratton, Darrell Plogger, Brian Smith, James Clark, and Chad Coffey.

General Fund

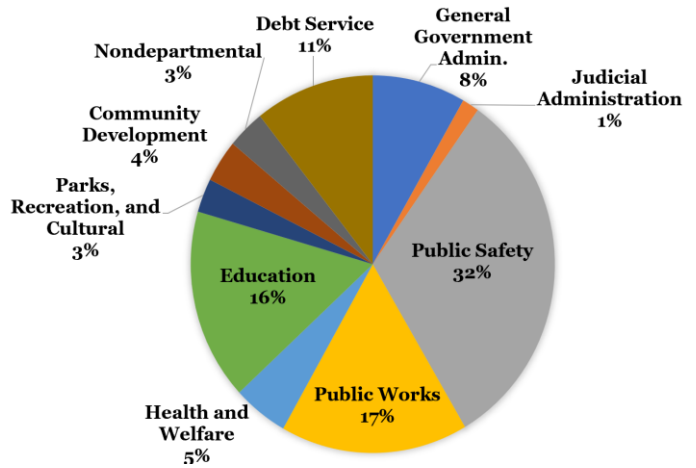
General Fund Revenue

Total: \$27,475,600



General Fund Expenditures

Total: \$21,127,770



The General Fund is one of the largest funds for Lexington’s operation. The General Fund accounts for day-to-day general revenues such as property and local taxes, permits, fines, and recovered costs. It also includes intergovernmental transfers from the Commonwealth of Virginia and the Federal Government. The General Fund Revenues totaled \$27,475,600 in FY23, much more than the budgeted amount of \$25,072,982.

In the Fiscal Year 2023, most of Lexington’s expenditures were split between Public Safety (32%), Public Works (17%), and Education (16%). The total expenditure was \$21,127,770, which was lower than the final approved budget of \$22,738,282. The actual expenditures of the City increased by roughly 4% from FY 2022, when the total expenditure was \$20,332,113.

Capital Projects Fund

\$3,385,411 was transferred from the City’s General Fund to cover planned FY23 expenditures and build fund balance for future projects. The beginning fund balance of the Capital Projects Fund was \$4,506,569 and the ending balance was \$6,287,963.

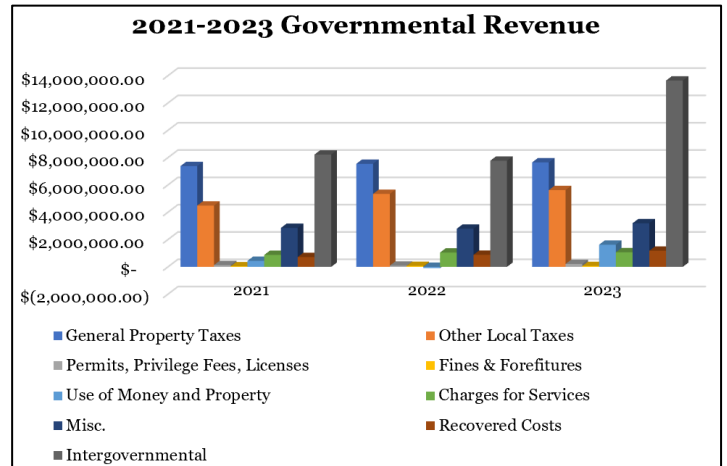
<u>Capital Projects Revenue</u>	<u>\$4,534,534</u>	<u>Revenue</u>	\$1,149,123
		<u>Expenditure</u>	\$2,753,140
<u>Capital Projects Expenditure</u>		<u>Deficiency</u>	(\$1,604,017)
Current Total Expenditure	\$2,753,140	<u>Transfer In</u>	\$3,385,411
Public Works	\$2,676,705	<u>Beginning Fund Balance</u>	\$4,506,595
Education	-	<u>Ending Fund</u>	\$6,287,963
Parks, Recreation & Cultural	\$50,305		
Public Safety	-		
General Government Administration	\$26,130		

Governmental Revenue and Expenditure

Revenue

Lexington’s revenue for FY 2023 was a total of \$34,266,005. This was about a 34.61% increase from FY 2022, the largest year-on-year increase in the last 10 years.

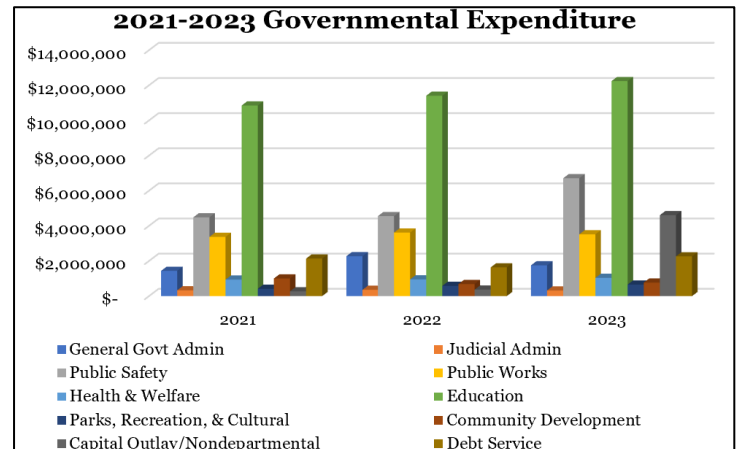
This year’s major increase in revenue was mostly a result of the increased “revenue from the use of money and property” and “intergovernmental” revenue. In FY23, the City was able to recognize \$4,802,345 in ARPA funds.



Expenditure

Lexington’s expenditure in FY 2023 was a total of \$33,866,492. This was about a 28.15% increase from FY 2022’s total expenditure.

The increase in expenditure was mainly due to an increase in Public Safety, Capital Outlay, and Education.



Long-Term Debt

2022 - \$33,530,414

2023 - \$33,565,541

The City’s total general obligation debt increased by \$35,127 or 0.1 % during the current fiscal year.

The current debt limitation for the City of Lexington is \$67,766,970, so the current long-term debt is *significantly* lower than the debt limit.