

# Popular Annual Financial Report To the Community For the Fiscal Year ended on June 30, 2017

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The City of Lexington proudly presents the 2017 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, 2017.

These highlights are based on the City's 2017 Comprehensive Annual Financial Report [CAFR], a more inclusive and audited document.

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#### ABOUT THIS REPORT

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

The Popular Annual Financial Report (PAFR) is an unaudited report that summarizes the most significant data from the 2017 CAFR and is consistent with Generally Accepted Accounting Principles. For a complete review of the City's financial position for 2017, consult the 2017 CAFR available on the City's website at [lexingtonva.gov](http://lexingtonva.gov), or from the Finance Department at

## Progress in Thompson's Knoll



**The City of Lexington is pleased to announce the addition of eight privately built homes in the Thompson's Knoll subdivision over the last two years.** The original goals of the housing project were to provide affordable and energy efficient homes as well as to demonstrate storm water management practices, which would benefit the health of our local streams, rivers, and ultimately the Chesapeake Bay.

Due in large part to the recession of 2008, the City was unable to carry out the project as originally planned, and thus sold the lots to private developers, who are carrying out the mission of creating the neighborhood while unburdening the City of the cost. The subdivision reflects plenty of the initial sustainable and community-minded characteristics. For example, there is a network of bio-retention ponds, weirs, swales, rain gardens, and several rain barrels to decrease the amount of surface water discharge and reduce the amount of pollutants that wash into our streams and rivers. The subdivision was also designed and built to be walkable. The community contains pedestrian sidewalks throughout and provides access from High Street to Richardson Park through the public walkaway. The neighborhood is within convenient walking distance of many services such as restaurants, pharmacies, dry-cleaner, grocery store, bank, 24-hour convenience store, and the Neighborhood Park and playground.

Eight lots still remain available for the construction of family homes, owned by local developers.

## Infrastructure Improvements

Throughout 2017, the City conducted several prominent infrastructure projects with the intent of supporting a healthy economy and better serving Lexington residents.

### East Nelson Street Storm Drain Replacement

Because the current metal storm drain could not handle the standard 10-year design running from BB&T to Sheetz, the City replaced the 36-inch corrugated metal storm drain under East Nelson Street. The replacement of the storm drain system cost \$481,882.

### Sidewalks

Several sidewalks located in downtown Lexington were in need of partial reconstruction. They were reconstructed in late spring of 2017 at a cost of \$39,475.



### Street Paving

A major street resurfacing project began in early June 2017 and was completed in September 2017, at a total cost of \$625,974. The first repaved sequence of streets consisted of Barger Drive, Waddell Street, Allen Avenue, Hutcheson Street, Mary Lane, McCorkle Street, Forman Lane, and Carruthers Street. The downtown sequence of resurfaced streets included South Jefferson Street and parts of North Main Street, Washington Street, Nelson Street, and Preston Avenue.

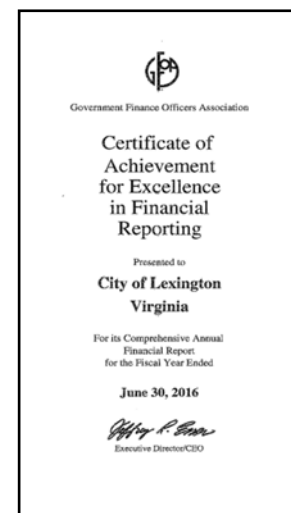
### Water Main Replacements

Randolph Street's water main was replaced at a cost of \$381,294. The replacement upsized the water main from 6 to 8 inches. On Confederate Circle and Lampe Circle, there were two separate sewer projects completed in which the City relined all of its sanitary sewers in that area. The City also replaced a portion of aged laterals, specifically the ones that were made of terracotta. The total cost of these two projects was \$355,037.

## Lexington City's Funds

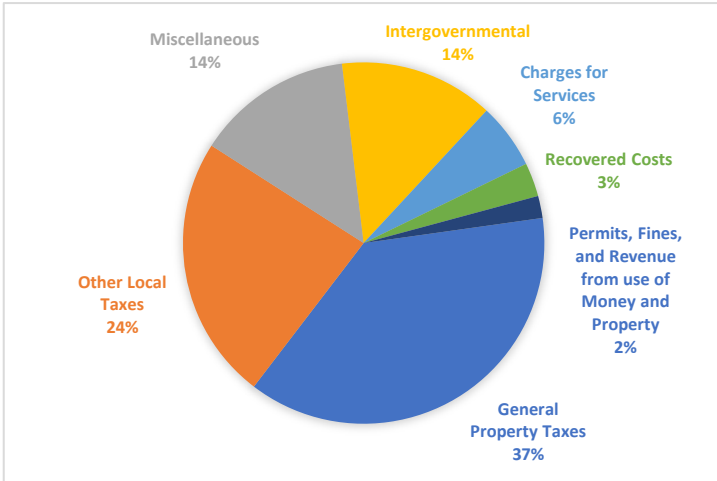
Lexington City's Funds can be divided into the following categories, each of which is used to support a specific type of activities.

- The General Fund provides the resources needed to sustain day-to-day activities and therefore pays for all administrative and operating expenses. When governments or administrators talk about "balancing the budget," they are typically referring to balancing the budget for the general fund.
- The Capital Projects Fund is used for acquisition, construction, renovation, and building. Capital Fund expenditures contribute to public works, education, parks, recreation, and community development. The main highlight of the Capital Projects fund for Fiscal Year 2017 was the various infrastructure projects in Lexington.



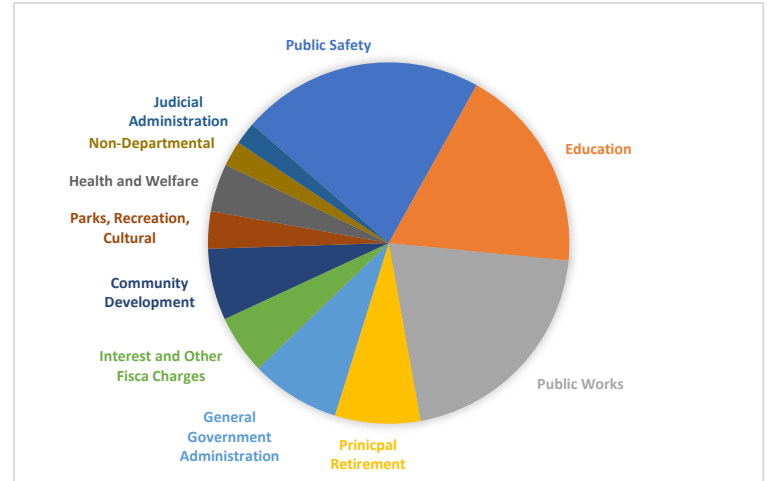
## General Fund Revenue

Total: \$17,835,625



## General Fund Expenditure

Total: \$16,541,541



The General Fund is one of the largest funds for Lexington's operation. The General Fund accounts for day-to-day general expenditures such as street and park maintenance, public safety, and administrative services. However, it does not account for the purchase of tangible assets like buildings. Those purchases fall under the Capital Projects Fund.

In 2017 fiscal year, most of Lexington's expenditures were used for public safety (22%), public works (21%), and education (18%). The total expenditure was \$16,541,541, which was 7.8% lower than the approved budget of \$17,940,510. This was largely due to the efficient spending of funding for public safety and public works.

### Capital Projects Fund Revenue

Miscellaneous	\$7,000
Commonwealth	\$84,395
<b>Total Revenue</b>	<b>\$91,395</b>

### Capital Projects Expenditure

<b>Current</b>	
Public Works	\$543,229
Education	\$1,702,893
Parks, recreation and cultural	\$3,457
Public Safety	\$39,102
General government administration	-
<b>Total Expenditure</b>	<b>\$2,354,392</b>

Revenue	\$91,395
Expenditure	\$2,354,392
Excess	\$(2,262,997)
Transfer	\$4,229,325
Excess	\$1,966,328
Beginning Fund	\$350,843
Ending Fund	\$2,317,171

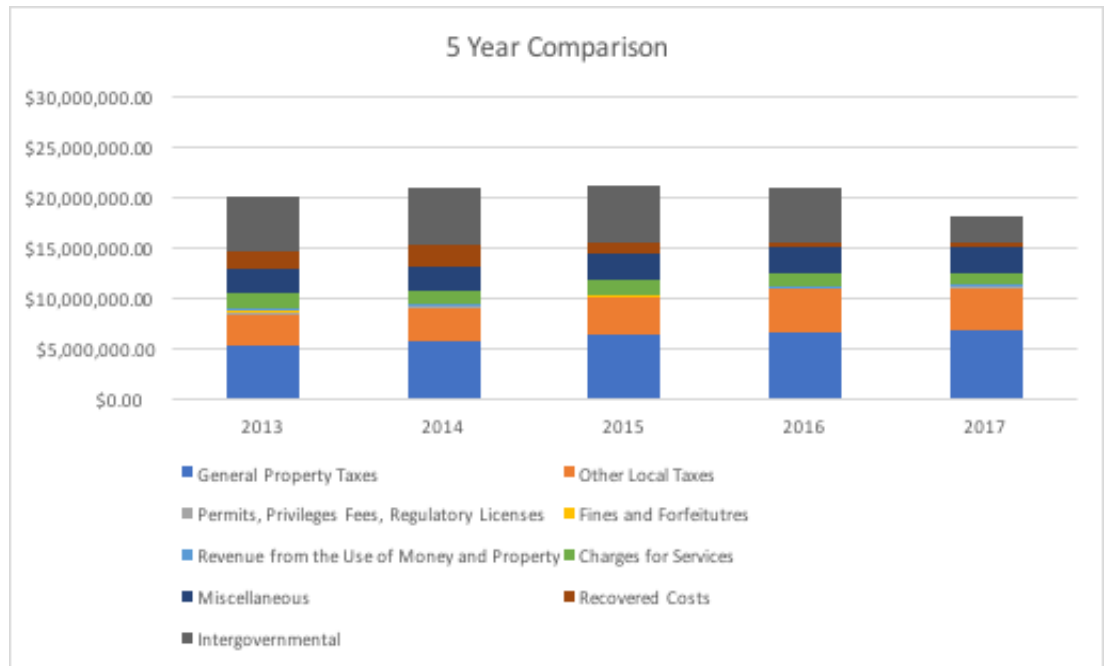
A transfer of \$4,229,325 was made from bond funds and the General Fund to cover most of the excess in expenditure, \$2,262,997, which brought the excess down to \$1,966,328. This excess was added to the beginning Capital Projects Fund of \$350,843 to leave \$2,317,171 as the ending balance of the Capital Projects Fund.

# Governmental Revenue and Expenditure

## Revenue

Lexington's revenue for 2017 was a total of \$18,049,626. This was about a 13.58% decrease from 2016's revenue.

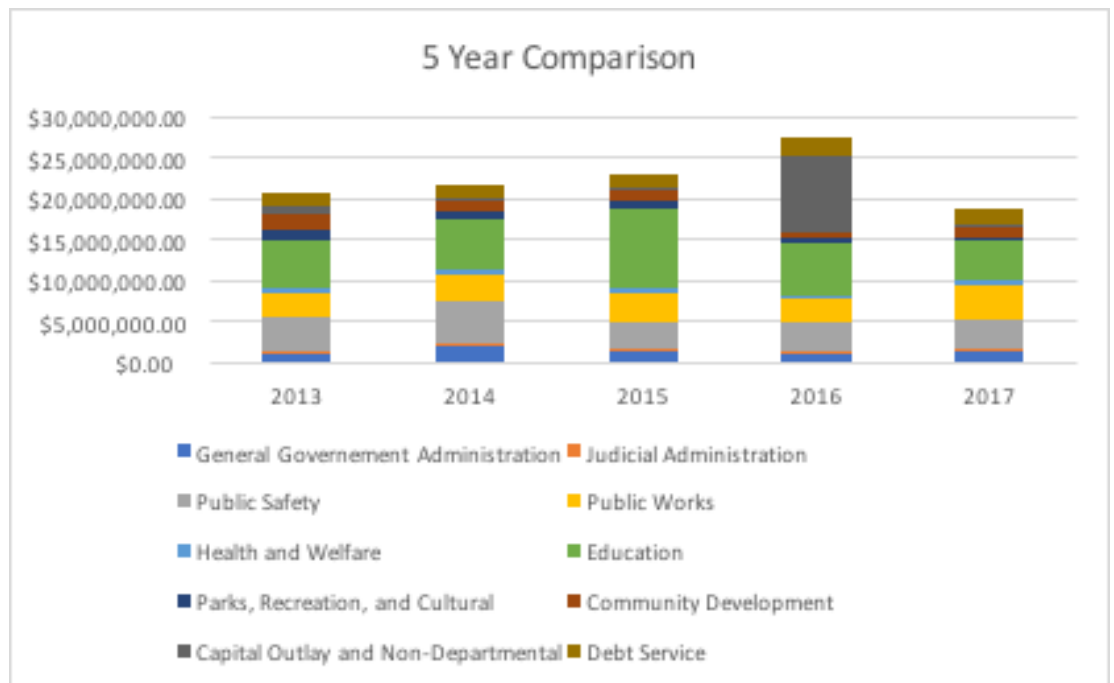
The decrease in revenue for 2017 was mainly due to a decrease in intergovernmental revenue.



## Expenditure

Lexington's expenditure in 2017 was a total of \$18,922,462. This was about a 30.7% decrease from 2016's total expenditure.

The decrease in expenditure was mainly due to a decrease in capital outlay and non-departmental spending.



## Long-Term Debt

**2016 \$28,598,858**  
**2017 \$27,334,327**

The City's total general obligation debt decreased by \$1,264,531, or 4% during the current fiscal year.

The current debt limitation for the City of Lexington is \$54,212,000, so the current long-term debt is *significantly* lower than the debt limit.