

VILLAGE OF LEXINGTON
Sanilac County, Michigan

ANNUAL FINANCIAL REPORT
with Supplementary Information

FOR THE YEAR ENDED JUNE 30, 2023

VILLAGE OF LEXINGTON
Sanilac County, Michigan

TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page Number</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	19
Notes to Financial Statements	20
Required Supplementary Information:	
Budgetary Comparison Information - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	47
Municipal Street Fund	48
Employees' Retirement System:	
Schedule of Changes in Net Pension Liability and Related Ratios	49
Schedule of Contributions	51
Retiree Health Benefits:	
Schedule of Changes in Net OPEB Liability and Related Ratios	52
Schedule of Contributions	54

VILLAGE OF LEXINGTON
Sanilac County, Michigan

TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page Number</u>
Supplementary Information:	
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	55
Nonmajor Governmental Funds - Combining Balance Sheet	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	59
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Major Street Fund	61
Local Street Fund	62
County Road Fund	63
Cemetery Fund	64
Component Unit - Balance Sheet - Discretely Presented Component Unit - Downtown Development Authority	65
Reconciliation of the Balance Sheet to the Statement of Net Position - Discretely Presented Component Unit - Downtown Development Authority	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Discretely Presented Component Unit - Downtown Development Authority - Budget and Actual	67
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities - Discretely Presented Component Unit - Downtown Development Authority	68

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Village Council
Village of Lexington
Lexington, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lexington, Michigan (the "Village"), as of and for the year ended June 30, 2023 and the related notes to the financial statements which collectively comprise the Village's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lexington, Michigan, as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, the July 1, 2022 net position of the business-type activities and water fund have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

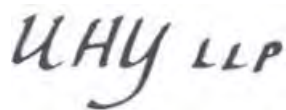
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the employees' retirement system and retiree health benefits schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although are not a part of the basic financial statements, are required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements; 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 supplementary information is fairly stated, in all respects, in relation to the basic financial statements as a whole.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive.

Port Huron, Michigan
December 11, 2023

VILLAGE OF LEXINGTON, MICHIGAN

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The Village of Lexington, Michigan's (the "Village") annual financial report presents the Village's financial performance during the fiscal year that ended on June 30, 2023. This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Village. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Village's government, reporting the Village's operations in more detail than the government-wide statements.

Government-wide Financial Statements

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Village's net position and how they have changed. Net position, defined as the difference between the Village's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the Village's financial health or position.

The government-wide financial statements of the Village are divided into two categories:

Governmental Activities - most of the Village's basic services are included here, such as public safety, public works, parks and recreation, and general administration. Property taxes/in lieu of property taxes, state-shared revenue, and charges for services provide most of the funding.

Business-type Activities - the Village charges fees to customers to help it cover the costs of certain services it provides. The Village's water, sewer, and mobile home park operations are treated as business-type activities.

The government-wide financial statements include not only the Village itself (known as the primary government), but also a legally separate component unit, the Downtown Development Authority, for which the Village is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself within this annual financial report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and/or by bond covenants. The Village Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and other revenues.

The Village has three types of funds:

Governmental Funds - Most of the Village's basic services are reported in governmental funds (all funds except Sewer, Water, and MHP) which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual basis of accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the Village's general government operations and the basic services it provides.

Proprietary Funds - Services for which the Village charge customers a fee (sewer, water, and MHP) are reported in proprietary funds. Proprietary funds, like the government-wide statements, use the *accrual basis of accounting* and provide both long and short-term financial information. The Village's financial statements for the *enterprise funds* (a type of proprietary fund) are the same as the financial information for the business-type activities on the government-wide statements but provide more detail and information.

Fiduciary Fund - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL OVERVIEW (Government-wide financial analysis)

The Village has combined total net position of \$8,937,325, with governmental activities comprising \$2,187,441 and business-type activities making up \$6,749,884 of the total net position at June 30, 2023. This is a net increase of \$208,793 over 2022. In a condensed format, the table below shows the information presented on the statements of net position as of the June 30, 2023 and 2022:

In Thousands

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Assets				
Current and other assets	\$ 2,844	\$ 2,516	\$ 3,555	\$ 3,306
Restricted assets	-	-	579	593
Capital assets	1,361	1,340	6,064	6,454
Total assets	<u>4,205</u>	<u>3,856</u>	<u>10,198</u>	<u>10,353</u>
Deferred Outflows of Resources	<u>257</u>	<u>95</u>	<u>294</u>	<u>97</u>
Liabilities				
Other liabilities	161	146	170	126
Non-current liabilities	1,581	1,330	3,035	2,810
Total liabilities	<u>1,742</u>	<u>1,476</u>	<u>3,205</u>	<u>2,936</u>
Deferred Inflows of Resources	<u>532</u>	<u>664</u>	<u>537</u>	<u>647</u>
Net Position				
Net investment in capital assets	1,361	1,340	5,099	5,298
Restricted	2,128	1,920	578	594
Unrestricted (Deficit)	(1,301)	(1,449)	1,073	975
Total net position	<u>\$ 2,188</u>	<u>\$ 1,811</u>	<u>\$ 6,750</u>	<u>\$ 6,867</u>

The Village's governmental activities experienced an increase in net position of \$376,904 for the year ended June 30, 2023. The Village's business-type activities experienced a decrease in net position of \$168,111 for the year ended June 30, 2023.

The following table shows the changes in net position for 2023 and 2022:

In Thousands

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue				
Program revenue:				
Charges for services	\$ 362	\$ 361	\$ 2,661	\$ 2,422
Operating grant and Contributions	137	151	-	-
Capital grants and contributions	-	-	50	47
General revenue:				
Property taxes	869	818	-	-
Unrestricted grants	131	138	-	-
Unrestricted investment income	<u>25</u>	<u>1</u>	<u>32</u>	<u>-</u>
Total Revenue	<u>1,524</u>	<u>1,469</u>	<u>2,743</u>	<u>2,469</u>
Program Expenses				
General government	181	231	-	-
Public safety	472	470	-	-
Public works	656	633	-	-
Health and welfare	37	39	-	-
Community and economic development	25	21	-	-
Recreation and cultural	78	76	-	-
Other activities	11	11	-	-
Water, sewer, and mobile home park	-	-	2,323	2,148
Total Program Expenses	<u>1,460</u>	<u>1,481</u>	<u>2,323</u>	<u>2,148</u>
Revenue Over (Under) Expenses	64	(12)	420	321
Transfers	313	109	(313)	(109)
Loss on Disposal of Assets	-	-	(275)	-
Changes in Net Position	<u>\$ 377</u>	<u>\$ 97</u>	<u>\$(168)</u>	<u>\$ 212</u>

Governmental Activities

Revenues for governmental activities including transfers totaled \$1,836,781 in 2023, compared to \$1,578,479 in 2022, representing an increase of \$258,302 from the prior year. The largest revenue source was from taxes in the amount of \$869,031, an increase of \$51,194 from 2022. The next largest revenue source was from charges for services of \$361,597, an increase of \$122 from 2022. The transfers in of \$313,058 increased \$203,357, primarily due to the Mobile Home Park contributing for the purchase of property. Expenditures for governmental activities totaled \$1,459,877 in 2023, compared to \$1,481,492 in 2022, representing a decrease of \$21,615.

Business-type Activities

The Village has three business-type activities, the water, sewer, and mobile home park operations. Total revenue, including interest income and capital contributions, was \$2,742,347 and expenses, including transfers and loss on disposal of assets, were \$2,910,458, for a decrease in net position of \$168,111.

FINANCIAL ANALYSIS OF MAJOR VILLAGE FUNDS

Governmental Funds

The General Fund completed the year with a fund balance of \$473,614, which was an increase of \$48,905 from the prior year, with \$51,601 classified as nonspendable for prepaid expenditures, \$36,947 restricted for the Metro Authority, and the remaining amount of \$385,066 unassigned. The Village's other major governmental fund was the Municipal Street Fund. This fund completed the year with a fund balance of \$856,196, which was an increase of \$84,514 from the prior year, with \$2,883 classified as nonspendable for prepaid expenditures and the remaining \$853,313 restricted for streets.

Proprietary Funds

The Village administers three major proprietary (enterprise) funds consisting of the Sewer, Water, and Mobile Home Park Funds. The Sewer Fund completed the year with a net position of \$1,670,218 at June 30, 2023 and a change in net position for the year of \$82,923. The Sewer Fund's unrestricted net position improved by \$19,238 from \$443,663 at June 30, 2022 to \$462,901 at June 30, 2023. The Water Fund completed the year with a net position of \$3,091,033 at June 30, 2023 and a change in net position for the year of \$(163,854). The Water Fund's unrestricted deficit, a component of net position, decreased by \$236,501 from \$(585,668) at June 30, 2022 to \$(349,167) at June 30, 2023. The Mobile Home Park Fund completed the year with a net position of \$1,988,633 at June 30, 2023 and a change in net position for the year of \$(87,180). The Mobile Home Park Fund's unrestricted net position decreased by \$157,938 from \$1,116,790 at June 30, 2022 to \$958,852 at June 30, 2023.

BUDGETARY HIGHLIGHTS

The General Fund budget was amended throughout the year as deemed necessary. The change between the final and original budgets resulted in an increase to net change in fund balance from \$(36,867) to \$16,918. Budgeted revenues for Other Revenue sources increased by \$240,205 due to increased in-lieu of taxes provided from the Mobile Home Park Fund. Budgeted expenditures for Public Safety increased by \$162,365 due to purchased property expenses. The actual result was a net change in fund balance of \$48,905 or \$31,987 more than the final budgeted balance.

Since the budget and amended budgets are estimates of what is expected, there are differences between budgets and actual results. There were no significant differences.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village had \$7,424,389 invested in capital assets for its governmental and business-type activities (net of accumulated depreciation) as of June 30, 2023. The investment in capital assets includes land, buildings and improvements, improvements other than buildings, machinery and equipment, vehicles, mobile home park, and utility systems. During the year, the Village added \$429,298 of capital assets, \$174,000 in the governmental activities, and \$255,298 in the business-type activities. The governmental activities addition consisted of the purchase of property. The business-type activities additions were a result of \$137,002 for sewer and water system construction in progress, \$30,000 for the purchase of property, \$83,091 in mobile home park land improvements, and \$5,205 for water utility system equipment. There was a loss on disposal of water filtration plant assets of \$291,750.

Additional information on the Village's capital assets can be found in Note 7 to the financial statements.

Long-term Debt

At year-end, the Village had \$965,000 in bonds and notes outstanding, versus \$1,155,351 last year, a decrease of \$190,351. No new debt was issued during the year.

Additional information on the Village's long-term debt can be found in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village of Lexington, population 924 (2021 census), is located approximately 80 miles north of Detroit, Michigan, along the shores of Lake Huron in Sanilac County. The Village has proudly earned its reputation as the "First Resort North" due to its geographic location north of Interstate 94 along the M-25 State trunkline. During the summer months, the Village often quadruples in population due to visitors, seasonal residents, and tourists visiting this idyllic Village. With a bustling downtown, active harbor and marina, and year-round activities, the Village is committed to supporting economic growth in a picturesque setting.

The Village recognized 6% growth in property tax revenue, an increase from previous years. Tax revenue remains the largest component of revenue sources. State revenue sharing was down slightly from previous years. The Village continues to look for economic development opportunities that support and align with our master plan. Real estate sales have remained strong in the Village and small-scale development steady.

During fiscal year 2022-23, Village Council voted for a modest water and sewer rate increase. Rates are targeted for a 3% increase for the next fiscal year as well.

USDA funds were secured for a Water and Sewer System Improvement Program that will allow the Village to repair and upgrade integral areas of our infrastructure, including work to the water plant and ground storage systems. The repairs and upgrade will be a multi-year project and will improve services and capacity.

An \$8 million grant was secured for a Harbor Redevelopment Project. This multi-jurisdictional effort will significantly improve the Village's downtown area and park.

The DDA expanded its boundaries during the fiscal year and continues to focus on revitalization and growth. The expansion will bring in revenue that can be reinvested in the community. The Village acquired a property adjacent to the Village Hall to secure space for potential future expansion, parking, or flexible space.

The Village remains committed to fiscal responsibility and decision-making that will have a positive impact on our community.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lori Fisher by mail at 7227 Huron Avenue, Suite 100, Lexington, Michigan 48450; by phone at (810) 359-8631, by fax at (810) 359-5622; or by email at manager@villageoflexington.com.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF NET POSITION
JUNE 30, 2023**

	Primary Government			Component Unit (DDA)
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 2,709,110	\$ 3,075,629	\$ 5,784,739	\$ 312,934
Receivables (net of allowance)	79,400	199,931	279,331	-
Prepaid expenditures	55,821	28,607	84,428	426
Inventory	-	86,613	86,613	-
Contracts receivable- reserved capacity	-	165,397	165,397	-
Restricted assets -				
Cash and cash equivalents	-	578,685	578,685	-
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	494,896	572,887	1,067,783	-
Assets being depreciated	865,880	5,490,726	6,356,606	229,086
Total Assets	<u>4,205,107</u>	<u>10,198,475</u>	<u>14,403,582</u>	<u>542,446</u>
Deferred Outflows of Resources:				
Related to the pension plan	101,849	137,063	238,912	-
Related to the OPEB plan	154,998	156,557	311,555	-
Total Deferred Outflows of Resources	<u>256,847</u>	<u>293,620</u>	<u>550,467</u>	<u>-</u>
Liabilities:				
Payables	31,520	45,292	76,812	9,370
Accrued interest	-	6,478	6,478	-
Advances and deposits	12,750	48,851	61,601	-
Unearned revenues	117,490	69,837	187,327	-
Non-current liabilities -				
Due within one year	-	135,000	135,000	-
Due in more than one year	-	830,000	830,000	-
Accrued vacation and sick pay	73,062	74,841	147,903	-
Net pension liability	775,197	1,043,217	1,818,414	-
Net OPEB liability	732,712	740,089	1,472,801	-
Unearned revenues	-	211,470	211,470	-
Total Liabilities	<u>1,742,731</u>	<u>3,205,075</u>	<u>4,947,806</u>	<u>9,370</u>
Deferred Inflows of Resources:				
Related to the OPEB plan	<u>531,782</u>	<u>537,136</u>	<u>1,068,918</u>	<u>-</u>
Net Position:				
Net investment in capital assets	1,360,776	5,098,613	6,459,389	229,086
Restricted -				
Metro Authority	36,947	-	36,947	-
Streets	1,998,027	-	1,998,027	-
Cemetery	92,814	-	92,814	-
Meter replacement	-	-	-	-
Equipment replacement	-	517,042	517,042	-
Debt retirement	-	61,643	61,643	-
Unrestricted (Deficit)	<u>(1,301,123)</u>	<u>1,072,586</u>	<u>(228,537)</u>	<u>303,990</u>
Total Net Position	<u>\$ 2,187,441</u>	<u>\$ 6,749,884</u>	<u>\$ 8,937,325</u>	<u>\$ 533,076</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 181,445	\$ 9,649	\$ -	\$ -
Public safety	471,793	101,687	4,289	-
Public works	655,906	246,319	133,040	-
Health and welfare	37,043	-	-	-
Community and economic development	25,232	1,350	-	-
Recreation and culture	77,798	2,592	-	-
Other activities	10,660	-	-	-
Total Governmental Activities	1,459,877	361,597	137,329	-
Business-type Activities:				
Sewer	449,128	593,581	-	-
Water	1,127,369	1,188,649	-	49,449
Mobile home park	746,170	878,328	-	-
Total Business-type activities	2,322,667	2,660,558	-	49,449
Total Primary Government	\$ 3,782,544	\$ 3,022,155	\$ 137,329	\$ 49,449
Component Units				
Downtown Development Authority	\$ 164,965	\$ 480	\$ -	\$ -
General revenues (expenses):				
Property taxes and land use fees				
Grants and contributions not restricted to specific programs				
Loss on disposal of assets				
Unrestricted investment income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year, as restated				
Net position at end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Change in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit (DDA)
\$(171,796)	\$ -	\$(171,796)	\$ -
(365,817)	-	(365,817)	-
(276,547)	-	(276,547)	-
(37,043)	-	(37,043)	-
(23,882)	-	(23,882)	-
(75,206)	-	(75,206)	-
(10,660)	-	(10,660)	-
<u>(960,951)</u>	<u>-</u>	<u>(960,951)</u>	<u>-</u>
-	144,453	144,453	-
-	110,729	110,729	-
-	132,158	132,158	-
<u>-</u>	<u>387,340</u>	<u>387,340</u>	<u>-</u>
<u>(960,951)</u>	<u>387,340</u>	<u>(573,611)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,485)</u>
869,031	-	869,031	179,143
130,824	-	130,824	-
-	(274,733)	(274,733)	-
24,942	32,340	57,282	2,560
313,058	(313,058)	-	-
<u>1,337,855</u>	<u>(555,451)</u>	<u>782,404</u>	<u>181,703</u>
376,904	(168,111)	208,793	17,218
<u>1,810,537</u>	<u>6,917,995</u>	<u>8,728,532</u>	<u>515,858</u>
<u>\$ 2,187,441</u>	<u>\$ 6,749,884</u>	<u>\$ 8,937,325</u>	<u>\$ 533,076</u>

VILLAGE OF LEXINGTON, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Municipal Street	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 402,594	\$ 853,313	\$ 1,453,203	\$ 2,709,110
Receivables -				
Accounts	40,000	-	-	40,000
Other governmental units	17,561	-	21,839	39,400
Prepaid expenditures	51,601	2,883	1,337	55,821
Total Assets	\$ 511,756	\$ 856,196	\$ 1,476,379	\$ 2,844,331
Liabilities:				
Accounts payable	\$ 10,622	\$ -	\$ 5,156	\$ 15,778
Accrued liabilities	14,770	-	972	15,742
Unearned revenue	-	-	117,490	117,490
Advances and deposits	12,750	-	-	12,750
Total Liabilities	38,142	-	123,618	161,760
Fund Balances:				
Nonspendable for -				
Prepays	51,601	2,883	1,337	55,821
Restricted for -				
Streets	-	853,313	1,141,313	1,994,626
Metro Authority	36,947	-	-	36,947
Cemetery	-	-	91,995	91,995
Committed for -				
Capital	-	-	118,116	118,116
Unassigned -				
General Fund	385,066	-	-	385,066
Total Fund Balances	473,614	856,196	1,352,761	2,682,571
Total Liabilities and Fund Balances	\$ 511,756	\$ 856,196	\$ 1,476,379	\$ 2,844,331

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LEXINGTON, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Fund Balances - total governmental funds	\$ 2,682,571
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 in the funds.	
Capital assets	4,336,966
Accumulated depreciation	(2,976,190)
Certain pension/OPEB contributions and changes in pension/OPEB plan liabilities are reported as deferred outflows (inflows) of resources in the statement of net position, but not reported in the governmental funds.	
Deferred outflows of resources	256,847
Deferred inflows of resources	(531,782)
Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore, are not reported in the funds.	
Net pension liability	(775,197)
Net OPEB liability	(732,712)
Accrued compensated absences	(73,062)
Net Position of governmental activities	<u>\$ 2,187,441</u>

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

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	General	Municipal Street	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 360,945	\$ 144,177	\$ 128,370	\$ 633,492
Intergovernmental	117,571	-	128,737	246,308
Charges for services	289,524	13,247	19,250	322,021
Fines and forfeits	4,849	-	-	4,849
Interest and rent	8,908	7,090	10,294	26,292
Other	283,334	-	7,427	290,761
Total Revenues	<u>1,065,131</u>	<u>164,514</u>	<u>294,078</u>	<u>1,523,723</u>
Expenditures:				
Current -				
General government	179,347	-	-	179,347
Public safety	454,482	-	-	454,482
Public works	250,917	-	320,236	571,153
Health and welfare	37,043	-	-	37,043
Community and economic development	25,232	-	-	25,232
Recreation and cultural	71,780	-	-	71,780
Other	10,660	-	-	10,660
Capital Outlay	174,000	-	-	174,000
Total Expenditures	<u>1,203,461</u>	<u>-</u>	<u>320,236</u>	<u>1,523,697</u>
Revenues over (under) expenditures	<u>(138,330)</u>	<u>164,514</u>	<u>(26,158)</u>	<u>26</u>
Other Financing Sources (Uses):				
Transfers in	187,235	-	227,593	414,828
Transfers out	-	(80,000)	(21,770)	(101,770)
Total Other Financing Sources (Uses)	<u>187,235</u>	<u>(80,000)</u>	<u>205,823</u>	<u>313,058</u>
Net Change in Fund Balances	48,905	84,514	179,665	313,084
Fund Balances at beginning of year	<u>424,709</u>	<u>771,682</u>	<u>1,173,096</u>	<u>2,369,487</u>
Fund Balances at end of year	<u>\$ 473,614</u>	<u>\$ 856,196</u>	<u>\$ 1,352,761</u>	<u>\$ 2,682,571</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LEXINGTON, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net change in fund balances - total governmental funds	\$ 313,084
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	174,000
Depreciation expense	(152,682)
<p>Change in deferred outflows of resources and deferred inflows of resources as a result of changes in differences between projected and actual earnings, changes in assumptions, difference between expected and actual experience, and contributions made subsequent to the measurement date to the pension and OPEB plans</p>	
	293,891
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the funds.</p>	
Increase in net pension liability	(141,946)
Increase in net OPEB liability	(102,761)
Increase in accrued compensated absences	(6,682)
Change in net position of governmental activities	<u>\$ 376,904</u>

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

VILLAGE OF LEXINGTON, MICHIGAN

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2023

Assets:	Sewer	Water	Mobile Home Park	Total
Current Assets -				
Cash and cash equivalents	\$ 875,883	\$ 1,078,535	\$ 1,121,211	\$ 3,075,629
Accounts receivable (net of allowance)	66,176	133,755	-	199,931
Prepaid expenses	3,800	22,938	1,869	28,607
Inventory	3,230	83,383	-	86,613
	<u>949,089</u>	<u>1,318,611</u>	<u>1,123,080</u>	<u>3,390,780</u>
Restricted Assets -				
Cash and cash equivalents	<u>22,821</u>	<u>555,864</u>	<u>-</u>	<u>578,685</u>
Noncurrent Assets -				
Capital assets, net	<u>1,328,796</u>	<u>3,705,036</u>	<u>1,029,781</u>	<u>6,063,613</u>
Other Assets -				
Contracts receivable - reserved capacity	<u>-</u>	<u>165,397</u>	<u>-</u>	<u>165,397</u>
Total Assets	<u>2,300,706</u>	<u>5,744,908</u>	<u>2,152,861</u>	<u>10,198,475</u>
Deferred Outflows of Resources:				
Related to the pension plan	26,666	104,277	6,120	137,063
Related to the OPEB plan	37,645	112,180	6,732	156,557
Total Deferred Outflows of Resources	<u>64,311</u>	<u>216,457</u>	<u>12,852</u>	<u>293,620</u>
Liabilities:				
Current Liabilities -				
Accounts payable	20,841	12,522	3,718	37,081
Accrued liabilities	1,882	5,263	1,066	8,211
Accrued interest	1,067	5,411	-	6,478
Bonds payable (current portion)	22,200	112,800	-	135,000
Deposits payable	-	-	48,851	48,851
Unearned revenue (current portion)	-	53,927	15,910	69,837
Total Current Liabilities	<u>45,990</u>	<u>189,923</u>	<u>69,545</u>	<u>305,458</u>
Long-term Liabilities (less current portions) -				
Accrued vacation and sick pay	16,628	52,174	6,039	74,841
Net pension liability	202,962	793,676	46,579	1,043,217
Net OPEB liability	177,960	530,307	31,822	740,089
Unearned revenue (net of current portion)	-	211,470	-	211,470
Bonds payable (net of current portion)	122,100	707,900	-	830,000
Total Long-term Liabilities	<u>519,650</u>	<u>2,295,527</u>	<u>84,440</u>	<u>2,899,617</u>
Total Liabilities	<u>565,640</u>	<u>2,485,450</u>	<u>153,985</u>	<u>3,205,075</u>
Deferred Inflows of Resources:				
Related to the OPEB plan	<u>129,159</u>	<u>384,882</u>	<u>23,095</u>	<u>537,136</u>
Net Position:				
Net investment in capital assets	1,184,496	2,884,336	1,029,781	5,098,613
Restricted for equipment replacement	-	517,042	-	517,042
Restricted for debt service	22,821	38,822	-	61,643
Unrestricted (Deficit)	<u>462,901</u>	<u>(349,167)</u>	<u>958,852</u>	<u>1,072,586</u>
Total Net Position	<u>\$ 1,670,218</u>	<u>\$ 3,091,033</u>	<u>\$ 1,988,633</u>	<u>\$ 6,749,884</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Sewer	Water	Mobile Home Park	Total
Operating Revenues:				
Charges for services	\$ 554,234	\$ 1,137,074	\$ 872,526	\$ 2,563,834
Other	39,347	25,197	5,802	70,346
Total Operating Revenues	<u>593,581</u>	<u>1,162,271</u>	<u>878,328</u>	<u>2,634,180</u>
Operating Expenses:				
Salaries	99,716	308,363	61,922	470,001
Fringe benefits	62,499	193,185	37,553	293,237
Pension and OPEB accrual adjustments	47,508	76,359	24,179	148,046
Administrative fees	37,135	70,620	38,924	146,679
Contracted services	6,343	28,178	40,734	75,255
Insurance	1,692	21,593	387	23,672
Repairs and maintenance	39,995	38,052	-	78,047
Equipment rental	14,234	4,990	8,039	27,263
Supplies	21,158	59,010	14,330	94,498
Utilities	39,980	43,430	133,498	216,908
Rubbish expenditures	-	-	18,583	18,583
Mobile home park taxes	-	-	38,926	38,926
Flow back charges	-	35,677	-	35,677
Miscellaneous	4,220	10,683	4,756	19,659
Land use fee	-	-	218,124	218,124
Bad debt expense	-	-	35,113	35,113
Depreciation	68,644	212,193	70,267	351,104
Total Operating Expenses	<u>443,124</u>	<u>1,102,333</u>	<u>745,335</u>	<u>2,290,792</u>
Operating Income	<u>150,457</u>	<u>59,938</u>	<u>132,993</u>	<u>343,388</u>
Non-Operating Revenue (Expenses):				
Interest income	8,470	12,663	11,207	32,340
Interest expense and fiscal charges	(6,004)	(25,036)	(835)	(31,875)
Gain on sale of capital assets	-	7,504	11,930	19,434
Loss on disposal of capital asset	-	(291,750)	(2,417)	(294,167)
Antenna leases	-	26,378	-	26,378
Total Non-Operating Revenue (Expenses)	<u>2,466</u>	<u>(270,241)</u>	<u>19,885</u>	<u>(247,890)</u>
Net Income (Loss) Before Contribution and Transfers	152,923	(210,303)	152,878	95,498
Capital Contribution	-	49,449	-	49,449
Transfers:				
Transfers out	(70,000)	(3,000)	(240,058)	(313,058)
Change in Net Position	82,923	(163,854)	(87,180)	(168,111)
Net Position at beginning of year, as restated	<u>1,587,295</u>	<u>3,254,887</u>	<u>2,075,813</u>	<u>6,917,995</u>
Net Position end of year	<u>\$ 1,670,218</u>	<u>\$ 3,091,033</u>	<u>\$ 1,988,633</u>	<u>\$ 6,749,884</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF LEXINGTON, MICHIGAN

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Sewer	Water	Mobile Home Park	Total
Cash Flows From Operating Activities:				
Cash receipts from customers	\$ 577,006	\$ 1,106,245	\$ 897,284	\$ 2,580,535
Cash payments to suppliers	(194,805)	(393,411)	(350,632)	(938,848)
Cash payments to employees	(113,963)	(422,948)	(75,158)	(612,069)
Land use fee	-	-	(218,124)	(218,124)
Net Cash Provided by Operating Activities	268,238	289,886	253,370	811,494
Cash Flows From Non-capital Financing Activities:				
Antenna leases	-	26,378	-	26,378
Transfers to other funds	(70,000)	(3,000)	(240,058)	(313,058)
Net Cash Provided (Used) by Non-Capital Financing Activities	(70,000)	23,378	(240,058)	(286,680)
Cash Flows From Capital and Related to Financing Activities:				
Bond and note payments	(20,350)	(109,650)	(60,351)	(190,351)
Interest payments	(6,009)	(25,545)	(1,380)	(32,934)
Equipment replacement fees	-	49,449	-	49,449
Loan principal received	-	7,869	-	7,869
Proceeds on sale of capital assets	-	7,504	11,930	19,434
Acquisition and construction of capital assets	(136,530)	(35,677)	(83,091)	(255,298)
Net Cash Used by Capital and Related Financing Activities	(162,889)	(106,050)	(132,892)	(401,831)
Cash Flows From Investing Activities:				
Interest earned	8,470	12,663	11,207	32,340
Net Increase (Decrease) in Cash and Cash Equivalents	43,819	219,877	(108,373)	155,323
Cash and Cash Equivalents at Beginning of Year	854,885	1,414,522	1,229,584	3,498,991
Cash and Cash Equivalents at End of Year	\$ 898,704	\$ 1,634,399	\$ 1,121,211	\$ 3,654,314
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income for the year	\$ 150,457	\$ 59,938	\$ 132,993	\$ 343,388
Adjustments to reconcile operating income to net cash provided by operating activities -				
Depreciation	68,644	212,193	70,267	351,104
Increase to allowance for doubtful accounts	-	-	35,113	35,113
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Receivables	(16,575)	(2,099)	(1,330)	(20,004)
Deferred outflows of resources	(43,785)	(143,653)	(9,549)	(196,987)
Prepaid expenses	1,765	9,715	3,977	15,457
Inventory	(3,230)	(31,888)	-	(35,118)
Accounts payable/accrued expenses	18,925	17,354	2,860	39,139
Unearned revenue	-	(53,927)	(18,362)	(72,289)
OPEB liability	46,098	80,166	12,217	138,481
Net pension liability	57,191	242,582	19,986	319,759
Deposits	-	-	3,535	3,535
Deferred inflows of resources	(11,252)	(100,495)	1,663	(110,084)
Net Cash Provided by Operating Activities	\$ 268,238	\$ 289,886	\$ 253,370	\$ 811,494
Non-Cash Capital and Related Financing Activity:				
Loss on disposal of capital asset	\$ -	\$(291,750)	\$(2,417)	\$(294,167)

The accompanying notes are an integral part of the financial statements

VILLAGE OF LEXINGTON, MICHIGAN

**FIDUCIARY FUND
OTHER POSTEMPLOYMENT TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

Assts:

Investments	\$ 238,266
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Net Position:

Restricted for other postemployment benefits	\$ 238,266
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**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Additions:

Employer contributions	\$ 25,000
Net investment income	14,693
Total Additions	<u>39,693</u>

Net Position:

Beginning of year	<u>198,573</u>
End of year	<u>\$ 238,266</u>

The accompanying notes are an integral part of the financial statements

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

The Village of Lexington, Michigan (the “Village”), was incorporated as a General Law Village in 1855, under provisions of the constitution and general law of the State of Michigan (the “State”), with its Charter provided by Act 3 of 1895. The Village is located in Sanilac County (the “County”). The Village operates under an elected Village Council, which consists of the President and six Council members, with the daily activities operated by the Village Manager, Clerk, and Treasurer. The Village provides services to its residents in many areas including law enforcement, fire protection, water, sewer, cemetery, parks and recreation, and community and economic development.

These financial statements present the Village and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Village.

DISCRETELY PRESENTED COMPONENT UNIT -

DOWNTOWN DEVELOPMENT AUTHORITY (DDA) - The DDA is controlled by a nine-member Board, who are appointed by the Village Council. The DDA is responsible for the creation of a development and financing plan for the downtown district or a development area within the district to promote economic growth. The DDA must obtain Village Council approval of all development and financing plans. The annual operating budget and any modification also require the approval of the Village Council.

The Downtown Development Authority was included in the scope of the audit of the basic financial statements. Separate audited financial statements for this component unit were not issued.

B. Government-wide and Fund Financial Statements -

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been eliminated from these government-wide statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from a legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter one is excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 they are levied and due. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers all revenues available if they are normally collected within 60 days after the year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

State-shared revenue, interest, licenses, and permits associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied on July 1 and due on September 14, are recognized as revenue in the year for which they are levied. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

General Fund - is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Municipal Street Fund - is used to account for the revenues received from taxes levied, which are to be used specifically for construction and maintenance of roads in the Village.

The Village reports the following major proprietary funds:

Sewer Fund - is used to account for the operations that provide sanitary sewer service to the Village residents.

Water Fund - is used to account for the operations that provide water to Village residents, the Worth Township Department of Public Works (DPW), and Sanilac Township.

Mobile Home Park Fund - is used to account for the operations of a mobile home park owned by the Village.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Additionally, the Village reports the following fund types:

Governmental Fund Types -

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than major capital projects. The non-major special revenue funds of the Village are: the Major and Local Street Funds, used to account for the revenue received from the State of Michigan under ACT 51, which are specifically earmarked for construction and maintenance of roads designated as major and local streets in the Village; the County Road Fund, used to account for the County-wide millage restricted for County road maintenance and improvements; the Cemetery Fund, used to account for millage revenue and fees committed by Village Council for maintenance and improvements of the Village Cemetery; and the Coronavirus Aid, Relief, and Economic Security (CARES) Act Fund, used to account for federal CARES Act revenues and expenditures, including the Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act.

Capital Projects Fund - is used to account for revenue and other financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities or other capital assets not being financed by proprietary and trust funds.

Fiduciary Fund Type -

Other Postemployment Trust Fund - is used to account for the accumulation and investment of funds to provide for the funding of healthcare benefits for retirees of the Village.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's Enterprise Funds and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales, services, and rent. Operating expenses include costs 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.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first and then unrestricted resources as they are needed.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance -

Deposits and Investments -

The Village pools the cash reserves of the various funds to facilitate cash management and investment activity.

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, savings, and external investment pools. The investment trusts have the general characteristics of demand deposit accounts in that the Village may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty, and for this reason are reported in the financial statements as cash equivalents.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at their carrying amount, which reasonably approximates fair value.

State statutes authorize the Village to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuation per-share value).

Receivables and Payables -

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All accounts receivable are shown net of an allowance for uncollectible accounts.

Inventories and Prepaid Items -

Inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Property Tax Calendar -

The Village's property tax is levied each July 1 on the taxable value of property located in the Village as of the preceding December 31. The taxes are collected through September 15, after which time they are added to the delinquent roll and must be paid at Sanilac County.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Capital Assets -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (\$1,000 prior to 2022) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government and the discretely presented component unit are depreciated using the straight-line method over the following estimated useful lives:

Building/Improvements	40 years
Utility Systems	40 years
Improvements Other Than Buildings	8-25 years
Machinery/Equipment/Vehicles	5-40 years

Compensated Absences -

In accordance with contracts negotiated with the various employee groups of the Village, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All vested vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee identified resignations and retirements due to occur within one year.

Deferred Outflows/Inflows of Resources -

In addition to assets, the statement of net position and balance sheet 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(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Village reports deferred outflows of resources related to the net pension and net other postemployment benefits (OPEB) liabilities. These deferred outflow items are amortized over the expected remaining service lives of the participants, with the exceptions of the net difference between expected and actual plan investment earnings, which is amortized over five (5) years and contributions to the pension plan made subsequent to the measurement date which will be recognized in the next measurement period.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

In addition to liabilities, the statement of net position and balance sheet reports 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(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village reports deferred inflows of resources related to the net OPEB liability. These deferred inflow items are amortized over the expected remaining service lives of the participants, with the exception of the net difference between expected and actual plan earnings, which is amortized over five (5) years.

Long-term Obligations -

In the government-wide financial statements and enterprise proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pension -

The Village offers pension benefits to retirees. The Village records a net pension liability for the difference between the total pension liability, calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the pension plan are reported at fair value.

Other Postemployment Benefits (OPEB) -

The Village offers retiree healthcare benefits to employees. The Village records a net OPEB liability for the difference between the total liability, calculated by an actuary, and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense information about the fiduciary net position of the OPEB plan, and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments of the OPEB plan are reported at fair value.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Fund Balance -

In the fund financial statements, governmental funds have reported fund balances in one or more of the following classifications:

Nonspendable fund balance – the portion of fund balance that is not in a spendable form.

Restricted fund balance – the portion of the fund balance that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation.

Committed fund balance – the portion of fund balance where amounts can only be used for specific purposes pursuant to constraints imposed by formal action via Council resolution to establish, modify, or rescind, of the highest level of decision-making authority (Village Council).

Assigned fund balance – the portion of fund balance that reflects the Village's intended use of resources. Such intent currently must be determined by the Village Council. Also, amounts in excess of nonspendable, restricted and committed fund balance in funds other than the General Fund is reported as assigned.

Unassigned fund balance – the portion of fund balance in the General Fund that cannot be classified into one of the four categories above.

When different classifications of fund balance are present, it is the Village's policy that expenditures are to be spent from restricted fund balances first, if appropriate, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Estimates -

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Compliance -

The General and Special Revenue Funds' budgets shown in the financial statements were prepared on a basis consistent with accounting principles generally accepted in the United States of America and on the same modified accrual basis used to reflect actual results.

The Village Manager and Treasurer prepare the proposed operating budgets for the year commencing the following July 1. The operating budgets include proposed expenditures and resources to finance them.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - (cont'd):

Prior to June 30, the proposed budgets are presented to the Village Council. The Village Council holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through passage of a Village Council Resolution.

The approved budgets of the Village were adopted for the general and special revenue funds at the function level. These are the enacted levels under the State of Michigan Uniform Budgeting and Accounting Act and the legally adopted levels of the budget. State statutes do not require legally adopted budgets for debt service or capital projects funds.

Budgets are maintained throughout the year at the account level, to provide additional control in preventing over-expenditures at the legally adopted levels. Amendments at the function level for the general and special revenue funds must be approved by the Village Council.

Budget amounts are reported as originally adopted and as final amended by the Village Council, during the year.

The Village does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated at the legally enacted level. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control (any overages at the legal level of budgetary control greater than 10% of total expenditures and the overage itself is larger than 10%). For the fiscal year ended June 30, 2023, the Village did not have any overages that exceeded these thresholds.

NOTE 3 - DEPOSITS AND INVESTMENTS:

Carrying Amount -

As of June 30, 2023, the carrying amount of the deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Deposits:				
Cash on Hand -				
Petty Cash	\$ 300	\$ -	\$ -	\$ 300
Deposits with Financial Institutions	<u>6,148,163</u>	<u>312,934</u>	<u>-</u>	<u>6,461,097</u>
Total Deposits	<u>6,148,463</u>	<u>312,934</u>	<u>-</u>	<u>6,461,397</u>
Investments:				
Investment Trust Fund	214,961	-	-	214,961
Interest in Pooled Investments	<u>-</u>	<u>-</u>	<u>238,266</u>	<u>238,266</u>
Total Investments	<u>214,961</u>	<u>-</u>	<u>238,266</u>	<u>453,227</u>
	<u>\$ 6,363,424</u>	<u>\$ 312,934</u>	<u>\$ 238,266</u>	<u>\$ 6,914,624</u>

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

	Primary Government	Component Units	Fiduciary Fund	Total
Reconciliation to Combined Balance Sheet:				
Reported as Cash and Cash Equivalents -				
Petty Cash	\$ 300	\$ -	\$ -	\$ 300
Cash in Checking/Savings	6,148,163	312,934	-	6,461,097
Investment Trust Fund	214,961	-	-	214,961
	6,363,424	312,934	-	6,676,358
Reported as Investments -				
Interest in Pooled Investments	-	-	238,266	238,266
	\$ 6,363,424	\$ 312,934	\$ 238,266	\$ 6,914,624

Deposits with Financial Institutions -

The Village's investment policy and Act 217 PA 1982, as amended, authorizes the Village to deposit in certificates of deposit, savings accounts, depository accounts or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.

Custodial Credit Risk - Deposits - is the risk that in the event of a bank failure, the Village's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the Village, as of June 30, 2023, the bank balance of the Village's deposits was \$6,518,175, of which \$5,939,243 was insured by depository insurance with the remaining balance of \$578,932 uninsured and uncollateralized.

Investments -

The Village's investment policy and Act 20 PA 1994 as amended by Act 1997 PA 1999 authorizes the Village to invest surplus funds in bonds, securities and other direct obligations of the United States government or an agency or instrumentality of the United States; certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution only if the bank, savings and loan association, or credit union is eligible to be a depository of funds belonging to the State; bankers' acceptances of United States banks; commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services, which mature not more than 270 days after the date of purchase; mutual funds registered under the Investment Company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 365, 129.111 to 129.118; investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

The Post Employment Benefit Trust Fund is authorized by Michigan Public Act 314 of 1965, as amended, to invest in stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain reverse purchase agreements, certain State and local government obligations, and certain other specified investment vehicles. The Village has authorized investments in a retiree healthcare funding plan provided by the Municipal Employees' Retirement System (MERS). The funds in which the Village have invested are part of the MERS Retiree Health Funding Vehicle (RHFV), a diversified fund designed to provide reasonable growth and income while minimizing volatility for all MERS clients.

The Village's investment policy primary objectives, in order of priority, are safety, diversification, liquidity, and return on investment. The Village Treasurer is responsible for the investment program.

Credit Risk - Investments - is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Village Investment Policy limits the types of investments the Village can purchase to those authorized by State law.

Custodial Credit Risk - Investments - is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments that are in the possession of another party. The Village's investment policy does not address custodial credit risk.

Concentration of Credit Risk - Investments - is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy addresses concentration of credit risk in that investments must be diversified.

Interest Rate Risk - Investments - is the risk that the value of investments will decrease as a result of a rise in interest rates. The Village's investment policy states that the investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Fair Value of Interest in Pooled Investments - The Village had \$238,266 in shares or interest in the MERS Total Market Portfolio (interest in pooled investments) where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. MERS invests the assets in a manner that will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. Shares sold within 90 days of purchase are subject to a 2.00% redemption fee applied on a first-in, first-out basis.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

Investment Trust Fund - The Village utilized the Michigan Liquid Asset Fund (MILAF), a comprehensive cash management service program developed exclusively for Michigan school districts and municipalities. MILAF is not subject to regulatory oversight and is not registered within the SEC, however, does issue a separate financial statement which can be obtained at www.milaf.org. MILAF is rated AAAM by Standard & Poors. The portfolio is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant share value of \$1.00. MILAF invests primarily in U.S. governmental securities, commercial paper, and repurchase agreements. MILAF is considered a money market fund, as defined by the Governmental Accounting Standards Board (GASB), and as such is recorded at amortized cost, which approximates fair value. The fair value of the Village's investment is the same as the value of the pool shares. This fund is not subject to the fair value disclosure. As of June 30, 2023, the Village has \$214,961 (carrying value) in the external investment pool.

NOTE 4 - TAXES:

The Village property taxes are levied each July on the assessed valuation of the property in the Village as of the preceding December 31, as adjusted by the March and July Board of Review.

Assessed values are established annually by the respective Village/Township and are equalized by the State at an estimated percentage of the current market value. Real and personal property for the Village of Lexington for the fiscal year 2023 had a taxable value of \$58,695,662. The millage rates levied by the Village were 7.2240 for General Operating, 2.8892 for Municipal Streets, and .5774 for the Cemetery.

The County of Sanilac has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year. A County-wide property tax for road improvements is levied by the County of Sanilac and distributed to the cities, villages, and townships of the County.

NOTE 5 - RECEIVABLES:

Receivables in the governmental and business-type activities as of June 30, 2023 are as follows:

	Governmental Activities	Business-type Activities
Accounts	\$ 40,000	\$ 235,044
Due from other governmental units	39,400	-
	79,400	235,044
Less - Allowance for uncollectible	-	(35,113)
	\$ 79,400	\$ 199,931

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS:

The composition of interfund balances as of June 30, 2023 is as follows:

Transfers In and Out -

<u>Receiving Fund</u>	<u>Expending Fund</u>	<u>Amount</u>
Primary Government:		
General Fund	Sewer Fund	\$ 10,000 (3)
General Fund	Water Fund	3,000 (3)
General Fund	Mobile Home Park Fund	174,235 (5)
Major Street Fund	Municipal Street Fund	25,000 (1)
Major Street Fund	Mobile Home Park Fund	13,011 (1)
Local Street Fund	Major Street Fund	21,770 (2)
Local Street Fund	Municipal Street Fund	55,000 (1)
Local Street Fund	Mobile Home Park Fund	30,589 (1)
County Road Fund	Mobile Home Park Fund	10,242 (1)
Cemetery Fund	Mobile Home Park Fund	11,981 (1)
Capital Projects Fund	Sewer Fund	<u>60,000 (4)</u>
		<u>\$ 414,828</u>

- (1) To support operations and/or capital costs
- (2) Application of Act 51 revenue allocation
- (3) Sewer/Water sample proceeds over cost
- (4) Appropriation for capital from sewer dumping fees from private customers
- (5) Appropriation for purchase of property

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - CAPITAL ASSETS:

Capital asset activity of the Village for the year ended June 30, 2023 was as follows:

Primary Government -

	Balance July 1, 2022	Additions/ Adjustments	Disposals	Balance June 30, 2023
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 320,896	\$ 174,000	\$ -	\$ 494,896
Capital assets, being depreciated:				
Buildings and building improvements	419,820	-	-	419,820
Improvements other than buildings	1,990,961	-	-	1,990,961
Machinery and equipment	485,693	-	-	485,693
Vehicles	987,881	-	42,285	945,596
Total capital assets being depreciated	<u>3,884,355</u>	<u>-</u>	<u>42,285</u>	<u>3,842,070</u>
Less accumulated depreciation for:				
Buildings and building improvements	356,442	13,813	-	370,255
Improvements other than buildings	1,190,582	28,701	-	1,219,283
Machinery and equipment	413,764	103,613	-	517,377
Vehicles	905,005	6,555	42,285	869,275
Total accumulated depreciation	<u>2,865,793</u>	<u>152,682</u>	<u>42,285</u>	<u>2,976,190</u>
Total capital assets being depreciated, net	<u>1,018,562</u>	<u>(152,682)</u>	<u>-</u>	<u>865,880</u>
Governmental activities capital assets, net	<u>\$ 1,339,458</u>	<u>\$ 21,318</u>	<u>\$ -</u>	<u>\$ 1,360,776</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 17,495	\$ 30,000	\$ -	\$ 47,495
Construction in progress	388,390	137,002	-	525,392
Total capital assets, not being depreciated	<u>405,885</u>	<u>167,002</u>	<u>-</u>	<u>572,887</u>
Capital assets, being depreciated:				
Buildings and improvements	138,111	-	-	138,111
Mobile home park	2,835,837	83,091	3,021	2,915,907
Utility systems	11,473,452	-	1,009,853	10,463,599
Machinery and equipment	339,725	5,205	3,533	341,397
Total capital assets being depreciated	<u>14,787,125</u>	<u>88,296</u>	<u>1,016,407</u>	<u>13,859,014</u>
Less accumulated depreciation for:				
Buildings and improvements	58,250	3,700	-	61,950
Mobile home park	1,837,184	68,554	604	1,905,134
Utility systems	6,638,784	243,637	718,103	6,164,318
Machinery and equipment	205,206	35,213	3,533	236,886
Total accumulated depreciation	<u>8,739,424</u>	<u>351,104</u>	<u>722,240</u>	<u>8,368,288</u>
Total capital assets being depreciated, net	<u>6,047,701</u>	<u>(262,808)</u>	<u>294,167</u>	<u>5,490,726</u>
Business activities capital assets, net	<u>\$ 6,453,586</u>	<u>\$(95,806)</u>	<u>\$ 294,167</u>	<u>\$ 6,063,613</u>

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - CAPITAL ASSETS - (cont'd):

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance</u> <u>June 30, 2023</u>
Discretely Presented Component Unit -				
Capital assets, being depreciated:				
Building and improvements	\$ 89,817	\$ -	\$ -	\$ 89,817
Improvements other than buildings	187,224	-	-	187,224
Equipment	<u>152,290</u>	<u>-</u>	<u>-</u>	<u>152,290</u>
Total capital assets being depreciated	<u>429,331</u>	<u>-</u>	<u>-</u>	<u>429,331</u>
Less accumulated depreciation for:				
Buildings and improvements	34,519	4,491	-	39,010
Improvements other than buildings	83,185	9,361	-	92,546
Equipment	<u>56,651</u>	<u>12,038</u>	<u>-</u>	<u>68,689</u>
Total accumulated depreciation	<u>174,355</u>	<u>25,890</u>	<u>-</u>	<u>200,245</u>
Component unit capital assets, net	<u>\$ 254,976</u>	<u>\$(25,890)</u>	<u>\$ -</u>	<u>\$ 229,086</u>

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

Governmental Activities -	
General Government	\$ 13,813
Public Safety	28,701
Public Works	103,612
Recreation and Cultural	<u>6,556</u>
Total depreciation expense - Governmental Activities	<u>\$ 152,682</u>
Business-type Activities -	
Sewer Fund	\$ 68,644
Water Fund	212,193
Mobile Home Park Fund	<u>70,267</u>
Total depreciation expense - Business-type Activities	<u>\$ 351,104</u>

NOTE 8 - PAYABLES:

Payables at June 30, 2023 in the governmental and business-type activities as of June 30, 2023 are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Accounts payable	\$ 15,778	\$ 37,081
Accrued liabilities	<u>15,742</u>	<u>8,211</u>
	<u>\$ 31,520</u>	<u>\$ 45,292</u>

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - LONG-TERM DEBT:

Primary Government -

The following is a summary of changes in the long-term liabilities (including current portions) for the year ended June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Governmental Fund -					
Other Liabilities:					
Accrued sick and vacation	\$ 66,380	\$ 6,682	\$ -	\$ 73,062	\$ -
<u>Business-type Activities:</u>					
Direct Borrowings -					
2018 Water Supply & Sanitary Sewer					
Refunding Bond (Sewer)	164,650	-	20,350	144,300	22,200
2018 Water Supply & Sanitary Sewer					
Refunding Bond (Water)	280,350	-	34,650	245,700	37,800
Other Direct Borrowings -					
1999 WSS Bonds/Contracts Payable	650,000	-	75,000	575,000	75,000
2002 Promissory Note (MHP)	60,351	-	60,351	-	-
Other Liabilities -					
Accrued sick and vacation	64,009	10,832	-	74,841	-
Total Business-type Activities	<u>1,219,360</u>	<u>10,832</u>	<u>190,351</u>	<u>1,039,841</u>	<u>135,000</u>
Total Primary Government	<u>\$ 1,285,740</u>	<u>\$ 17,514</u>	<u>\$ 190,351</u>	<u>\$ 1,112,903</u>	<u>\$ 135,000</u>

Significant details regarding outstanding long-term debt (including current portions) are presented as follows:

Accrued Vacation and Sick Pay:

In accordance with contracts negotiated with the various employee groups of the Village, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave under formulas and conditions specified in the contracts. The governmental activities' portion of \$73,062, as well as the proprietary funds and business-type activities' portion of \$74,841, has been recorded as a long-term liability.

\$ 147,903

2018 Water Supply and Sanitary Sewer Refunding Bond:

In November 2018, the Village refinanced its 2013 promissory note for constructing and improvements to the sewer and water system. The principal refinanced was \$606,000 at an interest rate of 3.89%, due semi-annually. Principal payments are due starting September 1, 2019 through September 1, 2028 in annual installments ranging from \$60,000 to \$70,000.

\$ 390,000

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - LONG-TERM DEBT - (cont'd):

The annual requirement for the 2018 Water Supply and Sanitary Sewer Refunding Bond at June 30, 2023 is as follows:

Year	Principal	Interest
2024	\$ 60,000	\$ 14,004
2025	60,000	11,670
2026	65,000	9,238
2027	65,000	6,710
2028	70,000	4,085
2029	70,000	1,360
	\$ 390,000	\$ 47,067

1999 Water Fund Contracts Payable:

Pursuant to provisions of Act 185, Public Acts of Michigan, 1957, as amended, the Village of Lexington and other applicable municipalities and the County of Sanilac have entered into contracts whereby the Village has agreed to pay the County annual installments to retire the Village's portion of a bond issue, plus interest. In order to pay such amounts to the County, the Village is obligated to the extent necessary, to levy ad valorem taxes without limitation as to the rate or amount on all taxable property. It is the intention of the Village Council to pay the Village's portion of the obligation from debt retirement charges and operating revenue generated by the Water Fund.

In order to finance the cost of the improvements the Sanilac County Department of Public Works has participated in the Drinking Water Revolving Fund through which the Department of Environmental Quality Bonds, dated September 30, 1999, have been sold in the amount of \$1,904,339. The Village makes the debt service payments directly to the State of Michigan which includes interest at 2.50%, payable semi-annually.

\$ 575,000

The annual requirement for the 1999 Drinking Water Revolving Loan at June 30, 2023 is as follows:

Year	Principal	Interest
2024	\$ 75,000	\$ 13,438
2025	80,000	11,500
2026	80,000	9,500
2027	80,000	7,500
2028	85,000	5,438
2029-2030	175,000	4,437
	\$ 575,000	\$ 51,813

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - PENSION PLANS:

Defined Benefit Plan:

Plan Descriptions -

The Village participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer state-wide public employee defined benefit pension plan that covers all employees that work at least 40 hours per week. The pension plan is closed to new-hires. MERS was created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established to provide retirement, survivor, and disability benefits on a voluntary basis to the State of Michigan's local government employees. Act No. 427 of the Public Acts of 1974, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information at www.mersofmich.com or by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension and pension expense have been determined on the same basis as they are reported by the pension plan (the "Plan"). The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenues are recorded as contributions when due pursuant to legal, statutory, and contractual requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with benefit terms.

The membership at December 31, 2022 was comprised of 4 active participants, 11 retirees and beneficiaries, and 1 vested inactive participant.

Benefits Provided -

Retirement benefits are calculated as 2.50% of the employee's final three-year average salary times the employee's years of service. Employees are vested after 6 years of service. Normal retirement age is 60. Early retirement with a reduced benefit is at 50 with 25 years of service or at 55 with 15 years of service or for an unreduced benefit at 55 with 25 years of service. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability benefits are determined in the same manner as retirement benefits but are payable immediately. An employee who leaves service may withdraw his or her contributions, plus accumulated interest. Benefit terms provide for annual cost-of-living adjustments to each employee's retirement benefit subsequent to the employee's retirement date of 2.50%.

Benefit terms, within the parameters established by MERS, are established and amended by authority of Village Council.

Contributions -

Participants of the Plan contribute 5% of compensation with the remaining amount contributed by the Village based on actuarially determined amounts. The Village pays the actuarially determined amount, which for the year ended June 30, 2023 was \$11,907 per month for general employees, with fiscal year contributions of \$142,884.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - PENSION PLANS - (cont'd):

Net Pension Liability -

The net pension liability of the Village has been measured as of December 31, 2022 as determined by an actuarial valuation performed as of that date, and the changes in the net pension liability are composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 3,493,827	\$ 2,137,118	\$ 1,356,709
Service cost	29,357	-	29,357
Interest on total pension liability	246,890	-	246,890
Net investment income (loss)	-	(221,801)	221,801
Difference between expected and actual experience	112,805	-	112,805
Contributions from employer	-	140,808	(140,808)
Contributions from employees	-	12,264	(12,264)
Benefit payments	(206,257)	(206,257)	-
Administrative costs	<u>-</u>	<u>(3,924)</u>	<u>3,924</u>
Ending balance	<u>\$ 3,676,622</u>	<u>\$ 1,858,208</u>	<u>\$ 1,818,414</u>

Plan fiduciary net position as a percentage of the total pension liability 50.54%

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions -

For the year ended June 30, 2023, the Village recognized pension expense of \$281,632, including \$61,780 in the governmental activities and \$219,852 in the business-type activities and proprietary fund financial statements of the primary government. At June 30, 2023, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

Primary Government	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Plan investments	\$ 167,469	\$ -
Contributions made subsequent to the measurement date	<u>71,443</u>	<u>-</u>
	<u>\$ 238,912</u>	<u>\$ -</u>

The amounts of deferred outflows and inflows of resources related to pension, excluding contributions to the Plan subsequent to the measurement date which will be recognized by the Plan in the next measurement period, will be recognized in pension expense as follows:

2024	\$ 12,930
2025	30,946
2026	48,659
2027	<u>74,934</u>
	<u>\$ 167,469</u>

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - PENSION PLANS - (cont'd):

Actuarial Assumptions -

The total pension liability was determined by an actuarial valuation as of December 31, 2022. The valuation used the following actuarial assumptions based on the most recent study of Plan experience covering the period from January 1, 2014 through December 31, 2018.

Salary Increases - 3.00%

Inflation - 2.50%

Investment Rate of Return - 7.00% for 2022 and 2021

Mortality Rates - Pub-2010 Mortality Table fully generational mortality improvements projected with Scale MP-2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent for 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows - Based on the assumptions above, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected real rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2022 for each major asset class included in the Plan's target asset allocation, as disclosed in the investment footnote of the Plan, are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60.00 %	2.70 %
Global Fixed Income	20.00	0.40
Private Investments	20.00	1.40

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - PENSION PLANS - (cont'd):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Village, calculated using the discount rate of 7.25 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability of the Primary Government	\$ 2,205,007	\$ 1,818,414	\$ 1,487,626

Defined Contribution Plan:

Effective June 27, 2011, the Village has established a defined contribution plan for all employees hired after January 1, 2005. The Plan requires the Village to contribute/match on behalf of each participant 3% of each participating employees' base salary if the participating employee contributes at least 6% of their base salary to the Plan. Participants are not required to make a contribution to the Plan. Both employer and employee contributions are 100% vested immediately. Employees are eligible to begin contribution to the Plan 90 days after hire. The Village Council has the authority to rescind the match provision due to budget constraints via Council resolution. Employer contributions to the Plan for the year ended June 30, 2023 totaled \$42,337.

NOTE 11 - POSTEMPLOYMENT BENEFITS:

Plan Description -

The Village of Lexington, Michigan, administers the Village Retiree Health Plan (the "OPEB Plan"), a single-employer defined benefit other postemployment benefit (OPEB) plan that provides postemployment benefits other than pensions to any employee that retires on or after attaining age 55 with a minimum of 25 years of continuous service or 30 years of non-continuous service with the Village.

Management of the OPEB Plan is provided by the Village Council, which consist of 7 members.

The OPEB Plan does not issue a publicly-available financial report as it is audited within the financial report of the Village.

Benefits Provided -

The Village provides 100% of the health insurance premium to eligible employees upon retirement. Effective July 1, 2019, OPEB Plan members pay 20% of the cost of any increase in the health insurance premium over \$1,044 per month. Benefits will be received until Medicare age, at which time the Village will provide a Medicare supplement to the employee.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS - (cont'd):

Summary of Significant Accounting Policies -

For purposes of measuring net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense, the fiduciary net position of the OPEB Plan and additions to/deductions from fiduciary net position have been determined as the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. The unfunded net OPEB liability is being amortized as a level percentage of payroll on a closed period with a remaining amortization period of 26 years.

Contributions -

During the year ended June 30, 2023, annually required contributions were \$120,155 and actual contributions of \$68,930 were made. The actuarial valuation dated June 30, 2023 determined a required contribution of 16.80% of covered payroll. There were no required member contributions for fiscal 2023.

The contributions of OPEB Plan members and the Village are established and may be amended by the Village Council. Most administrative costs consist of processing retiree health insurance payments of the OPEB Plan and are paid with Village resources.

Plan Membership -

At June 30, 2023, OPEB Plan membership consisted of 11 active members and 7 retirees and beneficiaries receiving benefits.

Investment Policy -

The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Village Council by a majority vote of its members.

The long-term expected rate of return on the OPEB Plan's investments was determined using a forward-looking estimate of capital market returns model for each investment's major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The adopted asset allocation policy and the best estimates of arithmetic real rates of return for each asset class as of June 30, 2023 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return Before Inflation</u>
Global Equity	60.00 %	4.50 %
Global Fixed Income	20.00	2.00
Private Assets	20.00	7.00

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS - (cont'd):

Methods and Assumptions -

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the OPEB liability and the value of assets consistent with the long-term perspective of the calculations.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023. The valuation used the following assumptions:

Retirement Age of Active Employees - Based on the required retirement age for the covered group, active plan members were assumed to retire at age 55.

Marital Status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the 2010 Public General & Public Safety Employees and Healthy Retirees, Headcount Weighted, with 2021 Mortality Improvement Scale.

Turnover - Nongroup-specific age-based turnover data from GASB Statement No. 45 was used as the basis for assigning active members a probability of remaining employment until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on standards set by Michigan Public Act 202. Non-Medicare rates were estimated at 7.25 percent for 2024, decreasing by 0.25 percent every year to an ultimate trend rate of 4.50 percent in 2039 and the years thereafter. Medicare rates were estimated at 5.50 percent for 2024, decreasing by 0.25 percent every year to an ultimate trend rate of 4.50 percent in 2033 and the years thereafter.

Health Insurance Premiums - 2022 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate - The expected long-term payroll growth rate assumption of 3.00 percent was based on standards set by Michigan Public Act 202.

Discount Rate - A blended discount rate of 4.69% was used. The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index rate of 4.13%, blended with a 7.00% investment/discount rate for when the projected plan assets are sufficient to make projected benefit payments.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS - (cont'd):

The significant assumption changes since the prior valuation were as follows:

- Trend rates updated to those prescribed by PA 202 for the year 2023.
- The blended discount rate was updated from 4.41% to 4.69%.
- The mortality tables utilized were updated to the Public General & Public Safety 2010 Mortality Tables with 2021 Mortality Improvement Scale.

Net OPEB Liability -

The net OPEB liability of the Village has been measured by an actuarial valuation as of June 30, 2023 and is composed of the following:

	<u>Total OPEB Liability</u>	<u>OPEB Plan's Net Position</u>	<u>Net OPEB Liability</u>
Beginning Balance	\$ 1,430,133	\$ 198,574	\$ 1,231,559
Service cost	59,228	-	59,228
Interest on OPEB liability	64,712	-	64,712
Net investment income	-	14,692	(14,692)
Difference between expected and actual experience	(32,869)	-	(32,869)
Change in assumptions	233,793	-	233,793
Contributions from employer	-	68,930	(68,930)
Benefit payments	(43,930)	(43,930)	-
Ending Balance	<u>\$ 1,711,067</u>	<u>\$ 238,266</u>	<u>\$ 1,472,801</u>

OPEB Plan fiduciary net position as a percentage of total OPEB liability 13.92%

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB -

For the year ended June 30, 2023, the Village recognized OPEB expense of \$32,170, which consisted of allocating \$18,880 to governmental activities and \$13,290 to the business-type activities and proprietary fund financial statements of the primary government. At June 30, 2023, the Village reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB Plan investments	\$ 68,365	\$ 602,280
Difference between expected and actual experience	-	5,327
Change in assumptions	<u>243,190</u>	<u>461,311</u>
	<u>\$ 311,555</u>	<u>\$ 1,068,918</u>

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - POSTEMPLOYMENT BENEFITS - (cont'd):

The amounts of deferred outflows/inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

2024		\$(82,943)
2025		(82,912)
2026		(76,314)
2027		(80,564)
2028		(79,351)
2029-2032		(<u>355,279</u>)
		\$(<u>757,363</u>)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate -

The following presents the net OPEB liability of the Village, calculated using the discount rate of 4.69% as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.69%) or one-percentage-point higher (5.69%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ <u>1,734,822</u>	\$ <u>1,472,801</u>	\$ <u>1,260,855</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates -

The following presents the net OPEB liability of the Village, calculated using the healthcare cost trend rate of 7.25%, decreasing by 0.25% to an ultimate trend rate of 4.50% for Non-Medicare rates, and a healthcare cost trend rate of 5.50%, decreasing by 0.25% to an ultimate trend rate of 4.50% for Medicare rates, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower (6.25/4.50-3.50%) or one-percentage-point higher (8.25/6.50-5.50%) than the current rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>1,244,132</u>	\$ <u>1,472,801</u>	\$ <u>1,768,815</u>

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 - EXTERNAL SALE OF WATER:

In addition to the sale of water to Village residents, the Village sells water through contracts with the Worth Township DPW and Sanilac Township. The contract with the Worth Township DPW requires monthly payments for usage based on flow times a specified fixed unit rate per thousand gallons. In addition, the contract requires the Worth Township DPW to make quarterly payments of \$11,727 to the Village to be maintained in a reserve account for equipment replacement. The quarterly payments are to be made on January 1, April 1, July 1, and October 1. The reserve account will be utilized for Worth Township DPW's share of water treatment plant related equipment replacement and associated labor. The balance of this reserve account reported in the Village Water Fund at June 30, 2023 is \$517,042. Also, the contract requires the Worth Township DPW to pay its 45.5% share of future semi-annual debt service payments on the indebtedness incurred by the Village for the water plant intake system. Payments of \$14,643 are due each year to the Village on March 1 and September 1, based on the Worth Township DPW average annual debt service share. The Village has recorded contracts receivable reserved capacity in the Water Fund, classified as other assets, of \$165,397 and corresponding unearned revenue of \$165,397 at June 30, 2023 to account for the future debt service principal requirements.

The contract with Sanilac Township requires monthly payments for usage based on flow times, a specified fixed unit rate per thousand gallons. In addition, a part of the contract was for Sanilac Township to reserve capacity in the water plant for twenty years at a cost of \$500,000, which was paid at the end of fiscal 2007. The reserve capacity is recorded in the Water Fund of the Village and is being amortized over the twenty years effective July 1, 2008. The unearned revenue balance for this reserved capacity at June 30, 2023 is \$100,000.

NOTE 13 - RESTRICTED ASSETS:

The restricted assets of \$22,821 in the Sewer Fund are for debt service and \$517,042 and \$38,822 in the Water Fund are for equipment replacement and debt service, respectively.

NOTE 14 - RISK MANAGEMENT:

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees, medical benefits provided to employees, etc. The Village has purchased insurance coverage for each of these types of losses; however, the Village would be responsible should the limit of coverages be exceeded.

In the normal course of its operations, the Village often becomes a party to various claims and lawsuits. In the opinion of the Village's legal counsel, if any of these claims should result in an unfavorable resolution to the Village, the Village's liability would be limited to its deductible under insurance policies. The insurer would pay the losses, and there should be no material effect on the financial position of the Village.

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - RESTRICTED NET POSITION:

The net position has been restricted in the entity-wide statement of net position at June 30, 2023 for the following purposes:

Governmental Activities:

General Fund -			
Metro Authority		\$	36,947
Street Funds -			
Major Street Fund	\$	476,282	
Local Street Fund		149,605	
Municipal Street Fund		856,196	
County Road Fund		515,944	1,998,027
Cemetery Fund -			
Cemetery			92,814
Total Restricted Net Position - Governmental Activities			2,127,788

Business-type Activities:

Sewer Fund -			
Debt Service			22,821
Water Fund -			
Equipment Replacement		517,042	
Debt Service		38,822	555,864
Total Restricted Net Position - Business-type Activities			578,685
Total Restricted Net Position			\$ 2,706,473

NOTE 16 - CORRECTION OF ERROR:

During 2023, it was determined that the inventory in the Water Fund was understated as of June 30, 2022. As a result, the July 1, 2022 net position for the business-type activities and the Water Fund was increased by \$51,495.

NOTE 17 - SUBSEQUENT EVENTS:

In July 2023, the Village Downtown Development Authority received \$4,000,000, which is the first of two installments from a Michigan Economic Development Corporation (MEDC) Grant to redevelop the Lexington Harbor.

In August 2023, the Village awarded the following construction contracts:

- \$324,770 to Biotech Agronomics for a lagoon sludge removal project
- \$1,577,160 to SAK Construction, LLC, for a sanitary sewer pipe rehabilitation project
- \$3,503,267 to Boddy Construction Company, Inc., for sanitary sewer system improvements, Divisions 1-3

VILLAGE OF LEXINGTON
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - SUBSEQUENT EVENTS - (cont'd):

On September 6, 2023, the Village closed on a \$6,922,000 Sanitary Sewer System Junior Lien Revenue Bond. The proceeds will be used to fund the contracts that were awarded above.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 338,950	\$ 360,837	\$ 360,945	\$ 108
Intergovernmental	110,956	110,214	117,571	7,357
Charges for services	282,700	312,446	289,524	(22,922)
Fines and forfeits	3,300	4,852	4,849	(3)
Interest and rents	-	7,178	8,908	1,730
Other	25,131	265,336	283,334	17,998
Total Revenues	<u>761,037</u>	<u>1,060,863</u>	<u>1,065,131</u>	<u>4,268</u>
Expenditures:				
Current -				
General government	215,175	199,489	179,347	20,142
Public safety	482,814	471,179	454,482	16,697
Public works	223,180	267,297	250,917	16,380
Health and welfare	38,921	37,021	37,043	(22)
Community and economic development	14,325	25,195	25,232	(37)
Recreation and culture	93,606	78,174	71,780	6,394
Other	10,660	10,660	10,660	-
Capital outlay	-	174,000	174,000	-
Total Expenditures	<u>1,078,681</u>	<u>1,263,015</u>	<u>1,203,461</u>	<u>59,554</u>
Revenues under expenditures	(317,644)	(202,152)	(138,330)	63,822
Other Financing Sources:				
Transfers in	<u>280,777</u>	<u>219,070</u>	<u>187,235</u>	<u>(31,835)</u>
Net Change in Fund Balance	(36,867)	16,918	48,905	31,987
Fund Balance at beginning of year	<u>424,709</u>	<u>424,709</u>	<u>424,709</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 387,842</u>	<u>\$ 441,627</u>	<u>\$ 473,614</u>	<u>\$ 31,987</u>

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MUNICIPAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 136,000	\$ 144,134	\$ 144,177	\$ 43
Charges for services	12,000	13,474	13,247	(227)
Interest	-	4,600	7,090	2,490
Total Revenues	148,000	162,208	164,514	2,306
Expenditures:				
Capital outlay	50,000	-	-	-
Revenues over expenditures	98,000	162,208	164,514	2,306
Other Financing Uses:				
Transfers out	(80,000)	(80,000)	(80,000)	-
Net Change in Fund Balance	18,000	82,208	84,514	2,306
Fund Balance at beginning of year	771,682	771,682	771,682	-
Fund Balance at end of year	\$ 789,682	\$ 853,890	\$ 856,196	\$ 2,306

VILLAGE OF LEXINGTON, MICHIGAN

**EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PLAN FISCAL YEARS**

	For the Year Ended December 31,			
	2022	2021	2020	2019
Total Pension Liability:				
Service cost	\$ 29,357	\$ 24,623	\$ 24,686	\$ 26,955
Interest	246,890	220,849	224,672	224,952
Change in assumptions	-	116,021	107,323	93,724
Differences between expected and actual experience	112,805	177,137	(91,672)	(28,864)
Benefit payments, including refunds	(206,257)	(178,704)	(171,324)	(171,324)
Other Changes	-	10,662	-	-
	<u>182,795</u>	<u>370,588</u>	<u>93,685</u>	<u>145,443</u>
Change in total pension liability				
Total pension liability, beginning of year	<u>3,493,827</u>	<u>3,123,239</u>	<u>3,029,554</u>	<u>2,884,111</u>
Total pension liability, end of year	<u>\$ 3,676,622</u>	<u>\$ 3,493,827</u>	<u>\$ 3,123,239</u>	<u>\$ 3,029,554</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 140,808	\$ 128,400	\$ 105,552	\$ 86,976
Contributions - Member	12,264	12,293	10,866	11,959
Net investment income (loss)	(221,801)	268,353	219,270	215,778
Benefit payments, including refunds	(206,257)	(178,704)	(171,324)	(171,324)
Administrative expenses	(3,924)	(3,077)	(3,495)	(3,719)
	<u>(278,910)</u>	<u>227,265</u>	<u>160,869</u>	<u>139,670</u>
Net change in plan fiduciary net position				
Plan fiduciary net position, beginning of year	<u>2,137,118</u>	<u>1,909,853</u>	<u>1,748,984</u>	<u>1,609,314</u>
Plan fiduciary net position, end of year	<u>\$ 1,858,208</u>	<u>\$ 2,137,118</u>	<u>\$ 1,909,853</u>	<u>\$ 1,748,984</u>
Village's Net Pension Liability - Ending	<u>\$ 1,818,414</u>	<u>\$ 1,356,709</u>	<u>\$ 1,213,386</u>	<u>\$ 1,280,570</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	50.54%	61.17%	61.15%	57.73%
Covered Employee Payroll	\$ 245,459	\$ 210,977	\$ 217,310	\$ 239,178
Village's Net Pension Liability as a Percentage of Covered Employee Payroll	740.82%	643.1%	558.4%	535.4%

GASB Statement No. 68 was implemented for fiscal year ended June 30, 2015. These schedules are being built prospectively.

2018	2017	2016	2015	2014
\$ 27,227	\$ 24,583	\$ 24,982	\$ 34,143	\$ 38,481
213,759	207,858	200,310	191,430	183,478
-	-	-	135,873	-
70,416	11,320	27,174	(34,513)	-
(171,324)	(171,324)	(144,521)	(133,157)	(113,632)
-	-	-	-	-
140,078	72,437	107,945	193,776	108,327
2,744,033	2,671,596	2,563,651	2,369,875	2,261,548
<u>\$ 2,884,111</u>	<u>\$ 2,744,033</u>	<u>\$ 2,671,596</u>	<u>\$ 2,563,651</u>	<u>\$ 2,369,875</u>
\$ 79,050	\$ 72,108	\$ 57,696	\$ 48,808	\$ 50,947
12,090	10,887	14,285	16,305	18,868
(66,864)	212,547	173,008	(24,042)	99,790
(171,324)	(171,324)	(144,521)	(133,157)	(113,632)
(3,365)	(3,372)	(3,417)	(3,534)	(3,664)
(150,413)	120,846	97,051	(95,620)	52,309
1,759,727	1,638,881	1,541,830	1,637,450	1,585,141
<u>\$ 1,609,314</u>	<u>\$ 1,759,727</u>	<u>\$ 1,638,881</u>	<u>\$ 1,541,830</u>	<u>\$ 1,637,450</u>
<u>\$ 1,274,797</u>	<u>\$ 984,306</u>	<u>\$ 1,032,715</u>	<u>\$ 1,021,821</u>	<u>\$ 732,425</u>
55.80%	64.13%	61.34%	60.14%	69.09%
\$ 241,799	\$ 217,742	\$ 211,878	\$ 306,231	\$ 345,123
527.2%	452.1%	487.4%	333.7%	212.2%

VILLAGE OF LEXINGTON, MICHIGAN

**EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>Annual Determined Contributions</u>	<u>Contributions in Relation to the Annual Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2023	\$ 142,884	\$ 142,884	\$ -	\$ 248,431	57.51%
2022	138,732	138,732	-	234,720	59.11%
2021	118,068	118,068	-	221,175	53.38%
2020	93,036	93,036	-	239,982	38.77%
2019	80,916	80,916	-	239,843	33.74%
2018	77,184	77,184	-	231,445	33.35%
2017	67,032	67,032	-	242,345	27.66%
2016	50,238	50,238	-	313,380	16.03%
2015	52,272	52,272	-	350,899	14.90%
2014	47,672	47,672	-	345,123	13.81%

Valuation Date: December 31, two years prior to the end of the fiscal year

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal cost method
Amortization Method	Level percent of payroll, open
Remaining Amortization Period	12 years
Asset Calculation Method	5-year smoothed market value
Salary Increases	3.00%
Investment Rate of Return	7.00% for 2022 and 2021
Retirement Age	Replacement Index up to age 70, then 100%
Mortality	RP-2014 Healthy Annuitant Mortality Table with 50% Male and 50% Female Blend

The plan is considered closed to new-hires.

VILLAGE OF LEXINGTON, MICHIGAN

**RETIREE HEALTH BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
PLAN FISCAL YEAR**

	2023	2022	2021	2020
Total OPEB Liability:				
Service cost	\$ 59,228	\$ 48,144	\$ 123,485	\$ 111,210
Interest	64,712	54,650	64,037	73,626
Change in benefits	-	-	-	(94,618)
Differences between expected and actual experience	(32,869)	(544,136)	33,784	(177,904)
Change in assumptions	233,793	(563,825)	-	59,623
Benefit payments, including refunds	(43,930)	(46,854)	(46,109)	(48,902)
Change in OPEB liability	280,934	(1,052,021)	175,197	(76,965)
OPEB liability, beginning of year	1,430,133	2,482,154	2,306,957	2,383,922
OPEB liability, end of year	\$ 1,711,067	\$ 1,430,133	\$ 2,482,154	\$ 2,306,957
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 68,930	\$ 71,854	\$ 71,109	\$ 73,902
Net investment income	14,692	(16,799)	36,737	3,520
Benefit payments, including refunds	(43,930)	(46,854)	(46,109)	(48,902)
Administrative expenses	-	-	(271)	(190)
Net change in plan fiduciary net position	39,692	8,201	61,466	28,330
Plan fiduciary net position, beginning of year	198,574	190,373	128,907	100,577
Plan fiduciary net position, end of year	\$ 238,266	\$ 198,574	\$ 190,373	\$ 128,907
Township's Net OPEB Liability - Ending	\$ 1,472,801	\$ 1,231,559	\$ 2,291,781	\$ 2,178,050
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	13.92%	13.89%	7.67%	5.59%
Covered Employee Payroll	\$ 717,107	\$ 701,145	\$ 550,222	\$ 599,770
Village's Net OPEB Liability as a Percentage of Covered Employee Payroll	205.38%	175.65%	416.52%	363.15%

GASB Statement No. 75 was implemented for fiscal year ended June 30, 2018. These schedules are being built prospectively.

<u>2019</u>	<u>2018</u>
\$ 114,888	\$ 106,752
67,450	67,881
-	-
80,296	(31,683)
-	-
<u>(54,450)</u>	<u>(58,398)</u>
208,184	84,552
<u>2,175,738</u>	<u>2,091,186</u>
<u><u>\$ 2,383,922</u></u>	<u><u>\$ 2,175,738</u></u>

\$ 152,657	\$ 58,398
2,391	-
(54,450)	(58,398)
<u>(21)</u>	<u>-</u>
100,577	-
-	-
<u><u>\$ 100,577</u></u>	<u><u>\$ -</u></u>

<u><u>\$ 2,283,345</u></u>	<u><u>\$ 2,175,738</u></u>
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4.22%	0.00%
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\$ 536,339	\$ 525,823
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425.73%	413.78%
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VILLAGE OF LEXINGTON, MICHIGAN

**RETIREE HEALTH BENEFITS
SCHEDULE OF CONTRIBUTIONS
FISCAL YEARS**

	Annual Determined Contribution	Contributions in Relation to the Annual Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 120,155	\$ 68,930	\$ 51,225	\$ 717,107	9.61%
2022	105,112	71,854	33,258	701,145	10.25%
2021	190,581	71,109	119,472	550,222	12.92%
2020	180,230	73,902	106,328	599,770	12.32%
2019	209,240	152,657	56,583	536,339	28.46%
2018	195,433	58,398	137,035	525,823	11.11%

Valuation Date: June 30, 2023

Methods and Assumptions Used to Determine Contribution Rates:

Simplified Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	26 years, Closed
Wage Inflation	3% for 2023 and 2022
Salary Increases	3.00% for 2023 and 2022
Investment Rate of Return	4.69% for 2023 and 4.41% for 2022
Years of Service	25 years of continuous service, or 30 years of non-continuous service with the Village
Mortality	2010 Public General and Public Safety Employees and Healthy Retirees, Headcount Weighted, MP-2021
Health Care Trend Rates	Initial trend of 7.25% in 2024, decreasing by 0.25% to an ultimate rate of 4.50% in 2039 and for years thereafter for Non-Medicare rates. Initial trend of 5.50% in 2024, decreasing by 0.25% to an ultimate trend rate of 4.50% in 2033 and for years thereafter for Medicare rates.

GASB Statement No. 75 was implemented for fiscal year ended June 30, 2018. These schedules are being built prospectively.

SUPPLEMENTARY INFORMATION

VILLAGE OF LEXINGTON, MICHIGAN

**DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 338,950	\$ 360,837	\$ 360,945	\$ 108
Intergovernmental	110,956	110,214	117,571	7,357
Charges for services	282,700	312,446	289,524	(22,922)
Fines and forfeits	3,300	4,852	4,849	(3)
Interest and rents	-	7,178	8,908	1,730
Other	25,131	265,336	283,334	17,998
	<u>761,037</u>	<u>1,060,863</u>	<u>1,065,131</u>	<u>4,268</u>
Expenditures:				
Current -				
General Government -				
Village council	9,171	21,727	14,303	7,424
Village manager	91,340	82,644	82,315	329
Village clerk	88,265	68,042	62,248	5,794
Administrative services	199,788	200,465	190,683	9,782
	<u>388,564</u>	<u>372,878</u>	<u>349,549</u>	<u>23,329</u>
Less: Reimbursement from other funds	(173,389)	(173,389)	(170,202)	(3,187)
Total General Government	<u>215,175</u>	<u>199,489</u>	<u>179,347</u>	<u>20,142</u>
Public Safety -				
Police department	357,109	351,086	339,393	11,693
Fire department	125,705	120,093	115,089	5,004
Total Public Safety	<u>482,814</u>	<u>471,179</u>	<u>454,482</u>	<u>16,697</u>
Public Works -				
Department of public works	98,180	135,797	122,692	13,105
Rubbish collection/disposal	125,000	131,500	128,225	3,275
Total Public Works	<u>223,180</u>	<u>267,297</u>	<u>250,917</u>	<u>16,380</u>
Health and Welfare -				
Environment	2,000	700	852	(152)
Ambulance	36,921	36,321	36,191	130
Total Health and Welfare	<u>38,921</u>	<u>37,021</u>	<u>37,043</u>	<u>(22)</u>
Community and Economic Development -				
Planning	14,325	25,195	25,232	(37)
Recreation and Culture -				
Parks and recreation	93,606	78,174	71,780	6,394
Other -				
Retiree health insurance	10,660	10,660	10,660	-
Capital Outlay	-	174,000	174,000	-
Total Expenditures	<u>1,078,681</u>	<u>1,263,015</u>	<u>1,203,461</u>	<u>59,554</u>
Revenues under expenditures	(317,644)	(202,152)	(138,330)	63,822

VILLAGE OF LEXINGTON, MICHIGAN

**DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources:				
Transfers in	\$ 280,777	\$ 219,070	\$ 187,235	\$(31,835)
Net Change in Fund Balance	(36,867)	16,918	48,905	31,987
Fund Balance at beginning of year	424,709	424,709	424,709	-
Fund Balance at end of year	\$ 387,842	\$ 441,627	\$ 473,614	\$ 31,987

Concluded

VILLAGE OF LEXINGTON, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Funds			
	Major Street	Local Street	County Road	Cemetery Fund
Assets:				
Cash and cash equivalents	\$ 461,724	\$ 142,642	\$ 519,015	\$ 94,216
Due from other governmental units	14,770	7,069	-	-
Prepaid expenditures	92	426	-	819
Total Assets	\$ 476,586	\$ 150,137	\$ 519,015	\$ 95,035
Liabilities:				
Accounts payable	\$ 163	\$ 142	\$ 3,071	\$ 1,780
Accrued liabilities	141	390	-	441
Unearned revenue	-	-	-	-
Total Liabilities	304	532	3,071	2,221
Fund Balances:				
Nonspendable for -				
Prepays	92	426	-	819
Restricted for -				
Streets	476,190	149,179	515,944	-
Cemetery	-	-	-	91,995
Committed for -				
Capital	-	-	-	-
Total Fund Balances	476,282	149,605	515,944	92,814
Total Liabilities and Fund Balances	\$ 476,586	\$ 150,137	\$ 519,015	\$ 95,035

<u>CARES Act</u>	<u>Capital Projects Fund</u>	<u>Total</u>
\$ 117,490	\$ 118,116	\$ 1,453,203
-	-	21,839
-	-	1,337
<u>\$ 117,490</u>	<u>\$ 118,116</u>	<u>\$ 1,476,379</u>
\$ -	\$ -	\$ 5,156
-	-	972
117,490	-	117,490
<u>117,490</u>	<u>-</u>	<u>123,618</u>
-	-	1,337
-	-	1,141,313
-	-	91,995
-	118,116	118,116
-	118,116	1,352,761
<u>\$ 117,490</u>	<u>\$ 118,116</u>	<u>\$ 1,476,379</u>

VILLAGE OF LEXINGTON, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds			
	Major Street	Local Street	County Road	Cemetery Fund
Revenues:				
Taxes	\$ -	\$ -	\$ 99,561	\$ 28,809
Intergovernmental	87,081	41,656	-	-
Charges for services	-	-	-	19,250
Interest	3,339	726	3,681	1,933
Other	-	-	-	7,427
Total Revenues	<u>90,420</u>	<u>42,382</u>	<u>103,242</u>	<u>57,419</u>
Expenditures:				
Public works	<u>39,411</u>	<u>181,439</u>	<u>40,885</u>	<u>58,501</u>
Revenues over (under) expenditures	<u>51,009</u>	<u>(139,057)</u>	<u>62,357</u>	<u>(1,082)</u>
Other Financing Sources (Uses):				
Transfers in	38,011	107,359	10,242	11,981
Transfers out	(21,770)	-	-	-
Total Other Financing Sources (Uses)	<u>16,241</u>	<u>107,359</u>	<u>10,242</u>	<u>11,981</u>
Net Change in Fund Balances	67,250	(31,698)	72,599	10,899
Fund Balances at beginning of year	<u>409,032</u>	<u>181,303</u>	<u>443,345</u>	<u>81,915</u>
Fund Balances at end of year	<u>\$ 476,282</u>	<u>\$ 149,605</u>	<u>\$ 515,944</u>	<u>\$ 92,814</u>

<u>CARES</u> <u>Act</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 128,370
-	-	128,737
-	-	19,250
-	615	10,294
-	-	7,427
-	615	294,078
-	-	320,236
-	615	(26,158)
-	60,000	227,593
-	-	(21,770)
-	60,000	205,823
-	60,615	179,665
-	57,501	1,173,096
<u>\$ -</u>	<u>\$ 118,116</u>	<u>\$ 1,352,761</u>

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MAJOR STREET FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 69,400	\$ 69,400	\$ 87,081	\$ 17,681
Interest	-	2,100	3,339	1,239
Total Revenues	<u>69,400</u>	<u>71,500</u>	<u>90,420</u>	<u>18,920</u>
Expenditures:				
Public Works -				
Salaries	10,700	10,855	11,068	(213)
Fringe benefits	7,801	7,956	6,974	982
Administrative fees	2,955	2,955	2,512	443
Supplies	4,500	4,823	5,183	(360)
Equipment rental	15,600	11,058	10,857	201
Purchased services	4,700	3,101	2,817	284
Total Expenditures	<u>46,256</u>	<u>40,748</u>	<u>39,411</u>	<u>1,337</u>
Revenues over expenditures	<u>23,144</u>	<u>30,752</u>	<u>51,009</u>	<u>20,257</u>
Other Financing Sources (Uses):				
Transfers in	32,194	32,194	38,011	5,817
Transfers out	(22,000)	(22,000)	(21,770)	230
Total Other Financing Sources	<u>10,194</u>	<u>10,194</u>	<u>16,241</u>	<u>6,047</u>
Net Change in Fund Balance	33,338	40,946	67,250	26,304
Fund Balance at beginning of year	<u>409,032</u>	<u>409,032</u>	<u>409,032</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 442,370</u>	<u>\$ 449,978</u>	<u>\$ 476,282</u>	<u>\$ 26,304</u>

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LOCAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 32,000	\$ 32,000	\$ 41,656	\$ 9,656
Interest	-	432	726	294
Total Revenues	32,000	32,432	42,382	9,950
Expenditures:				
Public Works -				
Salaries	35,150	48,823	47,675	1,148
Fringe benefits	19,865	28,095	25,766	2,329
Administrative fees	9,131	9,131	4,163	4,968
Supplies	3,600	13,150	13,081	69
Equipment rental	28,000	33,700	32,920	780
Purchase of services	34,000	55,000	54,747	253
Dues/Memberships	630	-	-	-
Other	3,000	3,000	3,087	(87)
Total Expenditures	133,376	190,899	181,439	9,460
Revenues under expenditures	(101,376)	(158,467)	(139,057)	19,410
Other Financing Sources:				
Transfers in	99,724	99,724	107,359	7,635
Net Change in Fund Balance	(1,652)	(58,743)	(31,698)	27,045
Fund Balance at beginning of year	181,303	181,303	181,303	-
Fund Balance at end of year	\$ 179,651	\$ 122,560	\$ 149,605	\$ 27,045

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COUNTY ROAD FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
County road millage	\$ 91,000	\$ 99,561	\$ 99,561	\$ -
Interest	-	2,240	3,681	1,441
Total Revenues	<u>91,000</u>	<u>101,801</u>	<u>103,242</u>	<u>1,441</u>
Expenditures:				
Public Works -				
Administrative fees	3,847	3,847	3,600	247
Traffic and street lights	35,000	38,000	37,285	715
Total Expenditures	<u>38,847</u>	<u>41,847</u>	<u>40,885</u>	<u>962</u>
Revenues over expenditures	52,153	59,954	62,357	2,403
Other Financing Sources:				
Transfers in	9,615	9,615	10,242	627
Net Change in Fund Balance	61,768	69,569	72,599	3,030
Fund Balance at beginning of year	<u>443,345</u>	<u>443,345</u>	<u>443,345</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 505,113</u></u>	<u><u>\$ 512,914</u></u>	<u><u>\$ 515,944</u></u>	<u><u>\$ 3,030</u></u>

VILLAGE OF LEXINGTON, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CEMETERY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 27,500	\$ 28,805	\$ 28,809	\$ 4
Charges for services	17,000	15,925	19,250	3,325
Interest	230	1,628	1,933	305
Other	800	3,127	7,427	4,300
Total Revenues	45,530	49,485	57,419	7,934
Expenditures:				
Public Works -				
Salaries	12,200	16,500	14,602	1,898
Fringe benefits	5,408	7,024	6,198	826
Administrative fees	3,263	3,263	4,209	(946)
Insurance	400	451	451	-
Supplies	3,400	5,400	7,248	(1,848)
Equipment rental	9,500	10,119	10,678	(559)
Purchase of services	14,500	14,040	14,040	-
Other	2,300	1,425	1,075	350
Total Expenditures	50,971	58,222	58,501	(279)
Revenues under expenditures	(5,441)	(8,737)	(1,082)	7,655
Other Financing Sources:				
Transfers in	10,452	10,452	11,981	1,529
Net Change in Fund Balance	5,011	1,715	10,899	9,184
Fund Balance at beginning of year	81,915	81,915	81,915	-
Fund Balance at end of year	\$ 86,926	\$ 83,630	\$ 92,814	\$ 9,184

COMPONENT UNIT

VILLAGE OF LEXINGTON, MICHIGAN

BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2023

Assets:

Cash and cash equivalents	\$	312,934
Prepaid expenditures		<u>426</u>
Total Assets	\$	<u><u>313,360</u></u>

Liabilities:

Accounts payable	\$	8,925
Accrued liabilities		<u>445</u>
Total Liabilities		<u>9,370</u>

Fund Balance:

Nonspendable for -		
Prepays		426
Unrestricted		<u>303,564</u>
Total Fund Balance		<u>303,990</u>
Total Liabilities and Fund Balance	\$	<u><u>313,360</u></u>

VILLAGE OF LEXINGTON, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

**DISCRETELY PRESENTED COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2023**

Fund Balance	\$	303,990
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 in the fund.		
Capital assets		429,331
Accumulated depreciation	(<u>200,245)</u>
Net position of governmental activities	\$	<u><u>533,076</u></u>

VILLAGE OF LEXINGTON, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 161,600	\$ 179,143	\$ 179,143	\$ -
Interest	-	1,700	2,560	860
Other	-	600	480	(120)
	161,600	181,443	182,183	740
Expenditures:				
Public works	158,900	144,435	139,075	5,360
Net Change in Fund Balance	2,700	37,008	43,108	6,100
Fund Balance at beginning of year	260,882	260,882	260,882	-
Fund Balance at end of year	\$ 263,582	\$ 297,890	\$ 303,990	\$ 6,100

VILLAGE OF LEXINGTON, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2023**

Net change in fund balance	\$ 43,108
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation	<u>(25,890)</u>
Change in net position of governmental activities	<u>\$ 17,218</u>