

CITY OF LEXINGTON



Annual Budget for Fiscal Year 2022-23



CITY OF LEXINGTON NORTH CAROLINA

2022-23 BUDGET

For the Fiscal Year Ending June 30, 2023



MAYOR AND CITY COUNCIL

Newell Clark, Mayor

Donald R. Holt, Sr. – Ward 1
Tobin H. Shepherd – Ward 2
D. Linwood Bunce, II – Ward 3

L. Wayne Alley, Mayor Pro Tem – Ward 4
Garrett Holloway – Ward 5
Whitney Brooks – Ward 6

Frank D. Callicutt – At Large
Joe Watkins – At Large

CITY OFFICIALS

Terra A. Greene – City Manager
Sammy Vanderzee – Assistant City Manager
John M. Overton – Finance Director

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VISION

Lexington – a reinvented, inclusive, thriving City built on its strong heritage of hard work and forward thinking.

MISSION

The City of Lexington ensures all citizens a safe, clean community with quality of life opportunities while providing effective services and cultivating sustained economic growth.



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OFFICE OF THE CITY MANAGER
VISION FIRST

May 23, 2022

Mayor and City Council
City of Lexington, NC

Dear Mayor Clark and City Council Members,

In accordance with North Carolina General Statutes, I hereby present you with the fiscal year 2022-23 proposed budget for the City of Lexington. Under your leadership, City staff is committed to addressing diverse community needs and making the best value choices possible given the uncertainty of funding resources in light of supply chain challenges, inflationary uncertainty and the prolonged adverse effects of COVID-19 (C-19). The City of Lexington has received approximately \$25 million in a federal BUILD grant for passenger rail, voluntarily satellite-annexed 763 acres and is experiencing momentous development activity, not seen in decades which is placing positive pressure on a lean government operation. To navigate this successfully with smart growth principles at the forefront, measured investments in infrastructure, facilities and personnel resources to manage the extraordinary grant opportunity and accommodate the economic growth spurt is essential. This budget continues to navigate uncharted territory of supply chain unknowns, inflationary pressures and a C-19 global pandemic propelling adaptation to e-commerce and remote online capabilities, while attempting to conscientiously continue governmental and utility service levels in a cost-competitive fashion.

No change is recommended in the property tax rate of \$.65 per \$100 of assessed valuation in the proposed budget. Each penny on the tax rate generates approximately \$175,000 to support government services. In order to address the needs in present day and the extraordinary growth activity placing pressures on lean operations, the City is responsible to build capacity to sustain services by investing in staffing levels, infrastructure, technology and facilities.

The results of a natural gas base rate study are slated to be implemented July 1st across all customer classes, as well as an electric rate reduction for residential customers. Additionally, a 12% increase is recommended for water and wastewater rates in order provide additional funding necessary for significant infrastructure renewals and to begin preparing for funding requirements necessary for a \$28 million solids handling facility, long-term wastewater capacity and rehab towards what otherwise would be a \$100+ million investment in a modern-day water plant on the horizon. It should be positively noted that residential customers with Lexington Utilities electric service continue to benefit from a cumulative 20% electric rate reduction from actions taken over the last seven years, including the most recent 5% residential reduction proposed July 2022.

Management retains a genuine focus on creative ways to boost city government organizational culture as a “*Workplace of Choice*”; in a deliberate effort to combat below-market pay challenges and the most severe labor shortage evidenced in eighty years. Appealing to diversity, multiple generations and embracing cultural differences in the modern-day workplace is crucial.

Specific highlights of the proposed budget are discussed in detail on the following pages.

THE LOCAL ECONOMY AND BUDGET OUTLOOK

Major economic development announcements have occurred in the last year that possess the propensity to transform job opportunities and tax base in the Lexington industrial corridor along Interstate 85 for decades to come. Samet Corporation voluntarily petitioned for satellite-annexation of 763 acres just southwest of the city limits. Samet Corporation has a proven business model that is sure to produce four to five million square feet of industrial development in the ballpark of \$250-500 million in this new NC 85 Center, resulting in significant tax base that will build out over the next two decades. Nucor Corporation, a fortune 150 company and the largest steel producer in the United States, announced the location of a new micro mill just east of Lexington on US Highway 64. This \$350 million plant will create 200 jobs at an average wage of virtually \$100,000, which will be fueled by Lexington natural gas service extension. A 200-acre Lexington Industrial Park located off Brown Street is actively receiving prospect interest. Electricities of NC, Inc. and Front Street Capital partnered with the City of Lexington to market and certify this public-private partnership venture as a ‘ready to build’ industrial site which has the potential to grow from \$2 million to well over \$50 million tax base. Finally, the City of Lexington sold the last lots associated with Lexington Business Center, a public-private partnership with Davidson County and Energy United dating back to the mid 1990’s that resulted in the first industrial park home to well over \$40 million corporate tax base.

Although equal economic replacement value remains in the distance from the previous decades when Lexington suffered dramatic property tax and utility revenue losses from the closing of furniture and other manufacturing plants, the proposed budget continues to reflect extraordinarily positive signs for the local economy. As a result of economic growth, the property tax base is expected to increase by \$19.1 million or 1%. The delayed results of Census 2020 at a certified population of 19,632 boosted City revenues by approximately \$509,000 in fiscal year 2022-23; most definitely positive momentum, but not the full \$1.1m revenue restoration hoped for that the City of Lexington has lost for over a decade from a severe undercount in Census 2010.

With fiscal year 2022-23, the City expects local option sales tax to increase by \$1.08 million. Approximately \$470k of this increase is due to population gains with the 2020 Census. The City of Lexington receives several other State-collected local revenues that are partially based on State per capita distribution models that are expected to see growth: those revenues being beer and wine tax and the Powell Bill gasoline tax which supports 27% of the street maintenance budget. Additionally, utility sales tax revenues are expected to show a modest increase over the current year. Interest rates for debt financings are increasing, which will result in higher borrowing costs in the future. Rates of return on working capital have stabilized, but typically lag behind increasing borrowing rates. Investment earnings in the General Fund are earning a virtual zero rate of return with only \$6,000 projected revenue in 2022-23, perpetually down from \$259,000 from the most recent pre-pandemic fiscal year.

CITY MANAGER’S STRATEGY IN PREPARING THE PROPOSED BUDGET

Amidst positive economic development growth trends that are competing against an extended global pandemic public health emergency with adverse side effects such as unprecedented supply chain and inflationary challenges, the key word ‘invest’ remains a point of measured focus to cautiously move forward with community initiatives already in progress, critical infrastructure renewals and deliberate deposits to retain the workforce. In preparing the proposed budget, strategic investments, along with a narrowed work-plan, are incorporated to address the seven keys for Lexington to aspire to become a ‘*City of Choice.*’ Derived from the City Council’s annual

planning summits in early calendar year 2019 and continued as a prioritized blended vision in 2020 and 2021, the ‘7 Keys’ are identified as follows:

- City of *Unity*...safe, inclusive, welcoming, warm, inviting
- City of *Activity*...engaging, fun, lively, healthy, active, savory food
- City of *Urban Design*...aesthetics, historic, evolving, green space, sense of place
- City of *Innovation*...technology, education, smart, bright ideas, sustainable
- City of *Imagination*...art, textured, inspiring
- City of *Connectivity*...mobile, accessible, accommodating, central, network
- City of *Opportunity*...commerce, equity, prosperous, competitive edge utilities.

The aforementioned keys, along with City Council guiding principles and City staff professional input, continue to provide the guiding light for setting budget priorities.

Specifically, key initiatives included in the work-plan revolve around increased street resurfacing appropriations to \$1 million, DEI (Diversity, Equity and Inclusion) dedicated resources, adapting government services to compete in the modern-day workplace, guiding ‘smart growth’ principles and strategic economic development, a continuance of measured quality of life initiatives such as a community recreation center and a recreational parks master plan, re-imagining a ‘City Centre’ as a new age commerce and customer gateway by way of business optimization strategies and repurposing of the vacant Windstream building, and prudent financial investments in technology, transportation and utility infrastructure. These investments are delicately balanced to limit budget and economic impacts on residents, businesses and customers amidst an uncertain economy and a re-emerging of a new way of life post C-19.

Regarding utility services, emphasis continues to address unfunded federal and state mandates, critical infrastructure renewals and long-term capacity needs. City-owned utility business enterprises maintain an established principal to operate each utility as a separate self-supporting business with a goal to add customers to spread costs over a larger customer base, which alleviates the rate burden for all utility customers in the long run. With recent momentous economic development announcements, new housing boom and planning for future growth areas, significant investments in adequate capacity, line extensions and utility system reliability remain of extreme importance to ensure cost-competitive service delivery and sustainability in the future. City staff is committed to seek grant opportunities to support utility extensions and infrastructure renewals.

According to Goldman Sachs in recent news, the nation is amid the largest worker shortage in eighty years. Thus, the City workforce is of utmost importance with strategic value choices made to support public servants in the delivery of services; especially as the organization continues to adapt business processes to a ‘new norm’ of customer habits and e-commerce, combat employee wages below market, highly competitive hiring and retention challenges, while attempting to boost flexibility to appeal to diversity, multiple generations and cultural differences in the workplace.

As City Manager, I remain committed to continually seek to genuinely understand evolving community needs with crucial conversation occurring nationally and locally, propose value choices that bridge services to meet the future needs of the community, and pursue bold leadership actions during an unprecedented time in our nation’s history, while simultaneously navigating Lexington’s brand as a ‘*City of Choice*’ and enhancing the governmental organization as a ‘*Workplace of Choice*.’

BUDGET INITIATIVES AND SERVICE ENHANCEMENTS

The primary focus for the coming year is to sustain City of Lexington services among the formidable challenges of highly competitive labor market and lean staffing levels, aging infrastructure, inflationary pressures, and unpredictable supply chains and delivery timeframes for inventory and equipment; all of which necessitate measured risk and result in financial uncertainty with budget management and cashflow.

Lexington City Council remains committed to advancing racial equity through diversity, equity and inclusion initiatives with a DEI Officer full-time employee dedicated to community engagement and leveraging a Captain in Lexington Police Department to engage the community in professional policing outreach. Additionally, a commitment continues to empower the volunteer appointed Human Relations Commission with the DEI Officer as staff liaison.

One order of business is to build capacity to meet the responsibilities of the \$25 million BUILD federal grant award for a multimodal transportation center and to better meet the fast-paced expectations of industrial expansion, an unprecedented housing boom, developers, contractors and residents in a growing economy. In order to accomplish that, the City is attempting to add to existing staff levels, review public safety response and future positioning along growth corridors, implementing technological advances and business optimization strategies, while advancing economic development and new housing sites with sustainable infrastructure from multiple utilities that serve the greater region.

The ‘real-time’ expectations for economic development purposes, modern-day delivery of services, and to evolve city service delivery and 24-7 utility access is an ongoing challenge of constantly upgrading and layering in new hardware and software platforms. Electronic utility contracts are in the work cue and the City has already provided a connective conduit with the current implementation of CityView technology, which offers online and texting capability for building permits and construction inspections, as well as staff electronic plan review. Lexington has been experiencing significant new development and the construction community has an expectation of ‘real-time’ information for contractor coordination on site. Debt funding in the amount of \$14 million was issued this month to renovate ‘City Centre’ as a new age commerce and customer gateway by housing existing and an expanding workforce in a one-stop shop center, ultimately unifying government and utility service provisions in one facility for workflow efficiencies and better service to all customers. The proposed budget also includes public safety and infrastructure assessments, as well as key investments to ensure the long-term service expectations of new corporate citizens are soundly in place along the Lexington industrial corridor.

Census 2020 results would have typically been certified in time for current fiscal year 2021-22. However, due to C-19 delaying the findings from the United States Census Bureau, the results were delivered in the fall of 2021 and the financial impact is now known for the upcoming proposed budget. Due to an extraordinarily difficult economic period in Lexington history at the time of the last census in 2010, registered population declined by 12% to 18,931 and continued to decline according to the State Demographer’s formula; despite local indicators refuting those figures that have unfortunately marked this community for a decade. Pro-forma estimates indicate that loss had reached approximately \$1.1 million annual revenue missing from federal and state sources to support City services. Despite the arduous challenges C-19 created, City staff mobilized and engaged the community to the extent possible in an intentional *#MyCityICount* outreach campaign to educate and advocate for a complete count in Census 2020. Accurate population counts are crucial for future economic development opportunities and to help hold down the cost

of traditional government services. Census 2020 certified results reported Lexington population rebounded to 19,632, or a 3.7% increase from Census 2010. Although local indicators still strongly suggest an underreported population, federal and state revenues demonstrate a positive trajectory with a projected increase of \$509,000 in the upcoming fiscal year 2022-23.

The nation's infrastructure is continuing to deteriorate in countless areas of roadways, bridges, stormwater, underground utilities, aging water and wastewater plants, etc. City staff is actively seeking multiple funding mechanisms such as the strategic use of American Rescue Plan Act of 2021 (ARPA) and other grant sources to address aging infrastructure at the local level. Having stabilized the street resurfacing budget at \$500,000 over the last couple of years, an increase of an additional \$500,000 to a total of \$1 million is proposed in the upcoming budget year. A clear identified need to increase funding for the network of 126 miles of City maintained streets was articulated in May 2021 by a consultant. The independent firm communicated the results of a pavement condition rating study to Lexington City Council, which demonstrated a \$16.5 million backlog resulting in a 'poor' rating of Lexington pavement conditions. As funding resources allow, the consultant recommended a goal to fund \$1.2 to \$2 million annually for street maintenance and resurfacing to improve overall roadway conditions.

As stewards of the Water and Wastewater utility, a 12% water and wastewater rate increase is proposed to support countless needs in this utility's aging infrastructure, maintenance, operations and future capacity. An independent rate study is underway and virtually complete, which will detail a greater need of utility ratepayer contributions for long-term sustainability. City staff has submitted multiple grant applications to mitigate future rate burden to customers and eagerly awaits the results (refer to Grant and Capital Projects section below). Water and environmentally safe wastewater are both essential to daily lives and critical service deliveries that guard public health and fuel commerce.

First introduced in 2014, a conceptual recreation master plan entitled the "Re-creation of Recreation" has reached its final stage with the strategic planning, architectural design and community input well underway for an indoor community recreation center. Exploration of ultimate site location and a cost-recovery model are integral to solidify in order to proceed to the funding stage in a future year. The tentative timetable articulated by the consulting architectural design firm indicates year 2025 for the grand opening of a new community recreation center. Additionally, in terms of quality-of-life initiatives, an amount of \$50,000 is included in the proposed budget for a comprehensive review of the City's recreational master park plan last updated in 2013, which is essential to be eligible for grant opportunities.

CAPITAL OUTLAY

Vehicle and equipment needs must be funded annually in order to sustain efficient and reliable City services. Due to extraordinary supply chain challenges and inflationary pressures thus far in 2022, the City is routinely adapting to order well in advance to assure uninterrupted service provision. This advance ordering is necessary but creates more difficult budget management and unpredictable cashflow, especially with high value equipment. The proposed 2022-23 budget includes a total of \$1,889,767 for vehicles and equipment and other capital items.

The City maintains a *Vehicle and Equipment Replacement Plan* as a basis for planning for future capital outlay requirements in a manner that maintains reliable vehicles and equipment and uses a combination of "pay as you go" and selective financing in order to plan and budget for funding needs that are fairly level from year to year. Net outlays in the General Fund under this plan for

2022-23 are expected to be \$1,225,828, including \$672,599 for debt service on vehicles and equipment.

A Capital Outlay Plan Summary is included in the budget document and provides information on the *Vehicle and Equipment Replacement Plan* and other planned capital outlay.

GRANT AND CAPITAL PROJECTS

The City adopts project ordinances for grant and capital projects that extend over more than one fiscal year. A Project Ordinance Summary is included in the budget document and provides information on the City's current authorized project ordinances. In addition to those projects already authorized, the City of Lexington is planning the following projects for introduction during the fiscal year 2022-23.

In September 2020, the City of Lexington was notified of receipt of an approximate \$25 million BUILD grant from the United States Department of Transportation (USDOT). This extraordinary federal grant opportunity will help build a multi-modal transportation center with passenger rail as the lynchpin in Lexington's Depot District revitalization area, the former site of a shuttered 18-acre Lexington Furniture plant. This collaborative project with USDOT, NCDOT and various railroad stakeholders is an astronomical undertaking, resulting in a comprehensive build-out that will transform Lexington over the next several years. Extraordinary layers of interagency agreements are forthcoming for City Council's approval along with a project ordinance.

The City of Lexington has been awarded \$6,033,899 in funding through Coronavirus State and Local Recovery Funds of the American Rescue Plan Act (ARPA). The first disbursement of \$3,016,949 was received on July 13, 2021, with the balance expected to be received 12 months later. When decisions are made on the strategic use of this funding, one or more project ordinances will be presented for adoption to establish budgetary authority for the expenditure of these funds. Currently, water resources utility infrastructure is best suited for these funds due to the magnitude of rehabilitation needs in that utility.

Additionally, the City of Lexington is seeking multiple grant funding opportunities for its Water and Wastewater utility and its Natural Gas utility to help offset significant utility infrastructure requirements, including the following:

- Wastewater Treatment Plant Solids Handling Improvements – This project is expected to cost approximately \$27,979,000 and will replace the existing solids handling equipment and provide redundancy/resiliency, so the Wastewater Treatment Plant (WWTP) can continue to provide reliable service that aligns with projected influent flows and solids production. The capital investment will involve construction of a new dewatering building, a new facility that will house thermal dryer equipment and sludge pumps, as well as biosolids silos. Thermal drying will replace composting to maintain Class A biosolids production at the Wastewater Treatment Plant. Funding applications have been submitted for preliminary engineering costs and for design and construction costs for this project. If successful in obtaining funding, one or more project ordinances will be presented for adoption to establish budgetary authority for the expenditure of these funds.
- Water Treatment Plant Phase I Rehabilitation Improvements – This project is expected to cost approximately \$21,288,500 and will rehabilitate and update the existing Water Treatment Plant (WTP) facilities including: improvements to Water Treatment Plant # 1,

improvements to Water Treatment Plant # 2, improvements to raw water, finished water, chemical storage and residuals, and SCADA advancement. A funding application has been submitted for this project. If successful in obtaining funding, a project ordinance will be presented for adoption to establish budgetary authority for the expenditure of these funds.

- Transco Interconnect and Distribution Pipeline Project - This project has been initiated to provide for a 3rd tap into the Williams Transcontinental Gas Pipeline to accommodate exponentially growing natural gas system flow needs to fulfill industrial expansion. A combination of grant funding and debt will be advantageous to address an approximately \$14 million project. An initial project ordinance has been established to provide \$2 million in budgetary authority for preliminary costs including right-of-way acquisition, engineering and design, etc. If successful in obtaining funding, one or more project ordinances or project ordinance amendments will be presented for adoption to establish budgetary authority for the expenditure of these funds.

ORGANIZATIONAL CHANGES AND EMPLOYEE BENEFITS

The City Manager for the City of Lexington serves at the pleasure of Lexington City Council as the Chief Executive Officer (CEO) for a \$100+ million traditional city government service organization, multiple utility provider throughout the region, and municipal golf course operation. As City Manager, the leadership philosophy created at inception January 1, 2019 and publicly shared is as follows:

- Stay true and *‘Invest’*
- Genuinely *care* and *respect* my work family
- Value the *skillful balance* of all community needs
- Embrace *divergent* approaches to solve *complex* issues
- *‘Move the Needle’*...innovative, inclusive, progressive

To provide consistent and cost-competitive services in such a complex, multi-faceted organization with countless professional disciplines under one umbrella, it requires an extraordinarily dedicated, diverse, talented, trained and certified team of professionals. Therefore, the City of Lexington workforce ‘dares to be different’ with innovative research and discoveries to be forged, keeping laser focus on the ultimate goal of making city government a *‘Workplace of Choice.’* To attract, recruit and retain a highly-qualified workforce amid modern-day challenges and an increasingly severe talent shortage, a high degree of flexibility, adaptability and sheer innovation is necessary to address salary compression, refine personnel policies, and revisit business operating protocols to address the varying value systems of diversity, multiple generations and cultural preferences in the workforce. Additionally, the C-19 pandemic has posed unique, albeit challenging, opportunities to revamp business operations and facilities to leverage technology and ultimately transform services of the future.

According to Goldman Sachs in recent news, the nation is amid the largest worker shortage in eighty years. Thus, the City workforce is of utmost importance with strategic investments made to support public servants in the delivery of services. In the proposed budget for fiscal year 2022-23, a cost-of-living adjustment (COLA) increase of \$.75 per hour, eligible to all full-time employees, is recommended to be effective July 2022 at an estimated cost of \$608,000. The proposed budget also funds the City’s “pay for performance” employee merit plan at a cost of approximately \$430,000. The “pay for performance” plan has sustained funding reductions intermittently since the Great Recession period, which has resulted in a large percentage of the

tenured workforce paid below market. With this extremely competitive labor market, it is critical to solidify salary movement opportunity for the workforce.

To combat hiring and retention issues which are increasingly problematic given market conditions and the lack of movement in incumbent salaries for over a decade, market wage reviews of all professional disciplines must be expedited from a five-year cycle to a three-year cycle. The prior five-year cyclical review of pay and benefits was designed to mitigate the labor financial pressures with a measured multi-year staggered approach due to revenue constraints. However, given increasingly intense labor challenges, market wage assessments must be implemented within 3 to 4 years going forward to maintain competitive hiring capabilities. Thus far, Lexington Police Department, Lexington Fire Department and Natural Gas personnel have been fully implemented and budgeted accordingly. Several other departmental reviews are underway, and the proposed budget has been hedged to accommodate salary movement within those professional disciplines. The goal is for all remaining departments to be reviewed later in fiscal year 2022-23. It remains worth noting that the City of Lexington competes for talent in countless professional areas against neighboring communities and the private sector.

With economic conditions and ongoing concerns nationwide regarding a livable wage, a key investment was made in the current year to raise the minimum annual compensation to \$31,200 annually and is being advertised accordingly with employment opportunities. In the proposed budget, Human Resources plans to contract with an independent consultant to conduct a comprehensive grade review to accommodate this change and review all grade classifications.

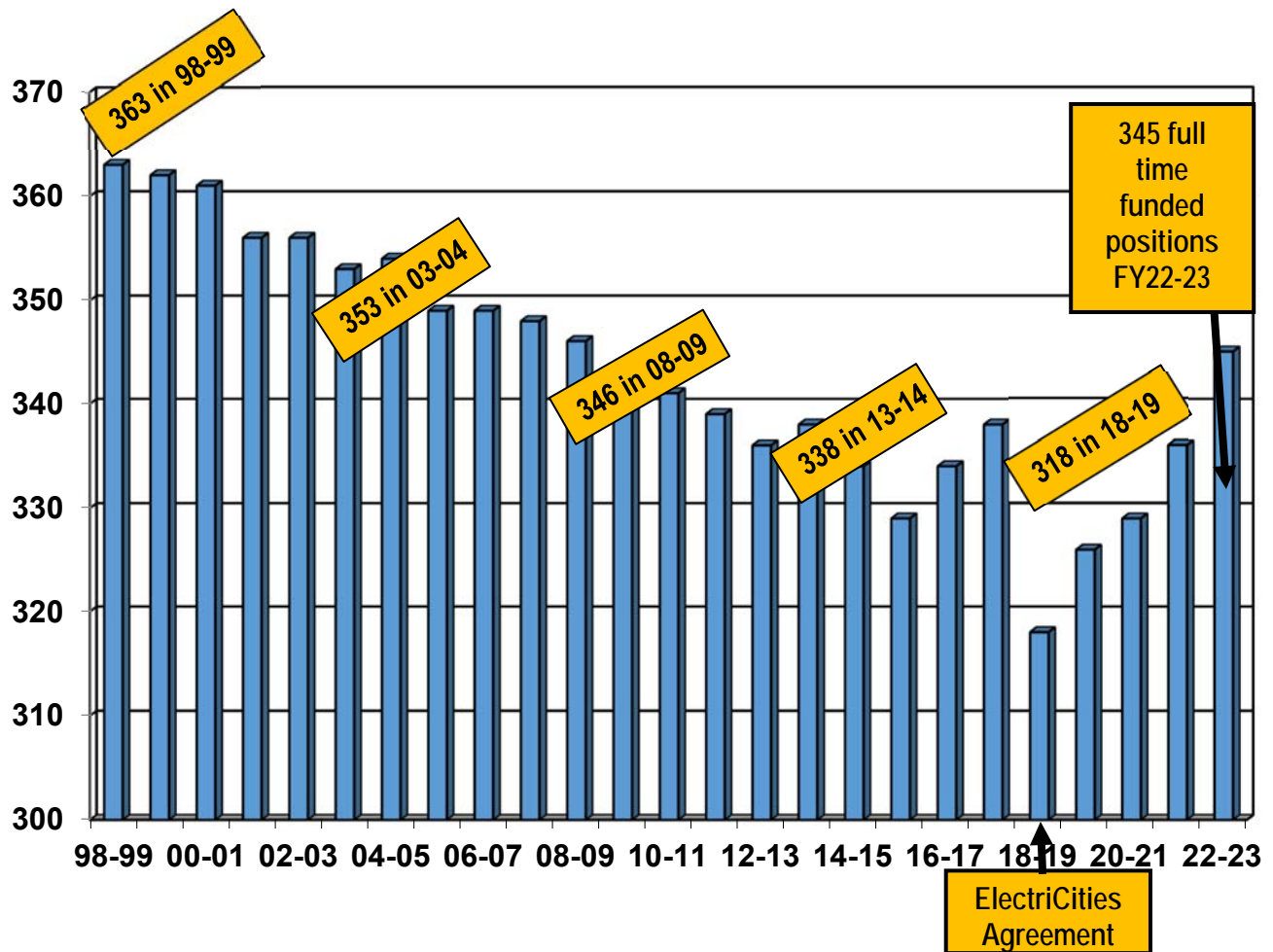
The cost of employee longevity pay remains funded at approximately \$356,000. Longevity pay is a percentage of gross salary that is paid to eligible tenured employees in December. The percentage ranges from 0-2.5% based on years of service. Employees become eligible for longevity after completing three years of continuous service with the City of Lexington.

Effective July 1, 2022, the Local Government Employees Retirement System Board of Trustees is including approximately .75% increase in the base employer contribution to 12.16% of payroll for general City employees and a 1% increase to 13.04% of payroll for law enforcement employees. This mandated contribution places an additional \$428,600 cost impact.

The proposed budget includes the addition of nine (net) full-time positions: total of 5 positions added to internal service administrative departments of Finance (Financial Services Manager), Human Resources (HR Specialist), Information Technologies (IT Specialist/Analyst) and Utility Services Administration (GIS and Utility Systems Analysts) to manage workload and technological advancements; 1 additional managerial position in Natural Gas (Operations Superintendent) due to utility service expansions and future load capacity needs; 3 positions in Water Resources (Asst. Utility Director and two Service Workers) to manage regional network of infrastructure, utility service expansions and response times for distribution and collection system; and 1 Stormwater Specialist (offset by the deletion of a Street Service Worker).

The full-time position count for the City of Lexington will increase from 336 to 345 in the coming year. (Note - 3 additional natural gas apprentices were approved mid-year in fiscal year 2021-22.)

As depicted by the graph below, the City has eliminated 18 full-time positions, a reduction of 5% over the last 25 years. The highest employee count registered a total of 425 positions in 1991. For a detailed position count by fund and department, please refer to pages 9-10 of this document.



TRANSFERS BETWEEN CITY FUNDS

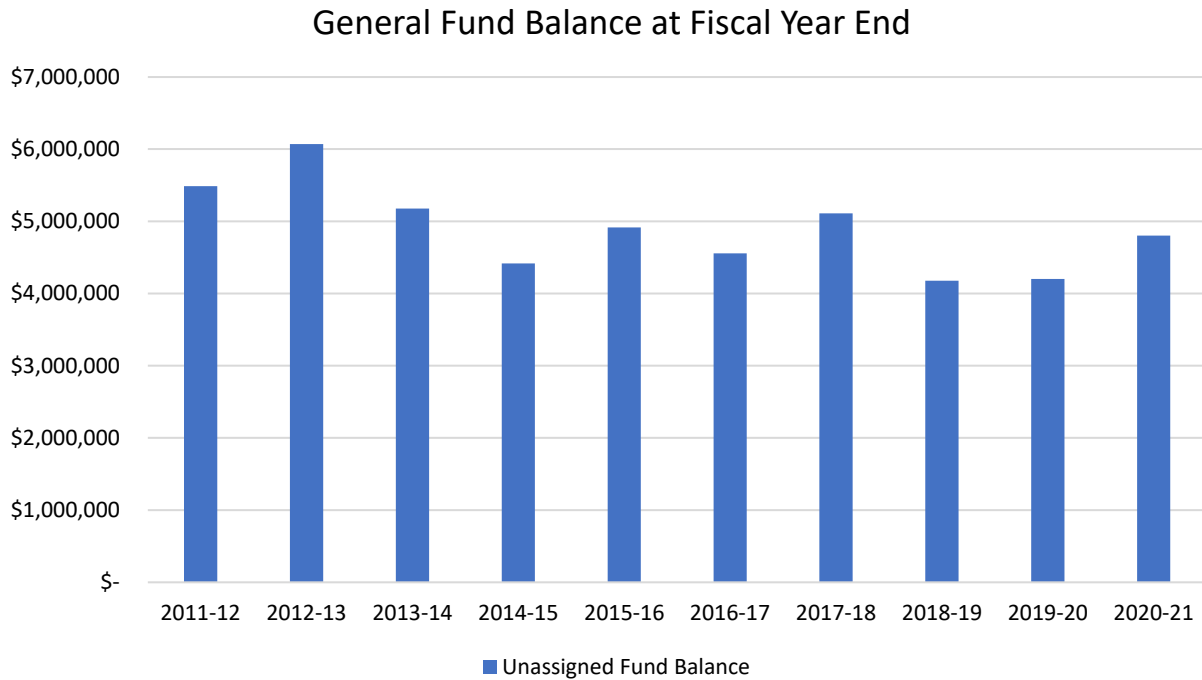
The Electric, Water and Wastewater, and Natural Gas Funds no longer make payments in lieu of taxes to the General Fund. The Electric Fund and the Natural Gas Fund transfer monies to the General Fund each year, which helps balance the General Fund budget. These transfers serve as dividends to municipalities that own and operate utilities locally. The dividend transfer in the current year for the Electric Fund is \$1.2 million, while the transfer for the Natural Gas Fund currently stands at \$1,121,571. The Electric Fund transfer remains the same in the proposed budget for 2022-23 at \$1.2 million; while the Natural Gas Fund transfer is budgeted at \$1,145,372, a \$23,801 increase. The budgeted transfer amounts for fiscal year 2022-23 have been reviewed in conjunction with the State of North Carolina’s established guidelines, which govern the recommended dividend amounts transferred from utility funds to the General Fund.

The General Fund transfers monies to the Golf Fund to help balance the Golf Fund budget. The proposed budget includes a subsidy transfer of \$450,000 to support golf course maintenance and operational needs.

FUND BALANCE

In the General Fund, the City relies on a strong fund balance to cover any unexpected events, emergencies, or economic development opportunities. Lexington Mayor and City Council have traditionally supported a fiduciary responsibility to maintain the City’s financial integrity. The

following chart demonstrates the City’s strong commitment to consistent levels of General Fund reserves and the rationale for strategic intermittent reliance and rebuilding of fund balance. Fund balance can be strategically used during disasters and difficult economic times to minimize impacts to citizens but must be preserved to maintain long-term financial integrity and debt credibility.

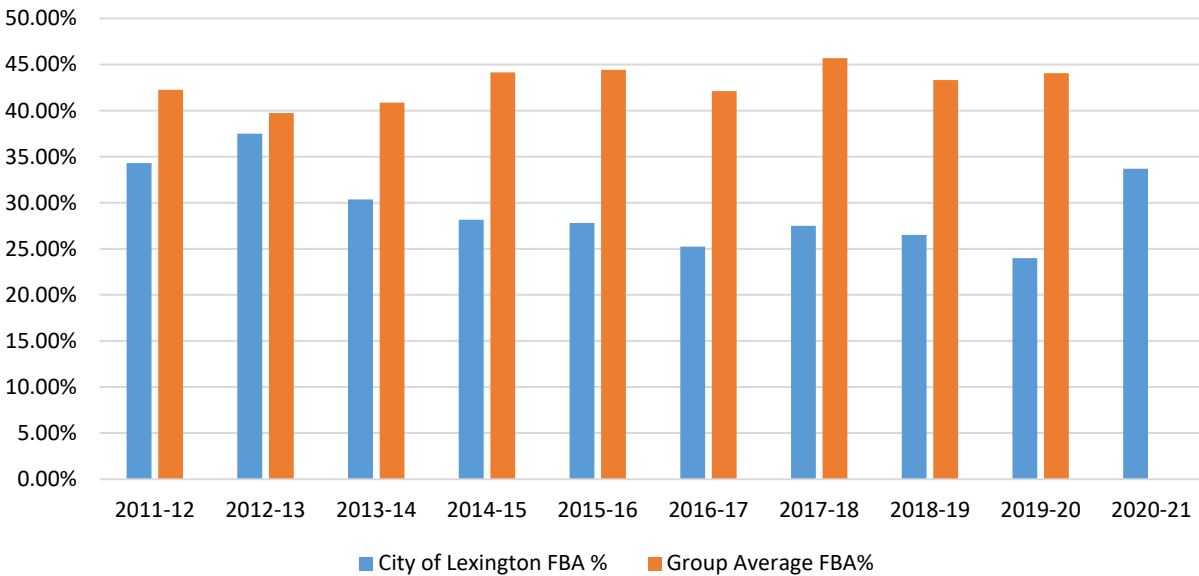


Note – Fund Balances for fiscal years 2014-15 through 2020-21 have been restated from amounts previously presented in annual financial reports based on action taken by City Council on February 28, 2022 adopting *Resolution No. 25-22 – Resolution Approving the Reclassification of Payment in Lieu of Taxes Transfers Made From the Water and Wastewater Fund to the General Fund, Treating the Transactions as Loans.*

FUND BALANCE AVAILABLE FOR APPROPRIATION

North Carolina General Statutes define how much fund balance is available for appropriation by formula. The following chart shows the City’s fund balance available for appropriation as a percentage of expenditures compared to the group average compiled by the Local Government Commission.

General Fund Balance Available at Fiscal Year End as a Percentage of Expenditures



Lexington FBA% at 06/30/2021 – 33.70%; Group Average FBA% at 06/30/2020 – 44.06%

Note – Fund Balances for fiscal years 2014-15 through 2020-21 have been restated from amounts previously presented in annual financial reports based on action taken by City Council on February 28, 2022 adopting *Resolution No. 25-22 – Resolution Approving the Reclassification of Payment in Lieu of Taxes Transfers Made From the Water and Wastewater Fund to the General Fund, Treating the Transactions as Loans*.

Fund balance available for appropriation is expected to be approximately \$7.36 million at 6/30/2022, decreasing from 33.7% of expenditures at 6/30/21 to 25.5% at 6/30/2022. The percentage of expenditures is being driven down due to large volumes of non-financed capital outlay in fiscal year 2021-22, attributable to advanced ordering due to supply chain challenges. Average fund balance available for appropriation was 44.06% for municipalities with electric systems and populations between 10,000 and 49,999 at 6/30/2020 (the most recent data published by the Local Government Commission).

The proposed 2022-23 budget is balanced with \$2,453,719 in fund balance, an increase of \$97,816 from the current year original budget. The fluctuating state of the national and local economy can dictate a reliance on fund balance during uncertain economic times. Although not typically recommended at this elevated amount, a measured risk is proposed in the coming budget year to appropriate this level of fund balance to sustain City of Lexington services and leverage City resources for critical key investments against unprecedented supply chain challenges. It is important to note that despite relying on \$2.45 million to balance this budget, ongoing budget monitoring will occur as the year unfolds with measured spending, where feasible and as necessary, to mitigate a detrimental drop in fund balance.

RATE AND FEE IMPACTS ON RESIDENTS

The City of Lexington property tax rate of \$.65 per \$100 of assessed valuation remains unchanged in the proposed annual budget for fiscal year 2022-23. To address the needs of present day and extraordinary economic development growth activity including major industrial expansions and a housing boom, the City is responsible to sustain services and begin to build capacity through added investment in staffing, infrastructure, technology and facilities. A measured approach in recommended changes to rates and fees are incorporated to assist in the fiduciary responsibility for service delivery.

Electric Rates:

Over a period of seven years, the City of Lexington has received wholesale power cost relief, primarily from debt restructuring and working capital refunds from the North Carolina Municipal Power Agency No. 1 (NCMPA1). As opposed to rate hikes being experienced by investor-owned utilities over the same period, Lexington Utilities electric customers have benefitted from rate reductions six out of the seven years. An additional 5% recommended rate reduction for residential customers only is included in the proposed budget for fiscal year 2022-23. Upon action in the upcoming budget year, it will bring the aggregate electric rate relief for residential customers to paying 20% less every month.

The 5% residential rate reduction in the proposed budget saves residential electric customers that average 1,000 kWh approximately \$5.46 per month, or \$65.52 per year. Cumulative 20% multi-year electric rate relief is resulting in a savings to the average residential electric customer of virtually \$30 per month, or \$360 annually.

Water and Wastewater Rates:

With the cost recovery ratio too low, a 12% increase is recommended for water and wastewater rates to provide additional funding necessary for maintenance and rehabilitation requirements in this utility's aging infrastructure, including assessing long-term sewer capacity that is essential for a strong regional economy. One goal to jointly leverage ARPA funds and expand on the partnership with Davidson County, under the existing regional cooperative agreement for allocated sewer capacity that benefits the county, has not come to fruition. Simultaneously, an independent rate study is underway and virtually complete, which will detail a greater need of utility ratepayer contributions for long-term sustainability. To help mitigate future rate burden to the customers, City staff has submitted multiple grant applications and eagerly awaits the results (refer to Grant and Capital Projects section above). Water and environmentally safe wastewater are both essential to daily lives and critical service deliveries that guard public health and fuel commerce.

The recommended 12% water and wastewater rate increase will affect each water and wastewater customer differently depending on their consumption levels and the uniqueness of each customer account. For an average residential water and wastewater customer, the bill will increase by approximately \$8.84 per month. It should be noted that the City of Lexington's utility rates remain cost-competitive; whereas, a customer's water bill is only 84% of the statewide average and the wastewater bill is 89% of the statewide average.

Natural Gas Rates:

Two components make up the rate charged to natural gas customers: (1) base rate and (2) commodity cost of gas. The base rate pays for general operating costs associated with providing natural gas service to customers; whereas, the commodity cost of natural gas is a direct pass through to customers which is driven by the nationwide market.

Federal safety mandates, pipeline capacity, major industry expansion and exponential growth in housing prompted an independent rate study in natural gas in the current year. Rate studies are conducted to equitably allocate costs across customer rate classes and typically done every 3 to 4 years. The last independent study was implemented in budget year 2018-19. The results of the natural gas cost of service rate study recommended an average base rate increase of 8.59% for residential customers in the proposed budget, with varying impacts to other customer classes. With natural gas commodity prices elevated and as a conscientious measure to mitigate rate impact post C-19, the proposed budget includes 50% implementation of the increase recommended by the rate consultant. An \$800,000 use of rate stabilization reserves will be injected to allow for a phased-in cost-recovery approach while sustaining the operations of the utility.

Residential customers with average usage could experience less than \$2 additional requirements per month, or less than \$20 annually. As mentioned previously, the cost of gas component is driven by market prices and is a direct pass through to natural gas utility customers.

Not all City residents receive all utility services. However, for recap purposes, the chart below aggregates the changes a *residential customer* could expect if they have *average utility consumption* and receive all services provided by the City of Lexington. (Note - The following chart is for demonstration purposes only and cannot reflect the nuances of a variety of customer classes and consumption patterns that exist throughout an expansive utility customer base.)

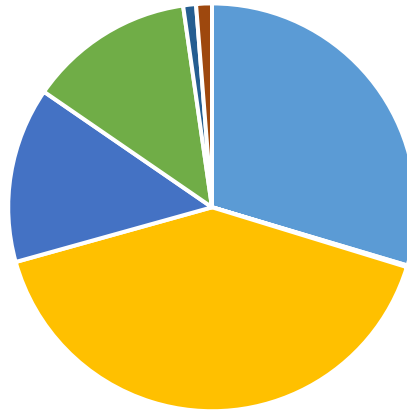
| | Monthly Impact | Annual Impact |
|-----------------------------|-------------------|------------------|
| Property Tax (no change) | \$ - | \$ - |
| Electric | (5.46) | (65.52) |
| Water | 3.77 | 45.24 |
| Wastewater | 5.07 | 60.84 |
| Net (excluding Natural Gas) | \$ 3.38 | \$ 40.56 |
| Natural Gas | 1.66 | 19.92 |
| Net (including Natural Gas) | <u>\$ 5.04</u> | <u>\$ 60.48</u> |

Additionally, in conjunction with this proposed annual budget for fiscal year 2022-23, a traditional comprehensive review of miscellaneous fees and cost-for-service has been compiled. For a detailed review of proposed changes, please refer to pages 181-210 of this document.

BUDGET SUMMARY AND COMPARISON

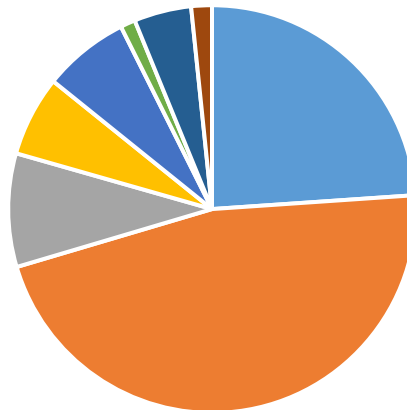
In summary, the proposed annual budget for fiscal year 2022-23 totals \$110,907,067 as follows.

2022-23 Annual Budget By Fund - \$110,907,067



- General Fund - \$32,845,269
- Special Tax District Fund - \$80,000
- Water and Wastewater Fund - \$15,416,155
- Stormwater Fund - \$1,129,649
- Controlled Substance Fund - \$68,531
- Electric Fund - \$45,392,786
- Natural Gas Fund - \$14,585,081
- Golf Fund - \$1,389,596

2022-23 General Fund Annual Budget - \$32,845,269



- General Government - \$7,853,596
- Highways and Streets - \$2,956,031
- Culture and Recreation - \$2,245,801
- Debt Service - \$1,493,290
- Public Safety - \$15,273,731
- Sanitation - \$2,094,975
- Economic and Physical Development - \$388,418
- Transfers to Other Funds - \$539,427

A comparison of the proposed fiscal year 2022-23 budget versus the current fiscal year 2021-22 budget is outlined in the table below.

CITY OF LEXINGTON BUDGET COMPARISON

| Fund | 21-22 Budget | 22-23 Budget |
|--------------------------|-----------------------|-----------------------|
| General Fund | \$ 31,726,390 | \$ 32,845,269 |
| Controlled Substance | 59,531 | 68,531 |
| Special Tax District | 90,000 | 80,000 |
| Electric Fund | 48,817,795 | 45,392,786 |
| Water & Wastewater Fund | 13,130,269 | 15,416,155 |
| Natural Gas Fund | 12,901,450 | 14,585,081 |
| Stormwater Fund | 993,769 | 1,129,649 |
| Golf Fund | 1,445,654 | 1,389,596 |
| Total City Budget | \$ 109,164,858 | \$ 110,907,067 |

In the General Fund, key investments in workforce recruitment and retention, as well as increasing the street resurfacing budget by an additional \$500,000 are key contributing factors to the variance. The proposed annual budgets for each of the utilities reflect rate relief in electric and rate increases in water/wastewater and natural gas, with the cost of each utility operations and investments in utility infrastructure correlating to available revenue streams.

SUMMARY AND CONCLUSION

The City of Lexington’s Annual Budget is the ultimate partnership between City Council, staff, citizens, customers and partners in the Lexington community. The annual budget is often referred to as City Council’s number one policy statement.

The City of Lexington is on the verge of being transformed as a community for future generations. The Mayor and City Council are called upon to demonstrate formidable leadership, long-term vision and the political will to make deliberate decisions in the midst of an unprecedented time in our nation’s political and societal history, the prolonged adverse effects of the COVID-19 global pandemic, economic development activity and a housing boom never experienced before placing positive pressure on a lean government operation, sustainable long-term investments needed in infrastructure and to build utility capacity for new and expanding industrial clients; all while simultaneously enhancing quality of life as a ‘*City of Choice*’ and continuing the positive trajectory of Lexington’s renewed identity and economy, both now and into the foreseeable future.

In conclusion, the budget is hereby formally presented to City Council at the May 23, 2022 City Council meeting. Lexington City Council is requested to set a public hearing date for June 13, 2022 at 6:00 p.m. at City Hall. After holding the public hearing and if there are no changes, I recommend the fiscal year 2022-23 City Annual Budget for adoption by Lexington City Council.

Respectfully submitted,

A handwritten signature in cursive script that reads "Terra Greene". The signature is written in black ink and is positioned above the printed name and title.

Terra A. Greene
City Manager

FACTS AND INFORMATION ABOUT THE CITY OF LEXINGTON, NORTH CAROLINA

History

The City of Lexington, North Carolina, was settled in the industrial region of North Carolina known as the "Piedmont Triad Area" in 1775. Lexington was incorporated in 1828 by the North Carolina General Assembly and became the county seat of Davidson County in 1847. Lexington has a long heritage in furniture making and "Lexington Style" barbecue.

Location

With a land area of 18 square miles, Lexington is centrally located in the heart of the Piedmont Triad Area; situated no more than 30 minutes from the cities of Winston-Salem, Greensboro, and High Point as well as the Piedmont Triad International Airport. Lexington is approximately 60 miles from Charlotte and approximately 90 miles from Research Triangle Park near Raleigh.

Geography and Climate

Lexington is just a few hours from the beautiful beaches of both North and South Carolina and less than 2 hours from a relaxing scenic mountain ride along the Blue Ridge Parkway. Closer to home, the Yadkin River borders Davidson County to the west with High Rock Lake serving as one of the primary reservoirs and one of the area's best recreational facilities. With January's average high temperature of 50 degrees, even the coldest month provides ample opportunity to get out and discover Lexington.

Population and Demographic Statistics

The Census 2020 population results record Lexington's population at 19,632. This revised population figure is a 701 or 4% increase from the Census 2010 results. The population distribution is 50.8% female and 49.2% male with a median age of 36 years old. The North Carolina median age is 38.7. The population distribution by race is as follows: African American – 30%, Asian – 2.7%, White – 44.2%, Hispanic – 17.2% and two or more races – 5.9%. The most recent population estimates made by the NC State Demographer puts Lexington's population at 19,632.

The median household income is \$30,366. The February 2022 unemployment rate for Davidson County was 3.4% which is less than the State of North Carolina rate of 3.7%.

Government

The City has a Council-Manager form of government and is governed by an eight-member City Council consisting of two members elected at large and six elected by ward. The Council operates under the guidance of a popularly elected Mayor. Council members are elected on a nonpartisan basis for staggered four-year terms; and the Mayor is elected on a nonpartisan basis for a two-year term. The Mayor may vote only in case of a tie among members of the City Council. The City Council is responsible for establishing policy, passing ordinances, adopting the budget, appointing committees and hiring the City's chief administrative officer, the City Manager, and the City's legal counsel. The City Manager is responsible for carrying out the policies and ordinances of the governing board, for overseeing the day-to-day operations of the City, and for the appointment of the Department Leaders who direct City staff to deliver the services and to meet the goals of the organization. The City provides a full range of services including police and fire protection, recycling and waste collection services, the construction and maintenance of streets and

infrastructure, recreational activities including a municipally owned golf course, cemetery services, and utility services.

Utilities

The City of Lexington has been providing reliable utility services since 1904 and currently owns and operates four utility services: a water treatment and distribution system, a wastewater treatment and collection system, an electric distribution system, and a natural gas distribution system. These enterprise funds serve portions of Davidson County in addition to servicing citizens within the City corporate limits.

Transportation

Interstate and Business 85 pass directly through Lexington along with US 52, US 64, US 29/70, and NC 8. Other NC highways serving the Lexington area include Highways 47, 49, 109, and 150. The proximity to I-85 and US 52 places the City an hour or less from major population centers such as Charlotte, High Point, Greensboro, and Winston-Salem; and the City is just over an hour from the Research Triangle Park. For rail, freight carriers such as Winston-Salem Southbound and Norfolk Southern serve the area; and passenger access via Amtrak is only 15 minutes away in Salisbury or High Point. The City is working with the Rail Division of the NC Department of Transportation to secure a passenger rail stop in Lexington.

For air travel, the Davidson County Airport is located just 3 miles southwest of Lexington and can accommodate executive travel needs. A full taxiway to a 5000' x 100' runway paves the way for an airport that continues to expand. For commercial flight options, Lexington is approximately an hour or less from Charlotte-Douglas International and Piedmont Triad International in Greensboro, and just over an hour from the Raleigh-Durham International airport.

Public Safety

The Lexington Police Department maintains order and offers public safety services within its respective jurisdiction. The Police Department strives to be a very progressive law enforcement agency by continued training in fields such as fingerprints, firearms, investigative techniques, crime prevention, patrol procedures and community-oriented policing.

The Lexington Fire Department provides fire and life safety protection to the community twenty-four hours a day operating 3 fire stations throughout the City. The department has evolved the traditional mission of fire suppression to include: rescue services, hazardous material abatement and medical response. Additionally, the department provides decentralized, comprehensive education and fire code compliance programs. The Fire Department has a Fire Protection Class rating of 2.

Education

The Lexington City Schools system is an independent administrative school district comprised of six schools serving grades K through 12. Private schools are also available within the City limits. For higher education, Lexington hosts Davidson County Community College, which offers over 50 instructional programs to help prepare students for enhanced employment. In addition, located within approximately 90 miles from Lexington are over two dozen colleges and universities including well-renowned higher education institutions such as University of North Carolina at Chapel Hill, NC State University, Wake Forest University, Duke University, High Point University, and University of North Carolina at Charlotte.

Culture and Recreation

The North Carolina Legislature has designated Lexington as "The Hickory Smoked Barbecue Capital of North Carolina." Each year in late October, over 100,000 visitors experience Lexington first hand during the annual Barbecue Festival. The Barbecue Festival is held in Uptown Lexington on an eight-block stretch of Main Street. Over four hundred exhibitors sell everything from handmade crafts to homemade fudge. Five stages of entertainment showcase local and national artists. The festival is designed for people of all ages to enjoy. Barbecue is served out of three main tents, two at the town square and another at the north end of the festival near Piglet Land. The Barbecue Festival will celebrate their 38th anniversary in October of 2022.

Internationally known artist Bob Timberlake, a Lexington native and resident, has a beautifully constructed gallery and welcome center just off Interstate 85 within the City limits. The gallery displays works of art as well as furniture and unique home décor items available for retail purchase. The gallery offers open houses throughout the year at which patrons can meet Bob Timberlake and have him personally sign their Timberlake collectables.

The excitement of NASCAR Sprint Cup racing can be found at the nearby Richard Childress Racing (RCR) Museum in Welcome, North Carolina. A patron can view many of RCR's greatest racecars along with famous machines from Indy car and the National Hot Rod Association. Richard Childress's personal collection of hot rods can also be spotted along with many trophies, awards, and unique memorabilia.

Richard Childress has anchored the west gateway entrance to the City with a 70-acre vineyard complex at the intersection of US Highways 64 and 52. This location also serves as the gateway to the Yadkin Valley, the only federally designated grape growing region in the State of NC. Childress Vineyards is a 35,000 square foot winery inspired by the Italian Renaissance architecture of rural Tuscany and produces 15 varieties of premium European wines. The winery includes a banquet hall that can accommodate 500, a bistro, as well as a wine tasting room and gift shop. The winery includes another 15 acres comprised of a hotel and retail shop space known as Vineyards Crossing.

Several natural attractions complement the Lexington area. Bordering the western part of Davidson County, the Yadkin River offers a place for many to fish and boat. The river fills High Rock Lake in the southern portion of the county, where skiing and sailing are popular alternatives. High Rock Lake has hosted The BASS Masters Classic fishing tournament. In the southernmost part of Davidson County, Uwharrie National Forest can be found for hiking and mountain biking enthusiasts. Finally, Boone's Cave Park in western Davidson County is the area believed to have been one of Daniel Boone's homes during his adventurous life.

The City of Lexington provides an extensive list of recreational alternatives. City facilities include 24 public park properties, including 15 tennis courts, 7 ball fields, 5 multipurpose fields, 16 basketball courts, 1 volleyball court, over 2 miles of surfaced trail, 1 aquatic facility, 1 splash pad, Skate/BMX Park, and the Breeden Insurance Amphitheater that will accommodate over 3,000 guests. In addition, the City of Lexington Parks and Recreation Department offers a year round program of recreational activities for youth and adults, including two city-wide festivals.

Completely renovated in 2004, the City's municipally owned 18-hole championship golf course rounds out the list of recreational activities. Lexington Golf Club was voted "Top 5 Public

Renovations of the Year for 2004" by Golf Inc. Magazine, a highly regarded trade journal in the golf industry.

Recreation in the area is further enhanced by the City's proximity to exciting professional and collegiate sporting events ranging from Carolina Panthers and Charlotte Hornets professional football and basketball to Atlantic Coast Conference basketball at top notch programs such as the University of North Carolina at Chapel Hill, Duke University, NC State University and Wake Forest University.

Healthcare

Medical services are readily available in the City of Lexington. Within Davidson County, there are more than 150 doctors in specialties ranging from internal medicine to neurology. Atrium Wake Forest Baptist Health Lexington Medical Center provides a full complement of modern health care services. Other nearby medical facilities include Novant Health Thomasville Medical Center, Veterans Administration Medical Center in Salisbury, Atrium Wake Forest Baptist Health High Point Medical Center, and Atrium Wake Forest Baptist Medical Center in Winston-Salem, a world-renowned teaching and research hospital offering general care as well as specialized treatment.

Schedule of Top Ten Taxpayers for Fiscal Year Ended June 30, 2021

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>Assessed Valuation</u> | <u>Rank</u> | <u>Tax Levy</u> | <u>Percent of Total Assessed Valuation</u> |
|-------------------------------|-------------------------|---------------------------|-------------|---------------------|--|
| Halyard North Carolina | Healthcare Products | \$ 106,353,233 | 1 | \$ 691,296 | 6.49% |
| Moran Foods Inc. | Food Distributor | 23,575,029 | 2 | 153,238 | 1.44% |
| Wal-Mart | Retail | 20,839,443 | 3 | 135,457 | 1.27% |
| Masterbrand Cabinets | Wood Kitchen Cabinets | 16,797,795 | 4 | 109,186 | 1.03% |
| Vitacost.com Inc. | Online Retail | 13,838,509 | 5 | 89,950 | 0.84% |
| Chesapeake Pharmaceutical Pkg | Printing | 13,751,990 | 6 | 89,388 | 0.84% |
| Jeld-Wen Inc. | Windows and Doors | 13,741,559 | 7 | 89,320 | 0.84% |
| First National Bank | Banking | 9,979,074 | 8 | 64,864 | 0.61% |
| Windstream | Communications | 9,946,427 | 9 | 64,651 | 0.61% |
| Arneg Holdings USA LLC | Refrigeration Equipment | 9,345,575 | 10 | 60,746 | 0.57% |
| Total | | <u>\$ 238,168,634</u> | | <u>\$ 1,548,096</u> | <u>14.54%</u> |

Schedule of Top Ten Electric Customers for Fiscal Year Ended June 30, 2021

| Customer | Type of Business | Consumption (kWh) | Amount Billed | Percent of Total Operating Revenue |
|-----------------------------|-----------------------------|----------------------|---------------------|--|
| City of Lexington | Government | 8,383,788 | \$ 1,282,263 | 2.74% |
| Lexington Memorial Hospital | Hospital | 8,423,694 | 801,027 | 1.71% |
| Davidson County Schools | Public School System | 5,470,086 | 760,987 | 1.63% |
| Lexington City Schools | Public School System | 4,728,135 | 524,733 | 1.12% |
| Food Lion | Grocery Store Chain | 5,799,176 | 512,050 | 1.09% |
| Davidson County | Government | 4,275,923 | 506,596 | 1.08% |
| Cardinal Container | Corrugated Fiber Boxes | 5,267,066 | 454,291 | 0.97% |
| United Furniture Industries | Upholstery Furniture | 2,193,881 | 223,594 | 0.48% |
| Wal-Mart | Retail | 3,949,015 | 223,051 | 0.48% |
| Paris Food Corp | Frozen Fruit and Vegetables | 2,479,858 | 218,054 | 0.47% |
| | | <u>50,970,622</u> | <u>\$ 5,506,646</u> | <u>11.77%</u> |

Schedule of Top Ten Water Customers for Fiscal Year Ended June 30, 2021

| Customer | Type of Business | Consumption (CCF) | Amount Billed | Percent of Total Operating Revenue |
|--------------------------------|------------------------|----------------------|-------------------|--|
| Electric Glass Fiber America | Glass Products | 157,287 | \$ 471,511 | 4.76% |
| Halyard North Carolina | Healthcare Products | 51,945 | 119,423 | 1.21% |
| City of Lexington | Government | 36,362 | 102,849 | 1.04% |
| Parkdale Mills, Inc. | Textiles | 26,257 | 61,775 | 0.62% |
| Cardinal Container | Corrugated Fiber Boxes | 8,228 | 44,436 | 0.45% |
| Davidson County | Government | 10,007 | 40,188 | 0.41% |
| Lexington City Schools | Public School System | 5,788 | 38,962 | 0.39% |
| Lexington Memorial Hospital | Hospital | 16,827 | 38,836 | 0.39% |
| NC Department of Public Safety | Prison | 15,552 | 35,024 | 0.35% |
| Lexington Home Brands | Upholstery Furniture | 802 | 22,989 | 0.23% |
| | | <u>329,055</u> | <u>\$ 975,993</u> | <u>9.85%</u> |

Schedule of Top Ten Wastewater Customers for Fiscal Year Ended June 30, 2021

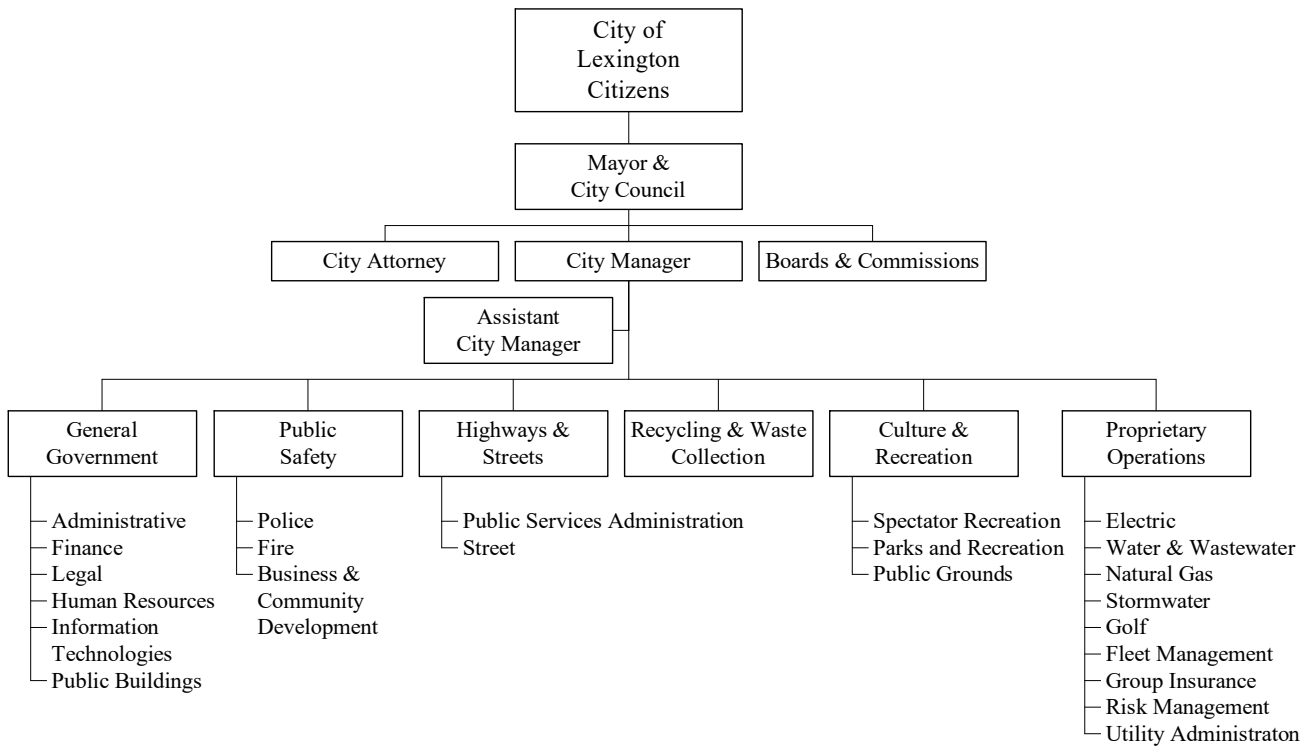
| Customer | Type of Business | Consumption (CCF) | Amount Billed | Percent of Total Operating Revenue |
|--------------------------------|------------------------|----------------------|-------------------|--|
| Davidson County Schools | Public School System | 13,675 | \$ 140,083 | 1.42% |
| Atrium Companies Inc. | Vinyl Windows & Doors | 11,548 | 92,208 | 0.93% |
| Cardinal Container | Corrugated Fiber Boxes | 8,500 | 74,781 | 0.76% |
| Halyard North Carolina | Healthcare Products | 15,851 | 72,987 | 0.74% |
| Lexington Memorial Hospital | Hospital | 16,827 | 66,462 | 0.67% |
| Davidson County | Government | 10,507 | 61,180 | 0.62% |
| NC Department of Public Safety | Prison | 15,552 | 60,632 | 0.61% |
| Richard Childress Racing, Inc | Motorsports | 4,374 | 44,404 | 0.45% |
| Brookstone Rest Home | Residential Care | 5,552 | 43,243 | 0.44% |
| Matcore Metal Fabrication | Machine Tools | 4,539 | 37,383 | 0.38% |
| | | <u>106,925</u> | <u>\$ 693,363</u> | <u>7.02%</u> |

Schedule of Top Ten Natural Gas Customers for Fiscal Year Ended June 30, 2021

| Customer | Type of Business | Consumption (DT) | Amount Billed | Percent of Total Operating Revenue |
|-------------------------------|----------------------------|---------------------|---------------------|--|
| Electric Glass Fiber America | Glass Products | 472,243 | \$ 462,770 | 4.17% |
| Wilderness. NC | Hardwood Products | 85,785 | 427,959 | 3.86% |
| Egger Wood Products | Particleboard Manufacturer | 318,540 | 310,191 | 2.80% |
| Halyard North Carolina | Healthcare Products | 226,133 | 302,866 | 2.73% |
| Kurz Transfer Products LP | Stamping Technology | 43,713 | 240,466 | 2.17% |
| Matcor Metal Fabrication | Machine Tools | 42,629 | 223,326 | 2.01% |
| Lexington Memorial Hospital | Hospital | 39,018 | 209,017 | 1.89% |
| Hanes Construction Company | Paving | 36,471 | 200,298 | 1.81% |
| Kepley Frank Hardwood Company | Hardwood Products | 31,094 | 161,025 | 1.45% |
| JT Russell and Sons, Inc. | Asphalt Plant | 27,784 | 151,253 | 1.36% |
| | | <u>1,323,410</u> | <u>\$ 2,689,171</u> | <u>24.25%</u> |



City of Lexington, North Carolina Organizational Chart

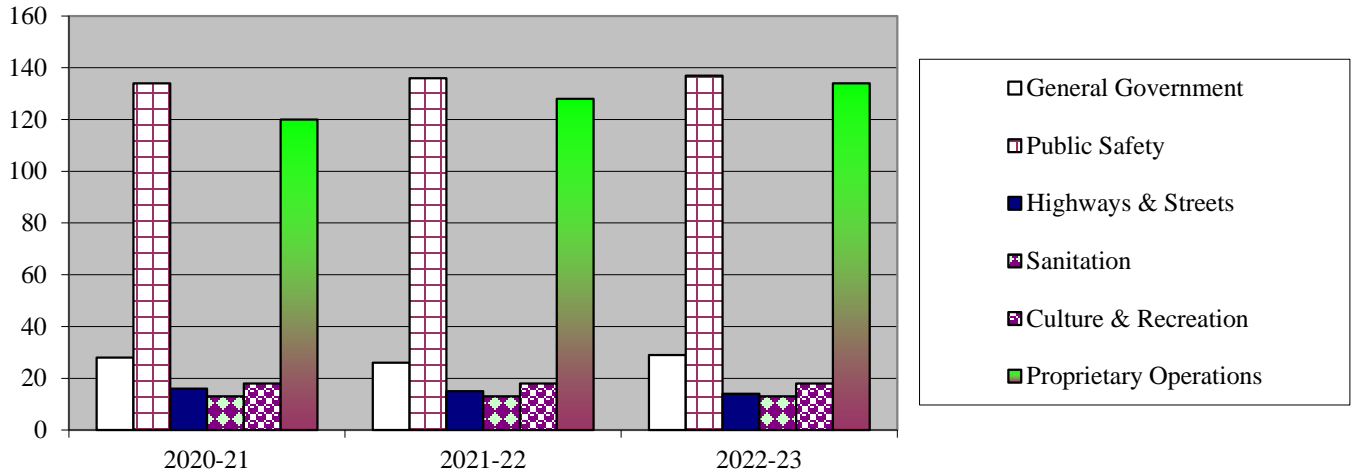


List of Principal Officials

May 9, 2022

| | |
|---|---------------------|
| City Manager | Terra A. Greene |
| Assistant City Manager | Sammy Vanderzee |
| City Clerk | Emily M. Jackson |
| City Attorney | Stephen C. Holton |
| Finance Director | John M. Overton |
| Human Resources Director | Kemberly V. Ewing |
| Information Technologies Director | Thomas E. Spencer |
| Police Chief | Robby D. Rummage |
| Fire Chief | Thomas P. Jarrett |
| Business and Community Development Director | Tammy V. Absher |
| Public Services Director | Jeffrey M. Horney |
| Parks and Recreation Director | Laura V. Duran |
| Electric Systems Manager | Bill Stockman |
| Water Resources Utility Director | Thomas D. Johnson |
| Natural Gas Utility Director | James A. Thomas |
| Golf Director/Pro | James J. Fashimpaur |
| Utility Services Director | Tracey L. White |

CITY OF LEXINGTON
PERSONNEL POSITIONS



| Function | 2020-21 Budgeted Full Time | 2021-22 Budgeted Full Time | 2022-23 Budgeted Full Time |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| General Government | | | |
| Administrative | 5 | 6 | 6 |
| Finance | 9 | 9 | 10 |
| Human Resources | 4 | 4 | 5 |
| Information Technologies | 5 | 5 | 6 |
| Public Buildings | 5 | 2 | 2 |
| Public Safety | | | |
| Police | 72 | 72 | 72 |
| Fire | 53 | 53 | 53 |
| Business & Community Development | 9 | 11 | 12 |
| Highways & Streets | | | |
| Public Services Administration | 5 | 5 | 5 |
| Street | 11 | 10 | 9 |
| Sanitation | | | |
| Recycling & Waste Collection | 13 | 13 | 13 |
| Culture & Recreation | | | |
| Parks & Recreation | 6 | 6 | 6 |
| Public Grounds | 12 | 12 | 12 |

| Function | 2020-21 Budgeted Full Time | 2021-22 Budgeted Full Time | 2022-23 Budgeted Full Time |
|-------------------------------|---|---|---|
| Proprietary Operations | | | |
| Water & Wastewater | 45 | 46 | 48 |
| Natural Gas | 20 | 23 | 24 |
| Stormwater | 3 | 4 | 5 |
| Golf | 8 | 8 | 8 |
| Fleet Management | 7 | 7 | 7 |
| Group Insurance | 1 | 1 | 1 |
| Risk Management | 2 | 2 | 2 |
| Utility Administration | 34 | 37 | 39 |
| Total | 329 | 336 | 345 |

BUDGET STRUCTURE AND PROCESS

GOAL SETTING AND BUDGET PROCESS

The City Council and management team meet in the early part of each calendar year at an annual summit held for the purpose of establishing goals and priorities for the City. During the summit, financial trend and planning information is presented to the City Council. This financial information incorporates revenue trends and describes each department's operational and capital needs citywide for the next five years, along with the related costs and financial impact of selecting various levels of municipal services for the citizens of Lexington. As part of the summit, City Council begins the process of adopting formal goals in strategic areas; these goals can be either multi-year goals or annual goals. These strategic goals guide the development of the budget for the upcoming year. These City Council goals are outlined in the City Manager's budget message.

The Finance Department staff prepares and distributes the budgetary request forms in accordance with the budget calendar. Upon return of the completed forms, the City Manager and budget team meet with each Department Leader to review service levels and the respective budget requests along with detailed justifications. The City Manager and budget team then evaluate each department's zero based requests for personnel, operational items, and capital outlay. The evaluation process is detailed and time consuming. For each department, every line item justification is reviewed in light of the departmental goals and needs and compared to current funding levels and the financial trend and planning information used in preparing for the annual City Council Summit. Any requests for additional personnel must be justified by the department and then reviewed by Human Resources for an independent recommendation on appropriate staffing levels. The City Manager and budget team modify departmental requests and ultimately reach a balanced budget.

The City Manager's recommended budget is prepared and presented to City Council at budget work sessions. City Council has the opportunity to make changes to the City Manager's recommended budget prior to the final budget being prepared, which ultimately becomes City Council's budget and policy statement for the upcoming fiscal year. Once the budget is in its final form, a public notice is published for a public hearing on the budget. During the public hearing, citizens are given the opportunity to speak to the City Council about the proposed budget. The City Council has the option of making recommended changes to the final budget pending any discussion at the public hearing. The City Council then adopts the budget through the passage of an ordinance at a public meeting prior to July 1st.

The City of Lexington's adopted budget document is accessible for downloading through the City's website at www.lexingtonnc.gov.

BUDGET SCHEDULE

| | |
|-------------------|--|
| December 13 | Budget calendar is presented to City Council |
| January 7 | Department Leaders receive budget preparation information |
| January 24 | Letters are issued to local partner agencies indicating due dates and needed information in order to request grant funding from the City |
| NA | City Council Summit cancelled due to delay in election |
| February 4 | Personnel requests are due from Department Leaders |
| February 11 | Revenue budgets and fee change requests are due from Department Leaders |
| February 18 | Partner agency grant requests are due to the City |
| February 18 | Expenditure budget requests, program objectives, performance measures, and organizational charts are due from Department Leaders |
| March 21-25 | Budget Creation meetings with Department Leaders and budget team |
| March 28 -April 8 | Budget team reviews and balances the proposed budget |
| April 11-26 | City Manager's recommended budget is prepared |
| April 27 | Budget work sessions with City Council and budget team |
| May 2 | Budget is balanced |
| May 6-9 | City Council's budget is prepared |
| May 23 | City Council's budget is presented at City Council meeting to call for public hearing on the budget |
| May 24 | Publish notice for public hearing |
| June 13 | Public hearing is held and adoption of budget at City Council meeting |

BASIS OF BUDGETING

The City's annual balanced budget is adopted as required by the North Carolina General Statutes. All budgets are prepared using the modified accrual basis of accounting, as is described in the financial reporting systems section of this document. The budget ordinance must be adopted by July 1st of the new fiscal year; otherwise, the governing board must adopt an interim budget that covers that period of time until the annual ordinance can be adopted.

BUDGETARY CONTROL

Budgetary control is an essential element of governmental accounting and reporting. The City Council is required by state law to adopt an annual balanced budget for all funds and to utilize "encumbrance accounting" as defined in the statutes. Budgetary control is maintained by management at the departmental level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Open encumbrances lapse at year-end and are reinstated against the subsequent year's budget. They are shown as a restriction of fund balance in the Comprehensive Annual Financial Report (Annual Report) for the governmental funds. Expenditures for annually budgeted funds may not legally exceed appropriations at the functional level and fund level. A function is a group of related activities aimed at a major service, such as public safety; a department is a component of a function, such as police. All annual appropriations lapse at fiscal year-end. The Budget Officer, defined by state statute as the City Manager, is authorized by the budget ordinance to transfer amounts between appropriations at these levels within a fund up to \$20,000. Any revisions that alter total appropriations of any fund or that change appropriations by more than \$20,000 at these levels must be approved by the City Council. In addition, it requires City Council action and approval of transfers or appropriations from City Council Neighborhood Revitalization Funds.

BUDGET STRUCTURE

The City's budget is divided into funds. Within each fund, there are separate functions and departments with various individual budgets. The Annual Budget is adopted at the functional and fund level. An annual budget is adopted for the General, Governmental Capital Reserve, Controlled Substance, Special Tax District, Electric, Electric Capital Reserve, Electric Rate Stabilization, Water and Wastewater, Water and Wastewater Capital Reserve, Natural Gas, Natural Gas Capital Reserve, Natural Gas Rate Stabilization, Stormwater, Golf, Fleet Management, Fleet Management Capital Reserve, Group Insurance, Risk Management and Utility Administration funds. Additional funds are presented in the City's Annual Report. These additional funds are comprised of multi-year capital and grant project funds for which annual budgets are not adopted; rather an ordinance is adopted for the life of the project. In addition, the Annual Report may present funds with balance sheet and income statement activity for which no budget is adopted and no expenditures are made.

DESCRIPTION OF ANNUALLY BUDGETED FUNDS

The City of Lexington's annual budget consists of two basic fund types: Governmental Funds and Proprietary Funds.

Governmental Funds are used to account for general government services such as Police, Fire, and Recycling and Waste Collection, which are generally supported by taxes, intergovernmental revenues, and limited user fees. The governmental funds include the General Fund and Special Revenue Funds. Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Funds are made up of two fund types: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Internal Service Funds are used to account for services provided by one city department to other city departments. A listing and description of the City's annually budgeted funds follows.

GOVERNMENTAL FUNDS:

General Fund - The General Fund is the principal operating fund of the City. The General Fund accounts for all financial resources except those that are accounted for in another fund. The primary revenue sources are ad valorem taxes, intergovernmental revenues, limited user fees, and transfers from Enterprise Funds. The primary expenditures are for general government services, public safety, highways and streets, sanitation, culture and recreation, economic and physical development, and debt service. The General Fund also maintains a separately budgeted Governmental Capital Reserve subfund which is used for the accumulation of resources for future capital needs for governmental functions.

SPECIAL REVENUE FUNDS:

Controlled Substance Fund – The Controlled Substance Fund is used to account for monies received from federal and state sources that are restricted for public safety use.

Special Tax District Fund – The Special Tax District Fund is used to account for the additional ad valorem property tax levied by the City within the Municipal Service District, collected and contributed to Uptown Lexington, Inc. for the revitalization of the uptown district.

PROPRIETARY FUNDS:

ENTERPRISE FUNDS:

Electric Fund – The Electric Fund is used to account for the operation of providing electric service to customers. This includes all operating, debt service, and capital improvements associated with providing the service. The Electric Fund maintains a separately budgeted Electric Capital Reserve subfund which is used to account for the accumulation of resources for future capital needs in the Electric Fund. The Electric Fund also maintains a separately budgeted Electric Rate Stabilization subfund which is used to account for the accumulation of resources to mitigate future retail rates for customers of the Electric utility.

Water and Wastewater Fund – The Water and Wastewater Fund is used to account for the operation of providing water and wastewater service to customers. This includes all operating, debt service, and capital improvements associated with providing the service.

The Water and Wastewater Fund maintains a separately budgeted Water and Wastewater Capital Reserve subfund which is used to account for the accumulation of resources for future capital needs in the Water and Wastewater Fund.

Natural Gas Fund – The Natural Gas Fund is used to account for the operation of providing natural gas service to customers. This includes all operating, debt service, and capital improvements associated with providing the service. The Natural Gas Fund maintains a separately budgeted Natural Gas Capital Reserve subfund which is used to account for the accumulation of resources for future capital needs in the Natural Gas Fund. The Natural Gas Fund also maintains a separately budgeted Natural Gas Rate Stabilization subfund which is used to account for the accumulation of resources to mitigate future retail rates for customers of the Natural Gas utility.

Stormwater Fund – The Stormwater Fund is used to account for the cost of maintaining a stormwater system and complying with stormwater regulations. This includes all operating, debt service, and capital improvements associated with maintaining the system.

Golf Fund – The Golf Fund is used to account for the operation of the City’s golf course. This includes all operating, debt service, and capital improvements associated with the course.

INTERNAL SERVICE FUNDS:

Fleet Management Fund – The Fleet Management Fund is used to account for the accumulation and allocation of costs associated with maintaining the City’s fleet of vehicles and equipment. The Fleet Management Fund maintains a separately budgeted Fleet Management Capital Reserve subfund which is used to account for the accumulation of resources for future capital needs in the Fleet Management Fund.

Group Insurance Fund - The Group Insurance Fund is used to account for the self-insurance costs associated with providing health and dental benefits to employees of the City and their dependents, as well as retirees who are eligible for continued coverage.

Risk Management Fund - The Risk Management Fund is used to account for the City’s self-retention costs and for the premiums on the City’s reinsurance program pertaining to workers compensation, property, and liability exposures.

Utility Administration Fund - The Utility Administration Fund is used to account for administrative overhead costs, which are shared by all of the utility enterprise funds and the General Fund such as administrative supervision of the utilities, billing and collections, customer service, meter reading, warehouse, and marketing the utilities.

FINANCIAL REPORTING SYSTEMS

FUND ACCOUNTING

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The measurement focus and basis of accounting determines when the revenues and expenditures or expenses and the related assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized and reported in the financial statements.

Governmental Funds are reported in the Annual Report using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to pay the liabilities of the current period. In general, the City considers revenues available if they are collected within 90 days after year-end. Expenditures are recorded when the related fund liability is incurred; except for principal and interest on general long-term debt, claims and judgments, compensated absences, and other postemployment benefits, which are recognized as expenditures when they are due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and installment purchase contracts are reported as other financing sources.

Proprietary Funds are reported in the Annual Report using the economic resources measurement focus and the accrual basis of accounting. The generally accepted accounting principles used in these funds are similar to those applicable to private sector businesses where the focus is upon determination of net income, financial position, and cash flows. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

DEPARTMENT AND PROGRAM MATRIX FOR FY 2022-23 BUDGET

| | General Government | Public Safety | Highways and Streets | Sanitation | Culture and Recreation | Economic and Physical Development | Utilities |
|--|-------------------------------|--------------------------|-------------------------------------|-------------------|---------------------------------------|--|------------------|
| General Fund: | | | | | | | |
| Governing Board | X | X | X | X | X | X | X |
| City Administration | X | X | X | X | X | X | X |
| General Administration | X | X | X | X | X | X | |
| Finance | X | X | X | X | X | X | X |
| Legal | X | X | X | X | X | X | X |
| Human Resources | X | X | X | X | X | | X |
| Information Technologies | X | X | X | X | X | X | X |
| Public Buildings | X | X | X | X | X | X | X |
| Police | | X | | | | | |
| Fire | | X | | | | | |
| Business and Community Development | | X | | | | X | |
| Public Services Administration | X | | X | X | | | X |
| Street | | | X | | | | |
| Recycling and Waste Collection | | | | X | | | |
| Spectator Recreation | | | | | X | | |
| Parks and Recreation | | | | | X | | |
| Public Grounds | X | X | X | X | X | X | X |
| Economic and Physical Development | | | | | | X | |
| Lease/Bond Debt | X | X | X | X | X | | |
| Other Financing Uses | | | | | X | | |
| Governmental Capital Reserve Subfund | X | X | X | X | X | X | |
| Special Revenue Funds: | | | | | | | |
| Controlled Substance Fund | | X | | | | | |
| Special Tax District Fund | | | | | | X | |
| Enterprise Funds: | | | | | | | |
| Electric Fund | | | | | | | X |
| Electric Capital Reserve Subfund | | | | | | | X |
| Electric Rate Stabilization Subfund | | | | | | | X |
| Water and Wastewater Fund | | | | | | | X |
| Water and Wastewater Capital Reserve Subfund | | | | | | | X |
| Natural Gas Fund | | | | | | | X |
| Natural Gas Capital Reserve Subfund | | | | | | | X |
| Natural Gas Rate Stabilization Subfund | | | | | | | X |
| Stormwater Fund | | | | | | | X |
| Golf Fund | | | | | X | | |
| Internal Service Funds: | | | | | | | |
| Fleet Management Fund | X | X | X | X | X | | X |
| Fleet Management Capital Reserve Subfund | X | X | X | X | X | | X |
| Group Insurance Fund | X | X | X | X | X | | X |
| Risk Management Fund | X | X | X | X | X | | X |
| Utility Administration Fund | | | | X | | | X |

City of Lexington, North Carolina
Total Budget Summary

| | General Fund | Special Revenue Funds | |
|--|-----------------|-------------------------|----------------------------|
| | | Controlled Substance | Special Tax District |
| Beginning Estimated Fund Balance Available for Appropriation/Net Position | \$ 7,361,346 | \$ 125,803 | \$ - |
| Estimated Revenues: | | | |
| Ad Valorem Taxes | 11,730,500 | - | 80,000 |
| Other Taxes | 875,120 | - | - |
| Unrestricted Intergovernmental | 9,318,175 | - | - |
| Restricted Intergovernmental | 837,395 | - | - |
| Permits and Fees | 217,388 | - | - |
| Sales and Services | 2,132,826 | - | - |
| Administrative Charges | 2,902,674 | - | - |
| Investment Earnings | 6,100 | - | - |
| Miscellaneous | 23,000 | - | - |
| Other Operating | - | - | - |
| Other Nonoperating | - | - | - |
| Total Estimated Revenues | 28,043,178 | - | 80,000 |
| Appropriations: | | | |
| General Government | 7,853,596 | - | - |
| Public Safety | 15,273,731 | 68,531 | - |
| Highways and Streets | 2,956,031 | - | - |
| Sanitation | 2,094,975 | - | - |
| Culture and Recreation | 2,245,801 | - | - |
| Economic Development | 388,418 | - | 80,000 |
| Enterprise - Purchases for Resale | - | - | - |
| Enterprise - Other | - | - | - |
| Enterprise - Administrative Charges | - | - | - |
| Debt Service: | | | |
| Principal Retirement | 1,335,139 | - | - |
| Interest and Fees | 158,151 | - | - |
| Total Appropriations | 32,305,842 | 68,531 | 80,000 |

City of Lexington, North Carolina
Total Budget Summary

| Enterprise Funds | | | | | 2022-23 |
|-------------------|----------------------------|---------------------|--------------------|------------------|--------------------|
| Electric Fund | Water & Wastewater Fund | Natural Gas Fund | Stormwater Fund | Golf Fund | Total Budget |
| \$ 47,651,134 | \$ 38,548,822 | \$ 28,289,904 | \$ 519,212 | \$ 803,083 | \$ 123,299,304 |
| - | - | - | - | - | 11,810,500 |
| - | - | - | - | - | 875,120 |
| - | 2,771 | 7,851 | - | - | 9,328,797 |
| 350,000 | - | - | - | - | 1,187,395 |
| - | - | - | - | - | 217,388 |
| 44,707,258 | 12,446,313 | 13,566,157 | - | 797,384 | 73,649,938 |
| - | - | - | - | - | 2,902,674 |
| 8,200 | 7,100 | 4,200 | 38 | 300 | 25,938 |
| - | - | - | - | - | 23,000 |
| 212,000 | 536,566 | 26,500 | 1,129,611 | - | 1,904,677 |
| 5,000 | - | 5,000 | - | - | 10,000 |
| <u>45,282,458</u> | <u>12,992,750</u> | <u>13,609,708</u> | <u>1,129,649</u> | <u>797,684</u> | <u>101,935,427</u> |
| - | - | - | - | - | 7,853,596 |
| - | - | - | - | - | 15,342,262 |
| - | - | - | - | - | 2,956,031 |
| - | - | - | - | - | 2,094,975 |
| - | - | - | - | - | 2,245,801 |
| - | - | - | - | - | 468,418 |
| 29,025,518 | - | 6,729,844 | - | - | 35,755,362 |
| 11,480,120 | 12,206,334 | 4,511,886 | 676,692 | 1,327,753 | 30,202,785 |
| 3,092,270 | 2,170,401 | 2,014,086 | 452,957 | 19,734 | 7,749,448 |
| 499,459 | 628,270 | 135,915 | - | 41,049 | 2,639,832 |
| 74,655 | 97,212 | 23,789 | - | 1,060 | 354,867 |
| <u>44,172,022</u> | <u>15,102,217</u> | <u>13,415,520</u> | <u>1,129,649</u> | <u>1,389,596</u> | <u>107,663,377</u> |

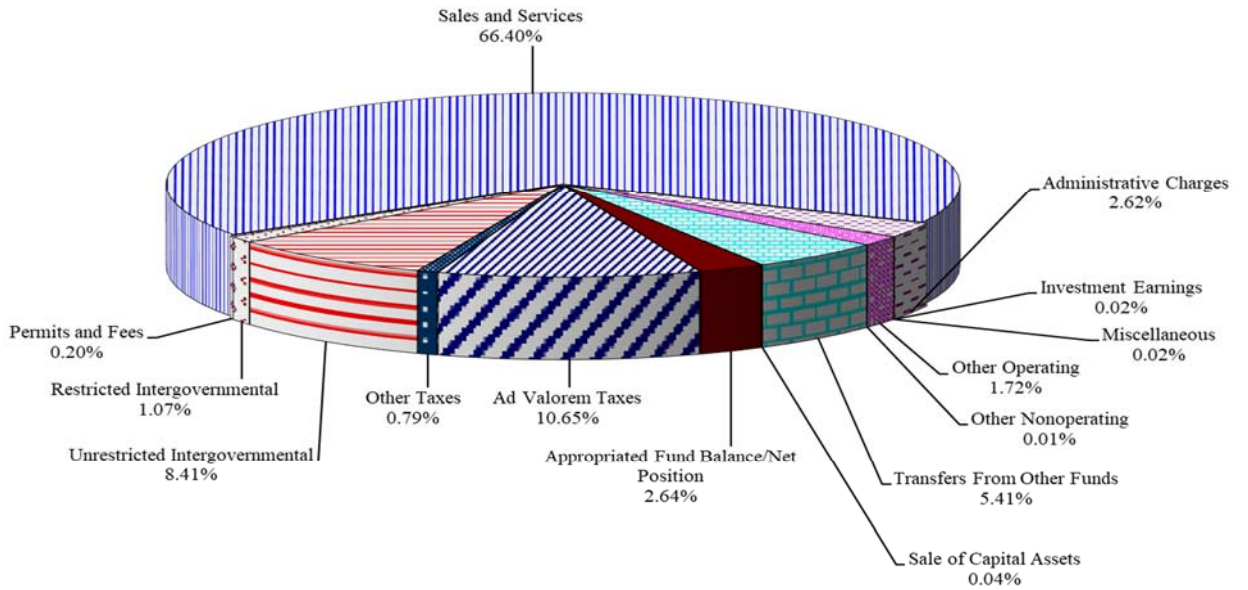
City of Lexington, North Carolina
Total Budget Summary

| | Special Revenue Funds | | |
|---|-----------------------|-------------------------|----------------------------|
| | General Fund | Controlled Substance | Special Tax District |
| Other Financing Sources (Uses): | | | |
| Transfers From Other Funds: | | | |
| General Fund | - | - | - |
| Electric Fund | 1,200,000 | - | - |
| Water & Wastewater Capital Reserve Fund | - | - | - |
| Natural Gas Fund | 1,145,372 | - | - |
| Natural Gas Rate Stabilization Fund | - | - | - |
| Transfers to Other Funds: | | | |
| General Fund | - | - | - |
| Governmental Capital Reserve Fund | (89,427) | - | - |
| Electric Capital Reserve Fund | - | - | - |
| Water & Wastewater Capital Reserve Fund | - | - | - |
| Natural Gas Capital Reserve Fund | - | - | - |
| Golf Fund | (450,000) | - | - |
| Sale of Capital Assets | 3,000 | - | - |
| Total Other Financing Sources (Uses) | 1,808,945 | - | - |
| Budgeted Increase (Decrease) in Fund Balance/Net Position | (2,453,719) | (68,531) | - |
| Ending Estimated Fund Balance Available for Appropriation/Net Position | \$ 4,907,627 | \$ 57,272 | \$ - |

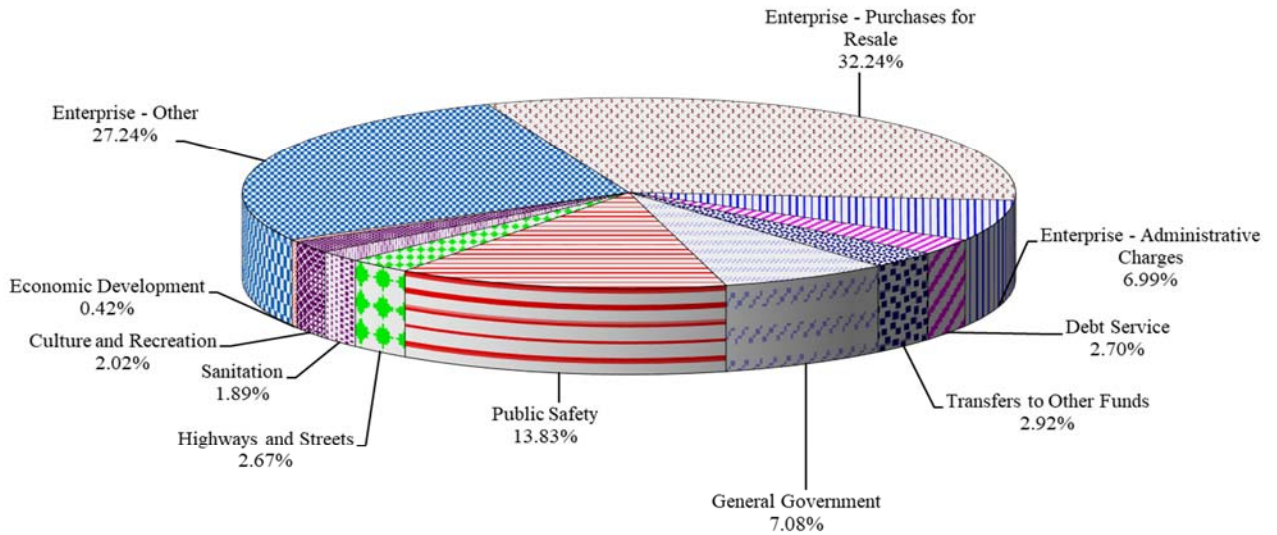
City of Lexington, North Carolina
Total Budget Summary

| Enterprise Funds | | | | | 2022-23 |
|----------------------|----------------------------|----------------------|--------------------|-------------------|-----------------------|
| Electric Fund | Water & Wastewater Fund | Natural Gas Fund | Stormwater Fund | Golf Fund | Total Budget |
| - | - | - | - | 450,000 | 450,000 |
| - | - | - | - | - | 1,200,000 |
| - | 2,400,000 | - | - | - | 2,400,000 |
| - | - | - | - | - | 1,145,372 |
| - | - | 800,000 | - | - | 800,000 |
| (1,200,000) | - | (1,145,372) | - | - | (2,345,372) |
| - | - | - | - | - | (89,427) |
| (20,764) | - | - | - | - | (20,764) |
| - | (313,938) | - | - | - | (313,938) |
| - | - | (24,189) | - | - | (24,189) |
| - | - | - | - | - | (450,000) |
| - | - | 40,000 | - | - | 43,000 |
| (1,220,764) | 2,086,062 | (329,561) | - | 450,000 | 2,794,682 |
| (110,328) | (23,405) | (135,373) | - | (141,912) | (2,933,268) |
| <u>\$ 47,540,806</u> | <u>\$ 38,525,417</u> | <u>\$ 28,154,531</u> | <u>\$ 519,212</u> | <u>\$ 661,171</u> | <u>\$ 120,366,036</u> |

CITY ESTIMATED REVENUES BY TYPE (Total Budget)



CITY APPROPRIATIONS BY TYPE (Total Budget)



CITY OF LEXINGTON
MAJOR REVENUE ASSUMPTIONS FOR FISCAL YEAR 2022-23

GENERAL FUND REVENUES

Ad Valorem Property Taxes:

Current Year Ad Valorem Property Taxes – Based on information provided by Davidson County, the government entity which bills and collects the City’s property taxes, the total assessed valuation for the City is estimated to be \$1.820 billion for fiscal year 2022-23, an increase from the previous year. A 96.0% collection rate was used in deriving the budget for property taxes, based on the fiscal year 2021-22 estimated collection rate. The property tax rate will remain the same at \$.65 per \$100 of assessed valuation.

Prior Year Ad Valorem Property Taxes – Based on historical trends and adjusted for the amount outstanding of the 2021 property tax receivable balance projected as of June 30, 2022.

Interest on Delinquent Ad Valorem Property Taxes – Based on historical trends and adjusted for the amount outstanding of the 2021 property tax receivable balance projected as of June 30, 2022.

Other Tax:

Occupancy Tax – The City is authorized by the NC General Statutes to collect an occupancy tax of 6% on gross revenues from hotel/motel room occupancy within the corporate limits. This tax is restricted for the use of promoting tourism activities. The revenue budget was derived based on historical trends of gross revenues for each hotel/motel.

Motor Vehicle License Tax – The City is authorized by the NC General Statutes to collect a motor vehicle license tax on registered motor vehicles within the corporate limits. This tax is restricted primarily for public streets and public transportation. The revenue budget was derived based on estimates of the number of vehicles registered through the North Carolina Tag and Tax Together program.

Unrestricted Intergovernmental:

Local Option Sales Tax – The budget is based on estimates provided by the North Carolina League of Municipalities (NCLM) and historical local collection trends. The City is projecting a 19.7% (\$1.08 million) increase for fiscal year 2022-23 over prior year budgeted revenue. Approximately \$470 thousand of this increase is due to population gains with the 2020 Census.

Board of Alcoholic Control Distributions – The NC Statutes require the Board to distribute a portion of the profits to the City of Lexington. The budget was calculated based on historical trends.

Sales Taxes on Electricity, Piped Natural Gas, Telecommunications, and Video Programming – These taxes are levied by the State of North Carolina. A portion of these

revenues are shared with municipalities based on statutory formulas. Statewide weather conditions, electricity and gas consumption patterns, population changes, and changes in tax levies influence these revenue sources. The City is projecting a slight increase in these revenues for fiscal year 2022-23 compared to 2021-22 budgeted revenue. These projections are also based on information supplied by the NCLM and historical local collection trends.

Restricted Intergovernmental:

Solid Waste Disposal Tax – Effective July 1, 2008, the State enacted a \$2 per ton solid waste disposal tax. Proceeds of the tax are distributed as follows: 50% to pay for remediation of pre-1983 landfills, 18.75% to cities on a per capita basis for solid waste management programs, 18.75% to counties for solid waste management programs, and 12.5% to the Solid Waste Management Trust fund for grants for local governments and state agencies. The revenue for fiscal year 2022-23 is projected to increase slightly based on information supplied by NCLM and historical local collection trends.

Powell Bill – The City receives funding for street maintenance through the State of North Carolina’s Powell Bill Fund, which is allocated 75% based on population and 25% based on city maintained street mileage. The revenue for fiscal year 2022-23 is projected to increase by approximately 27.5% (\$138 thousand) from the 2021-22 budgeted revenue based on information provided by the NCLM and historical local collection trends. Approximately \$32 thousand of this increase is due to population gains with the 2020 Census.

Permits and Fees:

Inspections and Permits – Based on existing user charges and projected commercial and residential development as well as historical trends.

Sales and Services:

Recycling and Waste Collection – Based on a proposed user charge increase and traditional levels of customers for collection of residential and commercial solid waste.

Cemetery – Based on user charges and the projected burials and graves sold as indicated by historical trends.

Recreation – Based on projected activities, participation and fees from existing user charges.

Administrative Reimbursement Charges:

Interfund Revenues – Based on estimated expenditures for services provided by General Fund departments that are reimbursed by the Electric, Water and Wastewater, Stormwater, Natural Gas and Fleet Management Funds. These reimbursements, calculated annually, are the sum of the estimated percentage of time and resources each General Fund department expends on behalf of the respective utility funds.

Investment Earnings:

Investment Earnings – Based on estimated cash balances during fiscal year 2022-23 and estimated interest rates. Investment earnings in the General Fund are earning a virtual zero rate of return with only \$6,000 projected revenue in 2022-23, perpetually down from \$259,000 from the most recent pre-pandemic fiscal year.

Other Financing Sources:

Transfer from the Electric Fund – The City has budgeted to transfer \$1.2 million from the Electric Fund to the General Fund to balance the budget. This represents no change as compared to fiscal year 2021-22. The transfer amount is quantified based on an amount not to exceed 3% of electric’s gross capital assets and is in compliance with the City’s 2014 transfer policy.

Transfer from the Natural Gas Fund – The City has budgeted to transfer \$1,145,372 from the Natural Gas Fund to the General Fund to balance the budget. This represents an increase of \$23,801 as compared to fiscal year 2021-22. The transfer amount is quantified based on the formula provided by the NC State Treasurer is an amount not to exceed 3% of natural gas’s gross capital assets.

Appropriated Fund Balance – Every effort is made to maintain a stable or reduced level of fund balance appropriations. However, with strategic investments in personnel and technology that the City is making for the future, the City is budgeting \$2,453,719 in fund balance in order to balance the fiscal year 2022-23 budget. This is an increase of \$97,816 as compared to the fiscal year 2021-22 original budget. Appropriation of fund balance to balance the budget is limited to cash and cash equivalents less current claims against that cash. The statutory formula is cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts.

A separately budgeted governmental capital reserve subfund is maintained for the General Fund. Revenue sources for this subfund primarily consist of transfers from the General Fund.

SPECIAL REVENUE FUND REVENUES

Ad Valorem Property Taxes:

Current Year Ad Valorem Property Taxes – Based on information provided by Davidson County, the government entity which bills and collects Uptown Lexington’s property taxes, the assessed valuation for the Special Tax District is estimated to decrease slightly to \$41.1 million for fiscal year 2022-23. A 96.0% collection rate was used in deriving the budget for property taxes, based on the fiscal year 2021-22 estimated collection rate. The property tax rate for the Special Tax District will remain at \$.20 per \$100 of assessed valuation for fiscal year 2022-23.

ELECTRIC FUND REVENUES

The revenue budget is based on no anticipated growth in power consumption in the residential and commercial classes. Lexington's industrial consumption is expected to increase significantly with economic development.

Electric rates for the residential customer class are being decreased by an average of 5.0% effective July 1, 2022. This rate decrease is expected to reduce customer billings by approximately \$1,331,000. In addition, changes in renewable energy portfolio standards riders are being recommended for 2022-23.

Separately budgeted capital reserve and rate stabilization subfunds are maintained for the Electric Fund. Revenue sources for these subfunds primarily consist of transfers from the Electric Fund.

WATER AND WASTEWATER FUND REVENUES

A rate study that is currently underway is not yet complete, but preliminary data indicates a 17% increase in rates is needed for water and a 24% increase in rates is needed for wastewater. It is anticipated that the study will be completed and presented to City Council in August or September 2022. For the 2022-23 budget adoption, water and wastewater revenues are based on proposed 12% increases in base and volume rate charges for water and wastewater. The July 1, 2022 increase of 12% for the monthly water and wastewater base and volume rate changes is projected to generate approximately \$1,291,000 in revenues. Consumption for water and wastewater is budgeted with no expected increase overall consumption for all customer classes. For 2022-23, \$2.4 million is budgeted in transfers from the Water and Wastewater Capital Reserve Fund for use in funding infrastructure maintenance/rehabilitation projects.

A separately budgeted capital reserve subfund is maintained for the Water and Wastewater Fund. Revenue sources for this subfund primarily consists of transfers from the Water and Wastewater Fund.

NATURAL GAS FUND REVENUES

The revenue budget is based on adding 300 residential equivalents due to customer base growth in areas of the City and Davidson County where natural gas lines are expanding. In addition, customer base growth is expected in the commercial class of customers. Consumption estimates have been weather normalized to reflect typical warmer winter weather trends, and based on historical trends and anticipated customer growth as it relates to natural gas consumption in the residential, commercial and industrial classes.

The City is incorporating an average 3.47% average residential increase in base rates (increases vary for other customer classes). These rate increases represent approximately 50% of the increase recommended by the City's rate consultant and are expected to generate an additional \$896,000 in revenues. The cost of gas component is budgeted higher at \$4.00 per dekatherm next budget year, compared to \$3.50 budgeted in fiscal year 2021-22. For 2022-23, \$800k is budgeted in transfers from the Natural Gas Rate Stabilization Fund for use in transitioning to the required higher rates.

Separately budgeted capital reserve and rate stabilization subfunds are maintained for the Natural Gas Fund. Revenue sources for these subfunds primarily consist of transfers from the Natural Gas Fund.

STORMWATER FUND REVENUES

The 2022-23 revenue budget is estimated based on a rate of \$3.50 per equivalent residential unit per month (\$42.00 per year). The average statewide rate is \$4.85 per equivalent residential unit per month (\$58.20 per year). No changes in rates are recommended for fiscal year 2022-23.

GOLF FUND REVENUES

The Golf Course revenue budget is based on a five year average of rounds played and is consistent with trends that the City and the industry has experienced over the last several years for rounds played and cart rentals. The General Fund subsidy to the Golf Fund has been budgeted at \$450,000 for 2022-23.

INTERNAL SERVICE FUND REVENUES

Charges for Sales and Services:

Interfund Revenues – Based on estimated expenditures for services provided by the Fleet Management, Group Insurance, Risk Management and Utility Administration departments that are reimbursed by other funds. These reimbursements, calculated annually, are the sum of the estimated percentage of time and resources each Internal Service Fund department expends on behalf of the respective general, enterprise and internal service funds.

A separately budgeted capital reserve subfund is maintained for the Fleet Management Fund. Revenue sources for this subfund primarily consists of transfers from the Fleet Management Fund.

DEBT INFORMATION

INSTALLMENT PURCHASES

The City enters into installment purchase agreements to finance purchases of capital outlay equipment, major capital items and construction of major capital facilities. Installment purchase agreements have been entered into for both general government and proprietary activities and are being repaid from the applicable resources. The debt is collateralized by a security interest in the property until the loan is liquidated.

TOTAL OUTSTANDING DEBT PRINCIPAL AS OF JUNE 30, 2022

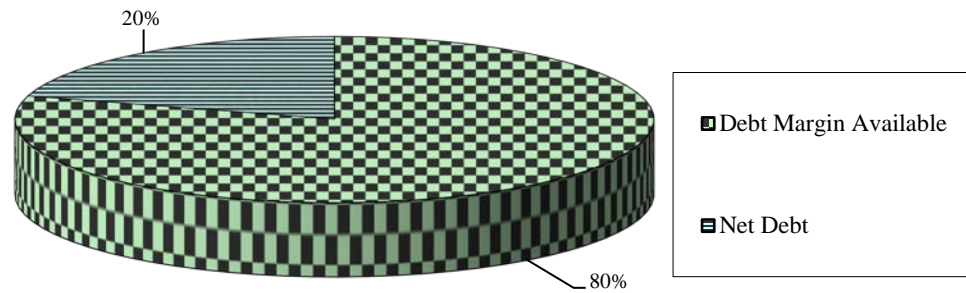
| <u>Fund</u> | <u>Installment Purchase</u> |
|-----------------------------|---------------------------------|
| General Fund | \$ 4,983,320 |
| Electric Fund | 3,131,061 |
| Water & Wastewater Fund | 5,472,448 |
| Natural Gas Fund | 424,261 |
| Utility Administration Fund | <u>15,508,400</u> |
| Total | <u>\$ 29,519,490</u> |

LEGAL DEBT MARGIN AS OF JUNE 30, 2022

As demonstrated below, the City has maintained an ample legal debt margin. This margin is based on a debt limit of 8% of assessed valuation as required by North Carolina General Statute 159-55c. The margin allows for the issuance of new debt as described in the section below.

| | |
|--|-----------------------|
| Assessed Valuation ¹ | \$ 1,801,000,000 |
| Debt Limit (8 percent of total assessed value) | <u>144,080,000</u> |
| Debt Applicable to Limitation (Gross Debt): | |
| Authorized and Outstanding G.O. Bonded Debt | - |
| Installment Purchase | 29,519,490 |
| Statutory Deductions: | |
| G.O. Bonds | <u>-</u> |
| Total Debt Applicable to Limitation (Net Debt) | <u>29,519,490</u> |
| Legal Debt Margin Available | <u>\$ 114,560,510</u> |

¹Assessed valuation estimate is presented based on information provided by the Davidson County Tax Department and the North Carolina Division of Motor Vehicles for the Fiscal Year Ending June 30, 2022.



DEBT SERVICE BUDGET FOR FISCAL YEAR 2022-23

| Fund | Installment Purchase | |
|-------------------------|----------------------|-------------------|
| | Principal | Interest |
| General Fund | \$ 1,335,139 | \$ 158,151 |
| Electric Fund | 499,459 | 74,655 |
| Water & Wastewater Fund | 628,270 | 97,212 |
| Natural Gas Fund | 135,915 | 23,789 |
| Golf Fund | 41,049 | 1,060 |
| Utility Administration | 705,892 | 420,340 |
| Total | \$ 3,345,724 | \$ 775,207 |

PROPOSED DEBT

The City of Lexington currently anticipates issuing short-term debt in FY 2022-23 as follows:

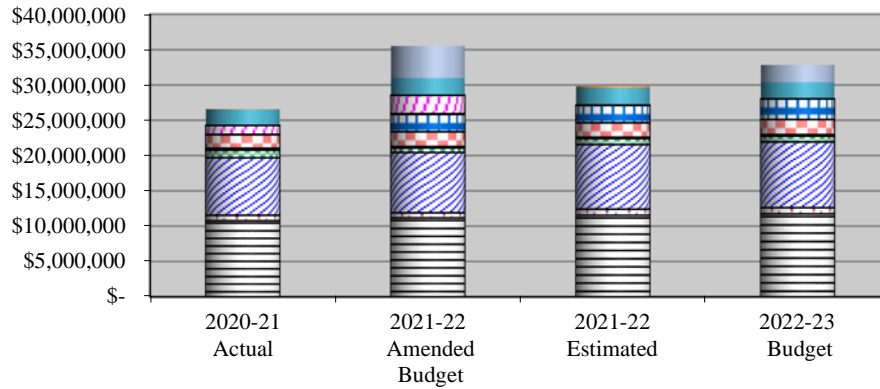
- 1) \$1,497,094 for the purchase of an Fire Ladder Truck for Fire at an interest rate of 4.00% or less with a repayment period of 7 years.

In addition to this short-term debt, the City of Lexington is also planning to issue long-term debt for the Natural Gas Fund project. A combination of grant funding and debt will be required to issue an estimated \$14 million debt in the Natural Gas Fund for the Transco Interconnect and Distribution Pipeline Project. A project ordinance most likely will be introduced during the 2022-23 fiscal year for formal approval and budgetary authorization.



**GENERAL FUND
REVENUE SUMMARY**

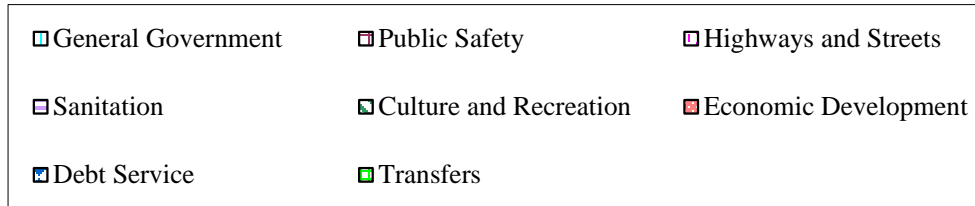
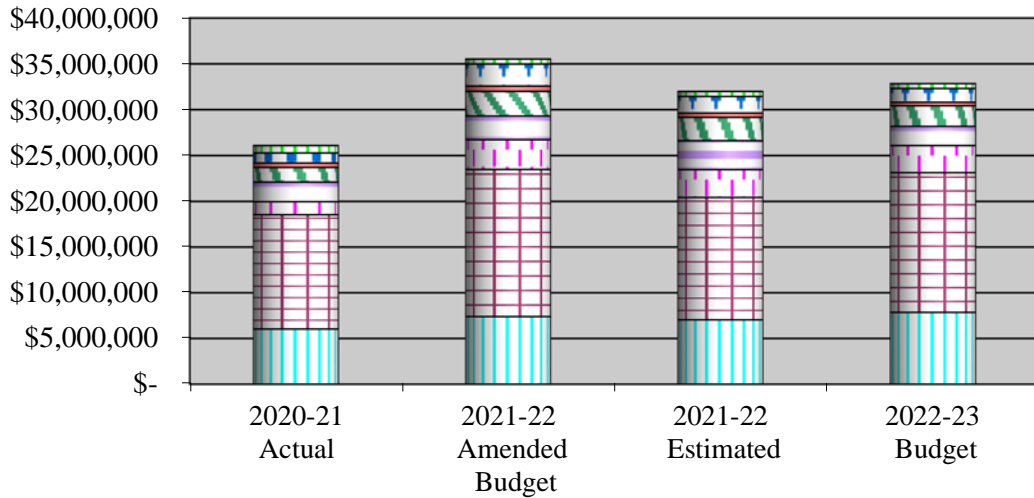
| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------------|----------------------|------------------------------|----------------------|----------------------|
| Ad Valorem Taxes | \$ 10,760,803 | \$ 11,151,500 | \$ 11,535,279 | \$ 11,730,500 |
| Other Taxes | 783,490 | 740,400 | 867,287 | 875,120 |
| Unrestricted Intergovernmental | 8,135,331 | 8,538,039 | 9,152,740 | 9,318,175 |
| Restricted Intergovernmental | 1,096,144 | 660,190 | 846,669 | 837,395 |
| Permits and Fees | 264,636 | 195,400 | 197,000 | 217,388 |
| Sales and Services | 1,903,449 | 2,083,263 | 2,041,166 | 2,132,826 |
| Administrative Charges | - | 2,467,397 | 2,467,397 | 2,902,674 |
| Investment Earnings | 6,489 | 5,800 | 5,100 | 6,100 |
| Miscellaneous | 42,434 | 83,936 | 34,374 | 23,000 |
| Debt Proceeds | 1,277,487 | 2,616,487 | - | - |
| Transfers | 2,256,917 | 2,432,169 | 2,432,167 | 2,345,372 |
| Sale of Capital Assets | 56,534 | 5,000 | 254,844 | 3,000 |
| Fund Balance Appropriated | - | 4,547,481 | - | 2,453,719 |
| Total | \$ 26,583,714 | \$ 35,527,062 | \$ 29,834,023 | \$ 32,845,269 |



| | | |
|--------------------------------|-----------------------|----------------------------------|
| ■ Ad Valorem Taxes | ■ Other Taxes | ■ Unrestricted Intergovernmental |
| ■ Restricted Intergovernmental | ■ Permits and Fees | ■ Sales and Services |
| ■ Administrative Charges | ■ Investment Earnings | ■ Miscellaneous |
| ■ Debt Proceeds | ■ Transfers | ■ Sale of Capital Assets |
| ■ Fund Balance Appropriated | | |

**GENERAL FUND
EXPENDITURE SUMMARY**

| Functions | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|------------------------|----------------------|------------------------------|----------------------|----------------------|
| General Government | \$ 6,027,122 | \$ 7,390,723 | \$ 7,034,247 | \$ 7,853,596 |
| Public Safety | 12,507,067 | 16,089,063 | 13,393,600 | 15,273,731 |
| Highways and Streets | 1,436,044 | 3,245,362 | 3,037,078 | 2,956,031 |
| Sanitation | 2,137,074 | 2,580,154 | 3,155,969 | 2,094,975 |
| Culture and Recreation | 1,592,884 | 2,695,625 | 2,540,618 | 2,245,801 |
| Economic Development | 484,700 | 578,605 | 477,422 | 388,418 |
| Debt Service | 1,097,798 | 2,402,864 | 1,808,954 | 1,493,290 |
| Transfers | 801,802 | 544,666 | 544,666 | 539,427 |
| Total | \$ 26,084,491 | \$ 35,527,062 | \$ 31,992,554 | \$ 32,845,269 |



GOVERNING BOARD DEPARTMENT GENERAL FUND

Statement of Department's Purpose:

The purpose of the Governing Board Department is for City Council to work within Federal and State laws to provide effective and efficient municipal services desired by our citizens in order to assure a balanced quality of life, protection for our citizens and planned economic growth.

Departmental Functions:

- Legislative body for the City of Lexington government
- Adopts balanced annual budget
- Secures public safety through police, fire and code enforcement
- Authorizes City services like maintaining streets and sidewalks, operating water and wastewater systems; providing the Civic Center, municipal golf and parks and recreation programs designed to improve the City's quality of life; collects, disposes and recycles solid waste; operates electric and natural gas distribution systems
- Supports economic development activities of attracting and maintaining business, industry and jobs by investing in infrastructure and incentives
- Appoints advisory boards and commissions that assist in developing and carrying out city government policies, programs and new initiatives
- Appoints the City Manager as Chief Administrative Officer

2022-23 Objectives:

- To provide open, effective, and regular communication with citizens, customers, employees and partners
- To safeguard the financial strength and integrity of city government
- To shift from government solving problems to community solving problems by stimulating more citizen involvement, empowering boards, commissions and staff to do more and develop partnerships
- To operate city utilities and other enterprises in a business-like manner, provide efficient and effective service, and generate contributions to the General Fund for overall City operations and services
- To improve the quality of life for our citizens through promotion and support of effective and efficient public schools, affordable housing, clean and safe neighborhoods and wholesome recreation opportunities
- To promote and support a strong, diversified economy

**GOVERNING BOARD DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------------|----------------|----------------|
| # of City Council members (including Mayor) | 9 | 9 | 9 |
| Monthly salary - Mayor | \$750 | \$750 | \$750 |
| Monthly salary - Council | \$500 | \$500 | \$500 |
| # of meetings/month | 2 | 2 | 2 |
| Tax rate | 0.650 | 0.650 | 0.650 |
| % General Fund expenditures funded by ad valorem taxes | 46% | 41% | 45% |
| Assessed valuation | \$1.56 Billion | \$1.61 Billion | \$1.64 Billion |

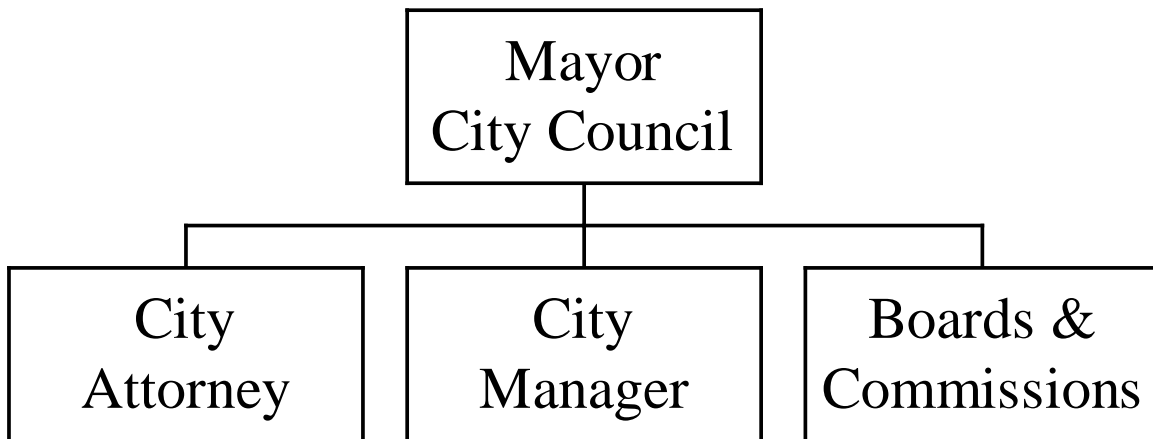
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 95,310 | \$ 94,366 | \$ 102,772 | \$ 139,293 |
| Operations | 32,411 | 85,981 | 89,075 | 68,600 |
| Capital Outlay | - | - | - | 55,000 |
| Total | \$ 127,721 | \$ 180,347 | \$ 191,847 | \$ 262,893 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Board Members | 9 | 9 | 9 | 9 |



City of Lexington Governing Board



CITY ADMINISTRATION DEPARTMENT GENERAL FUND

Statement of Department's Purpose:

The purpose of the City Administration Department is to provide general administration of city government by coordinating departmental services, implementing policies adopted by City Council and responding to citizens, boards and commissions to develop partnerships, promote a strong economy and build an excellent quality of life.

Departmental Functions:

- City Manager is appointed by City Council and serves as Chief Administrative Officer, responsible for administration of all departments
- City Manager serves as Budget Officer – prepares annual budget for adoption by City Council and administers budget, including capital improvement program
- Enforcement of City, Federal and State laws
- Appointment and discharge of personnel
- Preparation of City Council and Utilities Commission agendas and minutes of meetings
- Advise City Council of financial condition of city government and utility operations
- Inform City Council on employment and operational matters
- Recommend policies, programs, ordinances, etc. to deliver efficient government services and improve the quality of life in the City, while simultaneously maintaining the City's financial integrity

2022-23 Objectives:

- To properly administer programs and policies approved by City Council
- To respond to citizen and City Council concerns promptly
- To promote customer service excellence
- To prepare and administer annual budget and leverage long range financial forecasting
- To facilitate and implement City Council's strategic goals
- To enhance communications with citizens, customers, employees and partner agencies
- To educate and market the community with national, regional and local publicity
- To improve productivity, operational effectiveness, competitiveness and control costs
- To create private/public and intergovernmental partnerships
- To promote and invest in recreational, cultural and quality of life opportunities for citizens
- To pursue economic development opportunities and ensure fiscal responsibility
- To monitor utilities and golf business enterprises – quarterly collaborative interdepartmental team meetings
- To pursue new technology innovations that will improve organizational efficiency and effectiveness
- To incorporate 2020 Renaissance Plan – a strategic plan for a greater Lexington

**CITY ADMINISTRATION DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|----------------|-----------------|-----------------|
| # of employees in department | 5 | 5 | 5 |
| Population | 18,149 | 18,172 | 19,632 |
| Total original city budget | \$99.9 Million | \$108.3 Million | \$103.3 Million |
| Available fund balance as % of expenditures | 34.29% | 32.16% | 41.99% |

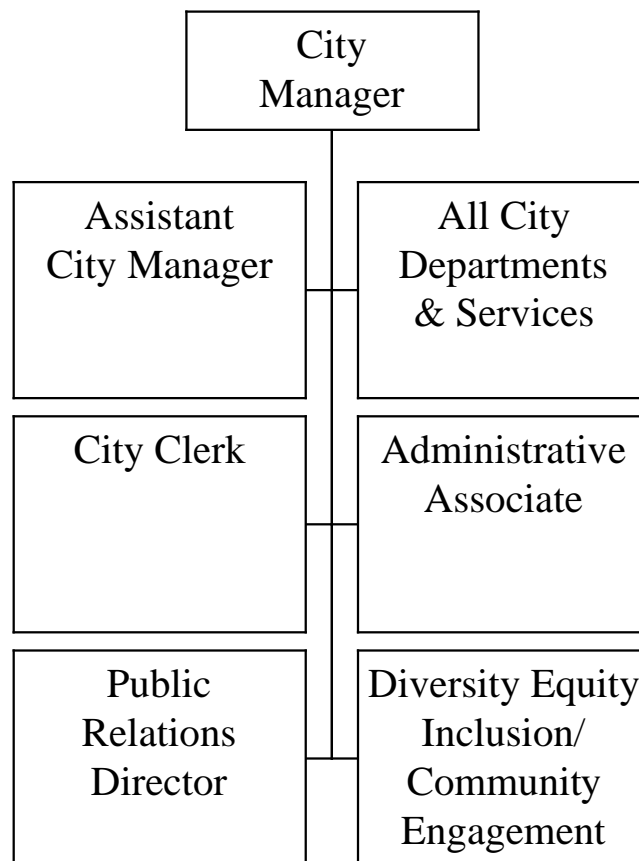
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 577,102 | \$ 769,964 | \$ 726,000 | \$ 826,628 |
| Operations | 37,459 | 78,553 | 77,154 | 78,420 |
| Capital Outlay | - | 33,400 | 33,400 | 7,500 |
| Total | \$ 614,561 | \$ 881,917 | \$ 836,554 | \$ 912,548 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 5 | 6 | 6 | 6 |



City of Lexington City Administration



**GENERAL ADMINISTRATION DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

The purpose of the General Administration Department is to account for administrative overhead costs, which are shared by all General Government departments/functions.

2022-23 Objectives:

- To update internal service department cost allocations annually based on services provided to other City departments
- To account for health and life insurance for general government retirees
- To evaluate funding support for local agencies that improve the quality of life of the citizens of Lexington
- To continue effective partnership with Davidson County in the collection of City of Lexington taxes

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|-----------------|-----------------|-----------------|
| Grants to agencies budget | \$255,859 | \$282,975 | \$280,975 |
| Contingency budget | \$70,000 | \$0 | \$0 |
| Property tax collection fees - real property | \$6.22 per bill | \$6.32 per bill | \$6.36 per bill |
| # of tax bills | 10,337 | 10,403 | 10,760 |
| General Government expenditures | \$6,198,188 | \$6,084,112 | \$6,027,122 |
| Public Safety expenditures | \$10,880,679 | \$12,228,111 | \$12,507,067 |
| Hwy & Street expenditures | \$1,697,056 | \$2,042,792 | \$1,436,044 |
| Sanitation expenditures | \$1,962,598 | \$3,518,431 | \$2,137,074 |
| Culture & Recreation expenditures | \$1,825,457 | \$1,695,646 | \$1,592,884 |
| Economic and Physical Development expenditures | \$376,443 | \$730,958 | \$484,700 |
| Debt Service expenditures | \$1,033,172 | \$1,043,100 | \$1,097,798 |
| Transfers | \$575,192 | \$549,707 | \$801,802 |

**GENERAL ADMINISTRATION DEPARTMENT
GENERAL FUND**

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 423,228 | \$ 479,673 | \$ 390,306 | \$ 468,343 |
| Operations | 2,353,019 | 2,449,990 | 2,540,085 | 2,607,298 |
| Total | \$ 2,776,247 | \$ 2,929,663 | \$ 2,930,391 | \$ 3,075,641 |

**GRANTS TO AGENCIES
FOR FISCAL YEAR 2022-23**

| AGENCIES | AMOUNT BUDGETED FY 21-22 | AMOUNT BUDGETED FY 22-23 |
|--|---|---|
| Partner Agencies | | |
| Davidson County Economic Development Commission ⁽¹⁾ | \$ 41,000 | \$ 40,000 |
| Davidson County Transportation Fund ⁽²⁾ | - | 45,000 |
| Edward C. Smith Civic Center of Lexington | 60,000 | 60,000 |
| Home Solutions of Davidson County | 60,000 | 60,000 |
| Lexington Human Relations Commission | 12,000 | 12,000 |
| Neighborhood Revitalization Funds (City Council) | 6,975 | 6,975 |
| Uptown Lexington ⁽¹⁾ | 60,000 | 75,000 |
| TOTAL | \$ 239,975 | \$ 298,975 |

Note: Detailed information related to each grant request is available for review upon request.

CITY MANAGER'S COMMENTS:

⁽¹⁾ Economic development initiatives.

⁽²⁾ 1 year relief due to CARES Act.

**FINANCE DEPARTMENT
GENERAL FUND**

Statement of Department’s Purpose:

The purpose of the Finance Department is to administer and provide fiscally responsible control for the City’s financial affairs in accordance with all applicable federal, state and city regulations.

Departmental Functions:

Accounts payable, accounts receivable, budget development and management, capital asset administration, cash and investments management, Comprehensive Annual Financial Report (CAFR) preparation, cost accounting, debt management, five-year financial planning, grants financial management, internal audit, payroll and purchasing.

2022-23 Objectives:

- Provide excellent customer service and administrative support to internal and external customers
- Provide timely financial and economic information to support Management and City Council in managing the FY 2022-23 budget through the post-recession period
- Assist in City’s 10-year Strategic Planning Process
- Implement technology upgrades to enhance effectiveness of city-wide intranet use and to enhance efficiencies in CAFR reporting
- Assess potential for enhanced use of new and/or existing technology in performing core functions and implement ideas that enhance efficiency and effectiveness

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------|----------|-----------|
| # of dept. employees | 9 | 9 | 9 |
| CAFR on website | Yes | Yes | Yes |
| Budget on website | Yes | Yes | Yes |
| Who compiles CAFR? | Finance | Finance | Finance |
| # AP checks processed/year | 3,224 | 3,379 | 3,054 |
| # of JEs processed | 796 | 851 | 790 |
| Rate of return on investments | 2.21% | 1.40% | 0.05% |
| # of purchase orders/year | 865 | 954 | 918 |
| # of property auctions using GovDeals | 4 | 41 | 46 |
| \$ value of property auctions using GovDeals | \$561 | \$94,235 | \$211,570 |
| Purchasing Card Rebate | \$50,706 | \$60,960 | \$50,430 |
| Receive CAFR award | Yes | Yes | Yes |
| Receive budget award | No | No | No |

**FINANCE DEPARTMENT
GENERAL FUND**

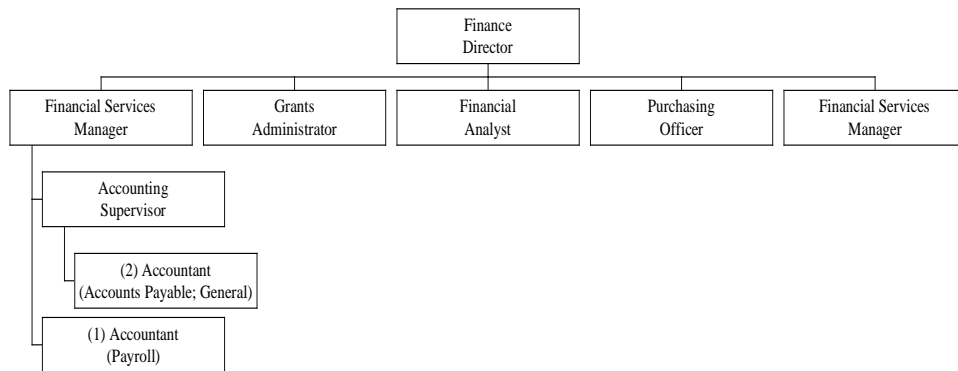
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 738,754 | \$ 866,927 | \$ 810,600 | \$ 1,022,333 |
| Operations | 32,009 | 88,813 | 45,185 | 103,448 |
| Capital Outlay | - | 7,200 | 7,177 | - |
| Total | \$ 770,763 | \$ 962,940 | \$ 862,962 | \$ 1,125,781 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 9 | 9 | 10 | 10 |



City of Lexington Finance



**LEGAL DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

The purpose of the Legal Department is to protect the interests of the City of Lexington by serving as legal advisor to the Mayor and City Council, City Manager, boards, commissions and staff.

2022-23 Objectives:

- To represent the City of Lexington in all aspects of litigation and legal affairs, including prosecution and defense of lawsuits for and against the City of Lexington
- To prepare or assist in preparing agreements and other necessary legal documents
- To advise Mayor, City Council and staff in the development of regulations and in the execution of City of Lexington and Lexington Utilities policies and operations

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|----------------------------|----------|----------|----------|
| Staff attorney | No | No | No |
| # of legal advisors | 1 | 1 | 1 |
| City attorney expenditures | \$31,410 | \$37,359 | \$31,259 |
| Benefits provided | No | No | No |

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Operations | \$ 31,259 | \$ 58,000 | \$ 58,000 | \$ 60,500 |
| Total | \$ 31,259 | \$ 58,000 | \$ 58,000 | \$ 60,500 |

**HUMAN RESOURCES DEPARTMENT
GENERAL FUND**

Statement of Department’s Purpose:

The purpose of the Human Resources Department is to be an ethical strategic anticipator and change agent partnering with management, departments and employees; comply with federal, state and city employment laws and policies, hire and retain qualified employees and administer benefits; and bring Human Resources, Risk Management, Safety and employee Well-Being perspectives to the organization thinking in terms of valuing people, financial integrity and solutions that embrace the City’s mission and strategy.

Departmental Functions:

Recruitment, compensation, classification, benefits administration, employment actions administration, employee relations, retention, engagement, performance appraisals administration and education, consultation services, employee and supervisor education and compliance with federal, state and city employment laws and policies to include Equal Employment Opportunity (EEO), Fair Labor Standards Act (FLSA), Americans with Disabilities Act (ADA), Family and Medical Leave Act (FMLA) and Genetic Information Nondiscrimination Act (GINA).

2022-23 Objectives:

- Ensure compliance with federal employment laws
- Review and adjust recruitment and hiring processes as part of ongoing support to departments in recruiting, training and retaining a quality workforce
- Support a welcoming work environment which fosters inclusion, diversity, respect for all, valuing the differences and contributions of all, and employee voice
- Implement technology based solutions to reduce administrative burdens where feasible
- Continue partnering with leaders and departments in Work Place of Choice initiatives
- Continue adjusting organization’s philosophy, policies, strategies, and culture of a competitive total rewards that is attractive to a diverse professional workforce

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------|----------|----------|
| # of dept. employees | 2.75 | 3.00 | 3.00 |
| # of full time City employees | 318 | 326 | 329 |
| # of full time equivalent (FTE) employees | 338 | 341 | 336 |
| FTE City employees per HR + benefit employee | 85 | 85 | 85 |
| Voluntary turnover | 8.81% | 8.59% | 9.20% |
| Involuntary turnover | 1.57% | 1.23% | 0.31% |
| Retirement | 2.83% | 1.84% | 3.68% |
| Turnover rate | 13.21% | 11.66% | 13.19% |

**HUMAN RESOURCES DEPARTMENT
GENERAL FUND**

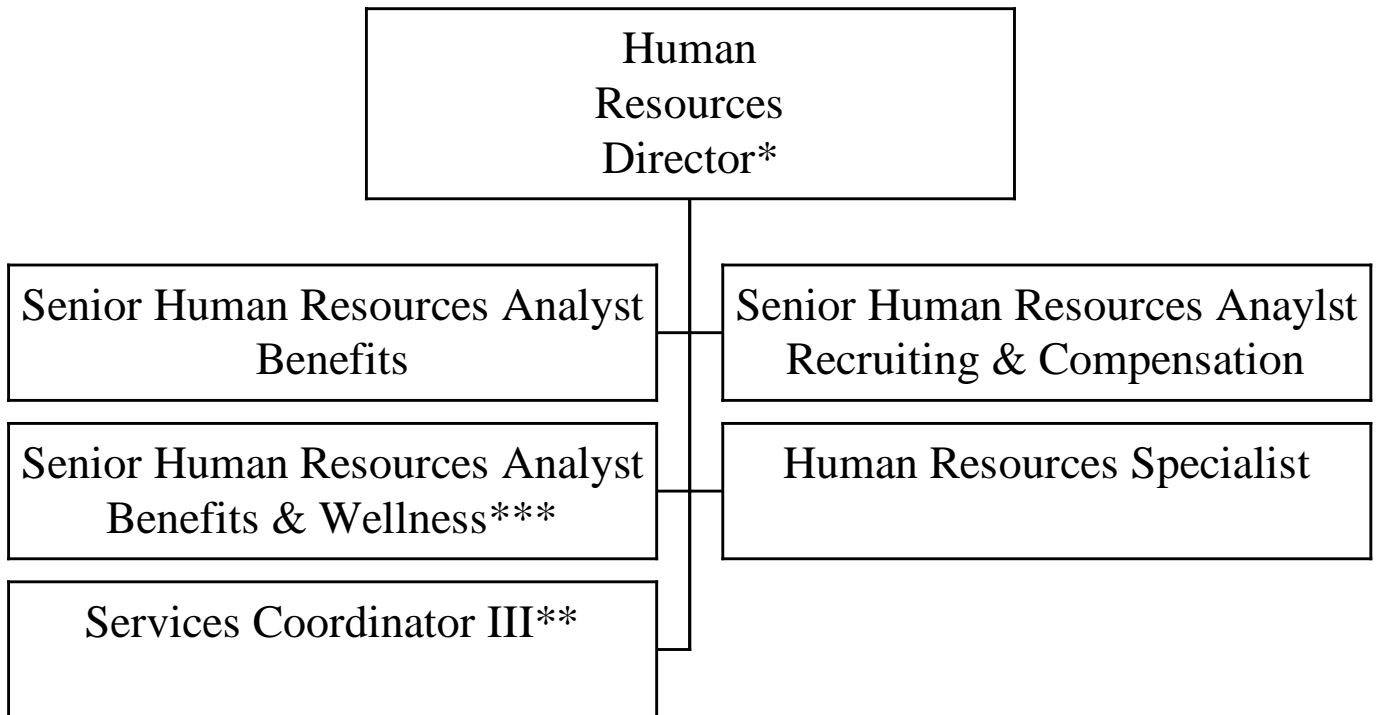
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 354,115 | \$ 537,961 | \$ 508,700 | \$ 449,111 |
| Operations | 65,786 | 201,862 | 169,772 | 255,231 |
| Capital Outlay | - | 5,000 | 4,999 | - |
| Total | \$ 419,901 | \$ 744,823 | \$ 683,471 | \$ 704,342 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 4 | 4 | 5 | 5 |



City of Lexington Human Resources



*Human Resources Director funded in Human Resources but provides leadership over the departments of Human Resources, Group Insurance and Risk Management.

**Time is split evenly between Human Resources and Risk Management.

***Senior Human Resources Analyst Benefits & Wellness funded in Group Insurance.

INFORMATION TECHNOLOGIES DEPARTMENT GENERAL FUND

Statement of Department's Purpose:

The purpose of the Information Technologies Department is to provide key support for enhanced delivery of city services, via electronic and business commerce with reliable information on demand.

Departmental Functions:

Perform daily routine maintenance, support, administration and training for computer hardware including personal computers (PCs), servers, printers, copiers, network switches and the citywide Internet Protocol (IP) phone system. Maintain software applications and suites used throughout the City including Microsoft Office, Cayenta Customer Information System (CIS), Geographic Information System (GIS), MUNIS financial system, Police records management system, etc. Create customized reports as requested by departments. Provide maintenance and continuous development of the City's website and intranet. Assist departments in evaluating, budgeting and acquiring technology related hardware and software to enhance productivity and efficiency.

2022-23 Objectives:

- Provide excellent customer service and administrative support to internal and external customers.
- Conduct assessment and ultimately enhance network security and reliability.
- Increase technological training opportunities for all city departments.
- Provide Cyber Security training for all COL employees.
- Evaluate, improve and implement disaster recovery plans and methods.
- Expand usage of Laserfiche to other departments
- Research and deploy new Customer Self Service App/311 system.
- Install new IP phone system.
- Procure and deploy Office 365 (Teams/Chat/collaboration are big portions of this rollout).
- Create 5 year IT plan.
- Conduct a BPR for Customer Service and make recommendations for business improvements.
- Review HR needs and make recommendations on technologies to better support the HR/City functions.
- Project manage the CAD/RMS implementation.
- Assist with deployment of CitiView application.
- Implement HIPPA compliance requirements.
- Review/update server rooms.
- Assess insurance needs and make recommendations for appropriate levels of coverage.
- Deploy new PCs and monitors via rotation schedule.
- Enhance and streamline electronic storage and archiving capabilities.
- Continue to explore virtual desktop technology use as a long term efficiency measure.
- Promote city-wide intranet to improve communication and efficiency for all city departments – This will be achieved with upgrade to Office 365/SharePoint.
- Enhance reliability, speed, efficiency and security for the entire network infrastructure, including fiber rollout to other areas and WiFi evaluation.
- Plan for City expansion, including Windstream and Glendale Rd. facilities.

**INFORMATION TECHNOLOGIES DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------|------------------|------------------|
| # of full-time employees on staff | 5 | 5 | 5 |
| # of servers supported | 117 | 120 | 120 |
| # of PCs and laptops supported | 364 | 296 | 296 |
| # of servers supported per employee | 23 | 24 | 24 |
| # of PCs/laptops supported per employee | 73 | 59.2 | 61 |
| # of patrol cars with computers/printers | 62 | 82 | 83 |
| Routine PC/laptop replacement schedule | Laptops | Laptops/Desktops | Laptops/Desktops |
| Disaster recovery plan in place | Yes | Yes | Yes |
| Average # of website hits/month | 25,892 | 22,907 | 24,330 |
| Provide website/e-commerce support | Yes | Yes | Yes |
| Provide police support | Yes | Yes | Yes |
| Provide telephone support (IP, cell) | Yes | Yes | Yes |
| Provide 24/7 on call support | Yes | Yes | Yes |

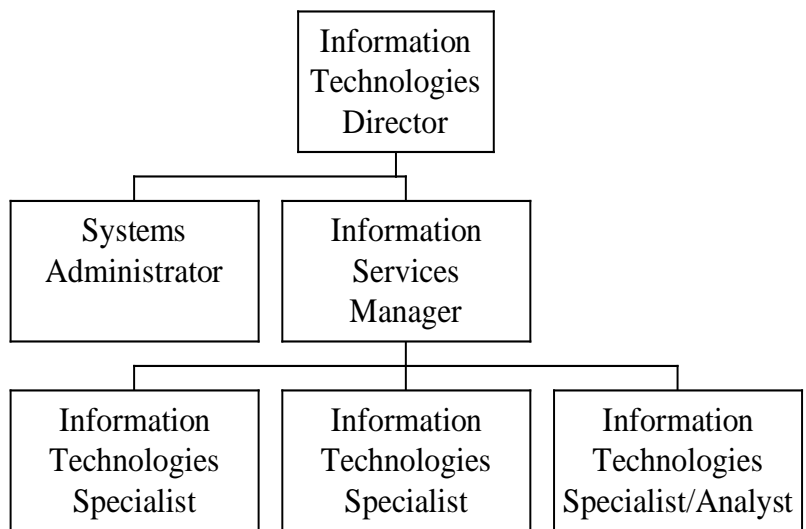
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 470,563 | \$ 538,688 | \$ 511,925 | \$ 649,152 |
| Operations | 464,301 | 697,858 | 614,803 | 702,813 |
| Capital Outlay | 15,400 | 22,695 | 22,695 | - |
| Total | \$ 950,264 | \$ 1,259,241 | \$ 1,149,423 | \$ 1,351,965 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 5 | 5 | 6 | 6 |



City of Lexington Information Technologies



**PUBLIC BUILDINGS DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

The purpose of the Public Buildings Department is to provide preventative maintenance as well as repairs for all city facilities and custodial services for fourteen facilities.

Departmental Functions:

This Department is responsible for planning, directing and providing preventive maintenance, repairs and daily custodial service of all city owned buildings and all building systems including electrical, plumbing, heating and air conditioning (HVAC), as well as the condition of exterior walls, roofing and floors.

2022-23 Objectives:

- Assist with other departments and agencies in the revitalization of the Depot area.
- Work with City Management on the Windstream building project.
- Provide support to the Parks and Recreation Department in the development of recreation center.

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------|----------|-------------------------------|
| # of building maintenance employees | 1 | 1 | 1 |
| # of custodians | 4FT | 4FT | 3FT |
| In-house or contracted custodians | In-house | In-house | In-house/Contract combination |
| # of buildings with daily custodial care | 14 | 14 | 14 |
| # of City buildings occupied daily | 22 | 22 | 22 |
| Square footage custodians clean | 81,817 | 81,817 | 81,817 |

**PUBLIC BUILDINGS DEPARTMENT
GENERAL FUND**

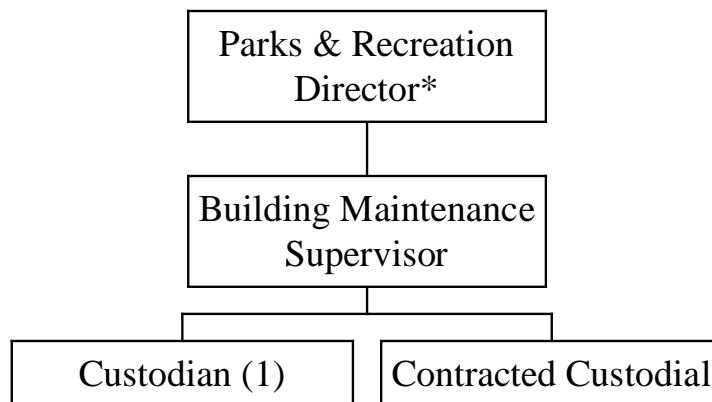
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 227,386 | \$ 155,127 | \$ 149,125 | \$ 165,735 |
| Operations | 109,020 | 193,665 | 147,474 | 194,191 |
| Capital Outlay | - | 25,000 | 25,000 | - |
| Total | \$ 336,406 | \$ 373,792 | \$ 321,599 | \$ 359,926 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 5 | 2 | 2 | 2 |



City of Lexington Public Buildings



*Parks & Recreation Director funded in Parks & Recreation Department but provides leadership over the departments of Public Buildings, Public Grounds and Parks & Recreation.

POLICE DEPARTMENT GENERAL FUND

Statement of Department's Purpose:

The purpose of the Lexington Police Department is to serve the public by furthering a partnership with the community to prevent crime, thereby protecting life and property and resolving problems.

Departmental Functions:

Emergency 911 response, person and property crime investigations, traffic enforcement, crash reconstruction, mental commitments, animal and neighborhood complaints, highway and drug interdiction, State and Federal prosecutions, parades and special events, foot patrols, DWI enforcement, speed enforcement, community engagement efforts, traffic direction, warrant service, escorts, crime scene processing, canine searches and tracking.

2022-23 Objectives:

- Provide the most ethical, fair, efficient, cost effective and objective service to the citizens of Lexington
- Enhance the involvement of community members in the identification and solution of community problems
- Seek input from citizens about matters that impact the quality of life in their neighborhoods and strive to improve them
- Use community-based alternatives aimed at problem solving in conjunction with enforcement actions to combat criminal activity and behavior
- Work collaboratively with other city departments through community policing, community-oriented government and provide extraordinary customer service
- Continually increase employee competencies and skills through training and education that results in higher efficiency and professional service by police department staff.
- Engage community in conversations and activity to become collaborative partners with police.

**POLICE DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---------------------------------------|----------|----------|----------|
| # of sworn officers | 57 | 62 | 62 |
| # of civilian personnel (full time) | 10 | 10 | 10 |
| Population per sworn officer | 318 | 293 | 317 |
| # of calls for service/year | 47,483 | 56,421 | 50,690 |
| # of calls per officer/year | 833 | 910 | 818 |
| # of traffic citations issued/year | 1,676 | 2,246 | 1,855 |
| # of K-9s | 5 | 5 | 3 |
| # of neighborhood watch meetings/year | 122 | 40 | 40 |

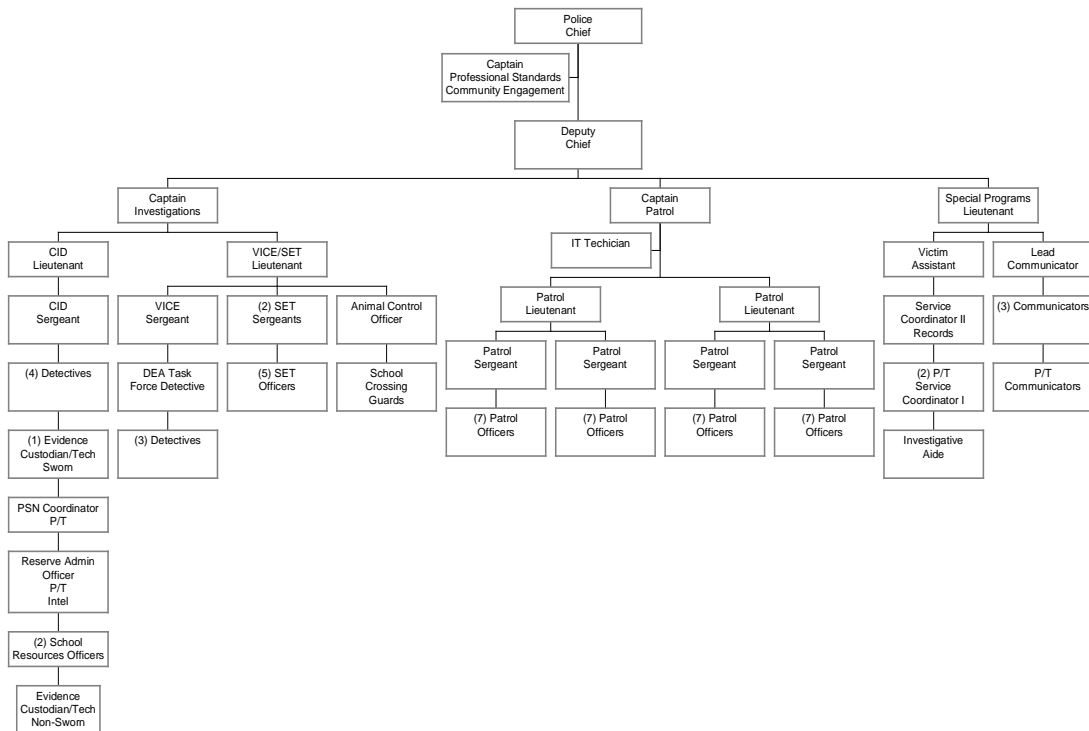
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 5,240,838 | \$ 6,442,812 | \$ 5,702,000 | \$ 6,795,250 |
| Operations | 909,236 | 1,092,514 | 1,122,858 | 930,872 |
| Capital Outlay | 228,827 | 428,056 | 412,239 | 475,219 |
| Total | \$ 6,378,901 | \$ 7,963,382 | \$ 7,237,097 | \$ 8,201,341 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 72 | 72 | 72 | 72 |



City of Lexington Police



**FIRE DEPARTMENT
GENERAL FUND**

Statement of Department’s Purpose:

The purpose of the Lexington Fire Department is to prevent and reduce the level of human suffering and economic losses in the community resulting from fires, accidents and natural disasters.

Departmental Functions:

Provide fire suppression operations, evacuations, extrication operations, heavy rescue, high angle rescue, removal of fire hazards, chemical spill operations, public education on fire safety, fire prevention inspections, readiness training in rescue, hazardous materials, DHS natural disasters safety and wellness and physical fitness.

2022-23 Objectives:

- Manage risk, improve operational safety
- Improve employee health and wellness
- Improve readiness for natural disasters
- Assure continued dependability and serviceability of department fleet
- Implement service delivery per NFPA 1710 and OSHA 1910.134
- Prepare for rating inspection per NC Department of Insurance

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|-------------|-----------|-----------|
| # of firefighters | 45 | 45 | 45 |
| # of admin personnel | 7 | 7 | 8 |
| # of certified fire inspectors | 27 | 25 | 18 |
| # of calls for service/year | 1,288 | 1,175 | 1,210 |
| # of stations | 3 | 3 | 4 |
| Date newest station placed into service | 2011 | 2011 | 2020 |
| PPC insurance rating | 2 | 2 | 2 |
| \$ value of fire loss | \$1,377,960 | \$626,160 | \$423,085 |
| # of public education programs/year | 40 | 18 | 36 |

**FIRE DEPARTMENT
GENERAL FUND**

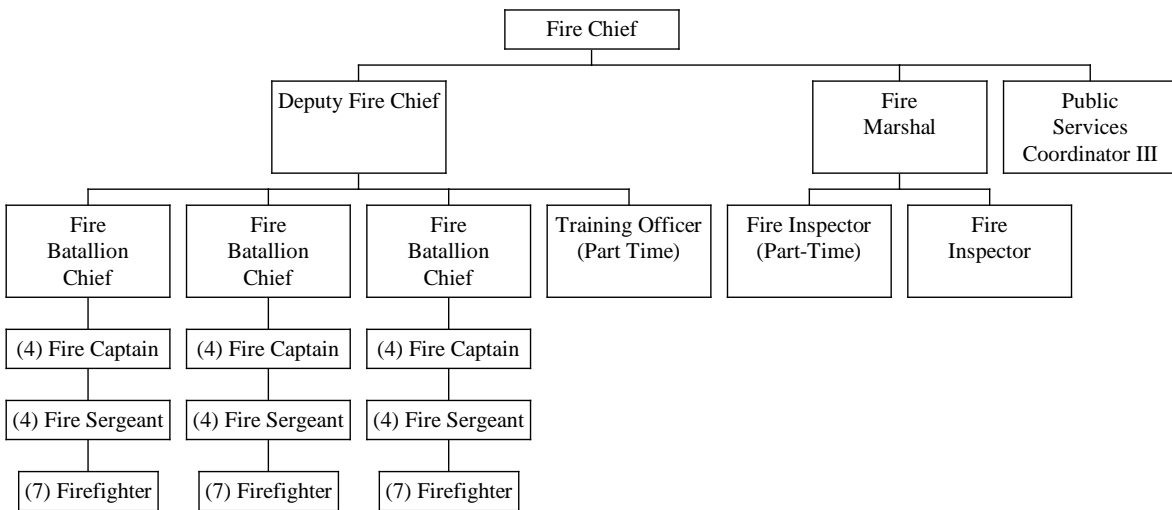
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 3,788,283 | \$ 4,336,116 | \$ 3,994,584 | \$ 4,866,784 |
| Operations | 747,067 | 749,309 | 722,701 | 661,020 |
| Capital Outlay | 655,996 | 1,781,531 | 286,340 | - |
| Total | \$ 5,191,346 | \$ 6,866,956 | \$ 5,003,625 | \$ 5,527,804 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 53 | 53 | 53 | 53 |



City of Lexington Fire



**BUSINESS AND COMMUNITY DEVELOPMENT DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

- Protect and improve the community through enforcement of the Land Development Ordinance, State Building Code, Minimum Housing Code and Nuisance Ordinances.
- Facilitate a City of Choice business friendly climate with healthy design expectations accomplished through intentional policy analysis and maintenance, active recruiting, nurturing, and support services for national chains, entrepreneurial start-ups, and existing locally-owned businesses.
- Design City of Choice landscape through planning, policies, and development review.
- Facilitate and guide design of redevelopment and new development.
- Guide housing development to promote creative options in keeping with City of Choice.
- Increase effectiveness by working with partner agencies and interested citizens.
- Provide data, reference and educational information on various planning and community issues.
- Provide support to City Admin for a variety of City-wide initiatives.

Departmental Functions:

Code enforcement, permitting, community development, community design, business development, grant applications and administration, complaint administration, planning, special redevelopment and community improvement projects, staff support, mapping, census and demographic resource.

2022-23 Objectives:

Department and Team

- Implement technology for online/mobile customer interaction and property listings
- Finalize enhancements to building for professional impression
- Implement individual career development plans

Building & Code Enforcement

- Implement new technology for online/mobile customer interaction
- Enforce State Building Code and Uptown Maintenance Code
- Administer Lien Program for cost recovery
- Improve community appearance and cleanliness through Blight Removal Program
- Liaison to Davidson County Homebuilders and Davidson County Electrical Contractors
- Continuing Education/Training for certificates

Planning

- Update Comprehensive Land Use Plan
- Amend UDO to comply with NCGS 160D

- Oversee development
- Issue zoning permits
- Build and utilize planning GIS database
- Staff Planning Board / BOA / HPC
- Staff Design Review Committee and utilize historic consultant for COAs
- Liaison (w/Engineering) to High Point MPO
- Inform NCDOT transportation plans

Community and Economic Development

- Depot District master plan, redevelopment projects & passenger rail station- BUILD
- Implement Business Development Program (recruit, facilitate start-ups and development, entrepreneur development, location marketing, business incentive grant program)
- Facilitate Redevelopment Projects (architectural fees, historic tax credits, grants, etc.)
- Reset and Staff Appearance Commission
- Liaison to local and regional partners such as Uptown Lexington, Inc., Local Food Initiative, Piedmont Triad Regional Council, Farmer's Market, etc.

**BUSINESS AND COMMUNITY DEVELOPMENT DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|----------------|----------------|----------------|
| # of dept. employees | 9 | 9 | 9 |
| # of residential reconnect inspections/year | 1,269 | 1,290 | 1,297 |
| # of building inspections/year | 3,373 | 3,403 | 3,367 |
| # of housing units | 8,989 | 9,111 | 9,142 |
| % of rental housing units | 63.20% | 63.00% | 63.00% |
| # of nuisance complaints/year | 2,902 | 2,318 | 2,145 |
| \$ value of new residential construction | \$27.3 Million | \$9.9 Million | \$14.2 Million |
| \$ value of new commercial construction | \$9.5 Million | \$37.3 Million | \$13 Million |

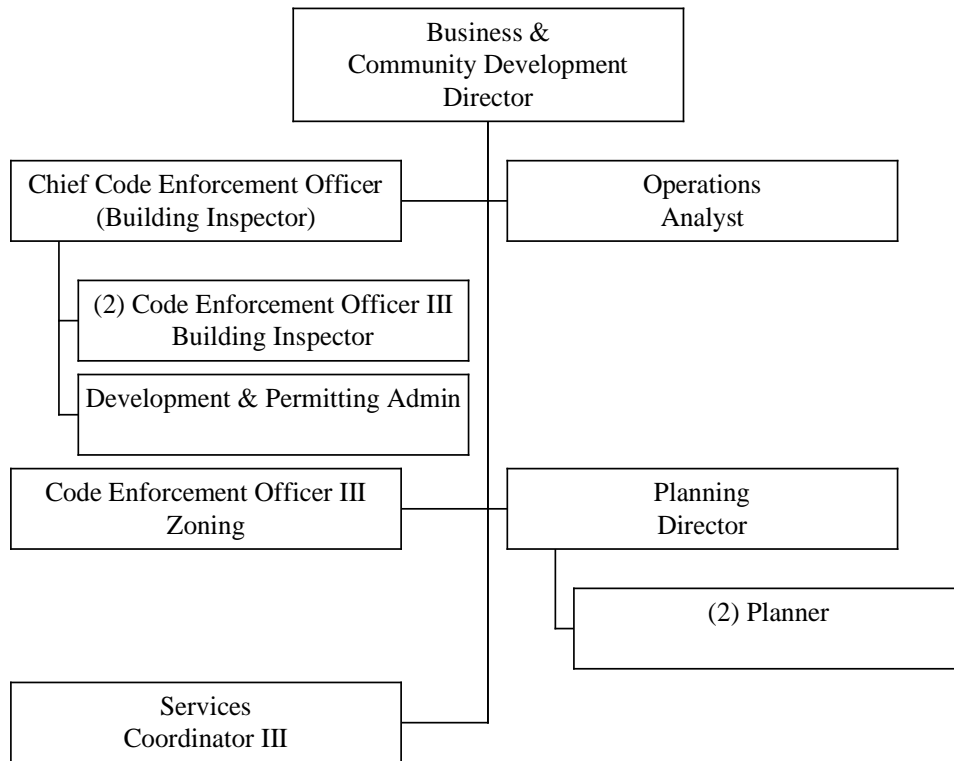
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 792,222 | \$ 979,977 | \$ 900,400 | \$ 1,237,977 |
| Operations | 144,598 | 272,848 | 246,623 | 262,098 |
| Capital Outlay | - | 5,900 | 5,855 | 44,511 |
| Total | \$ 936,820 | \$ 1,258,725 | \$ 1,152,878 | \$ 1,544,586 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 9 | 11 | 11 | 11 |
| Board Members | 9 | 9 | 9 | 9 |



City of Lexington Business and Community Development



**PUBLIC SERVICES ADMINISTRATION DEPARTMENT
GENERAL FUND**

Statement of Department’s Purpose:

The purpose of the Public Services Administration Department is to provide administrative and customer service support to government public services including Fleet Management, Stormwater, Recycling and Waste Collection, and Streets.

Departmental Functions:

Answer incoming phone inquiries regarding customer service requests and complaints, evaluate and disseminate calls/requests to appropriate departments for resolution, create work orders, maintain various databases, manage department purchasing and payroll functions including public service employee certifications, assist with development and monitoring of annual budgets including purchasing card receipts, arrange for commercial recycling and waste collections accounts, arrange all travel and training requests, coordinate the maintenance and updating of website communications, coordinate special events, maintain motor pool fleet and fuel operations, support utility customer service and other administrative functions as required.

2022-23 Objectives:

- Provide exceptional customer service support for external customers
- Provide administrative support services to Public Services departments (internal customers)
- Analyze and monitor budgets and expenditures for cost savings
- Coordinate updates for Public Services website communication
- Comprehensive review of Fleet Management internal services
- Comprehensive review of Street and Stormwater services purchasing procedures
- Provide administrative support for special events

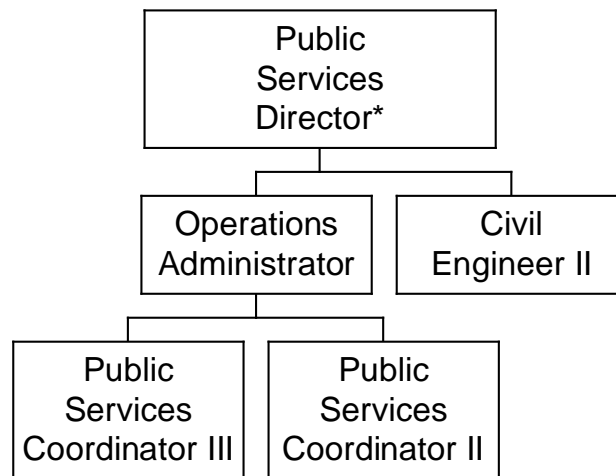
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 320,322 | \$ 419,187 | \$ 263,400 | \$ 497,119 |
| Operations | 21,268 | 173,316 | 164,781 | 44,053 |
| Capital Outlay | - | 45,900 | 45,816 | 35,535 |
| Total | \$ 341,590 | \$ 638,403 | \$ 473,997 | \$ 576,707 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 5 | 5 | 5 | 5 |



City of Lexington Public Services Administration



*Public Services Director funded in Public Services Administration but provides leadership over the departments of Street, Recycling & Waste Collection, Stormwater and Fleet Management.

STREET DEPARTMENT GENERAL FUND

Statement of Department's Purpose:

The purpose of the Street Department is to provide maintenance of the city streets, signs, pavement markings, sidewalks, to provide ice and snow control on streets located within the City limits and to maintain the appearance and pleasing aesthetics within the corporate City limits of Lexington.

Departmental Functions:

- Patch potholes and utility cuts
- Manage and Inspect pavement resurfacing contracted services
- Maintain sidewalks, curb and gutter; install new sidewalks where needed
- Maintain highway road signs and street signs
- Maintain pavement markings, arrows, crosswalks, stop bars, double yellow lines and parking spaces
- Sweep city streets and other city properties
- Set up traffic control for construction and city events
- Perform ice and snow control on city streets, applying brine, plowing and salting
- Keep roadways and streets clear of hazards, tree limbs and debris
- Keep right of ways and other public areas and structures within the City limits maintained to promote pleasing aesthetics

2022-23 Objectives:

- Effectively manage personnel and equipment to provide the highest level of customer service and best value for the expenditure
- Maintain an effective preventive maintenance program and minimize lifetime costs of roadways and related structures
- Continue aggressive pavement maintenance program with resurfacing and surface treatments to minimize pavement deterioration
- Continue sidewalk replacement and repair program, targeting uptown and surrounding areas
- Maintain an effective sign survey and replacement program
- Target badly deteriorated curb and gutter areas and start replacement by in-house services
- Target areas of needed repair and maintenance noted on the street pothole survey
- Remain current and knowledgeable of eligible, efficient and effective uses for Powell Bill funds
- Effectively target unsightly debris, undergrowth, weeds, grass, graffiti and other nuisances to promote a cleaner, safer and pleasing City appearance

**STREET DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------|----------|----------|
| # of dept. employees | 13 | 13 | 11 |
| Street miles | 125.2 | 125.2 | 125.6 |
| Miles per employee | 10 | 10 | 11 |
| Tons of asphalt used on City streets | 647 | 596 | 652 |
| Feet of sidewalk replaced/repared per year | 1,074 | 1,761 | 721 |

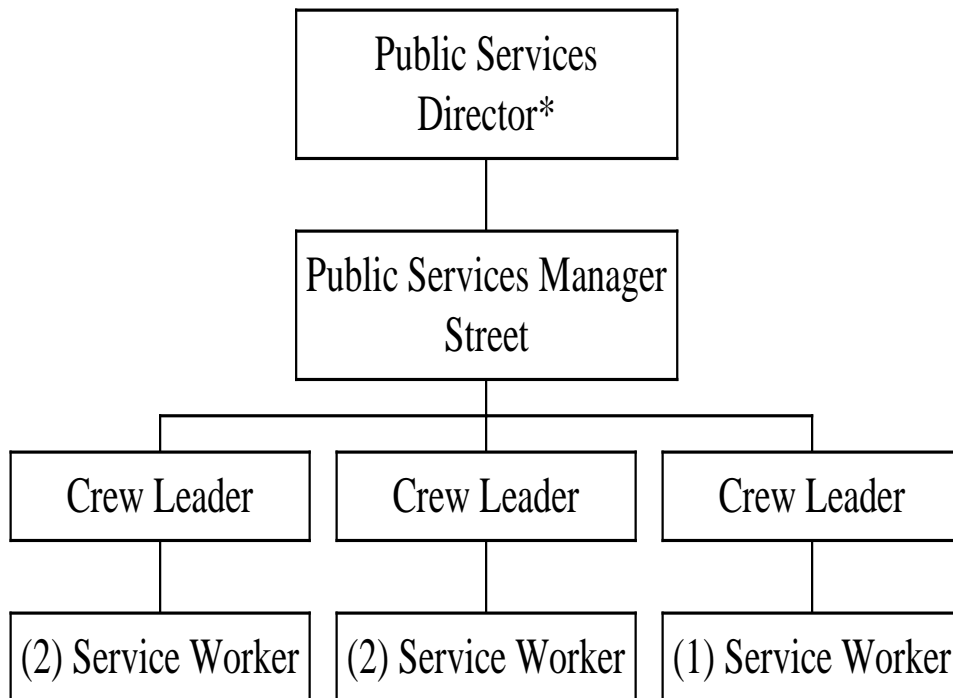
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 627,536 | \$ 692,291 | \$ 640,100 | \$ 713,580 |
| Operations | 451,494 | 1,834,668 | 1,752,341 | 1,665,744 |
| Capital Outlay | 15,424 | 80,000 | 170,640 | - |
| Total | \$ 1,094,454 | \$ 2,606,959 | \$ 2,563,081 | \$ 2,379,324 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 11 | 10 | 9 | 9 |



City of Lexington Street



*Public Services Director funded in Public Services Administration but provides leadership over the departments of Street, Recycling & Waste Collection, Stormwater, and Fleet Management.

RECYCLING AND WASTE COLLECTION DEPARTMENT GENERAL FUND

Statement of Department's Purpose:

The purpose of the Recycling and Waste Collection Department is to help maintain a high standard of health and cleanliness by managing timely collection and disposal of the solid waste and recycling generated by the citizens of Lexington and to accomplish this goal in a cost effective manner with a high level of customer satisfaction.

Departmental Functions:

- Weekly collection and disposal of solid waste for 8,500 households
- Weekly collection and disposal of solid waste for city departments
- Weekly collection and disposal of solid waste for approximately 255 commercial rollout customers
- Weekly collection and disposal of yard waste, limbs, grass, trimmings, etc. for 8,300 households
- Weekly collection and disposal of recyclable items including electronics, metal, white goods and tires as requested (for residential locations)
- Bi-weekly collection and disposal of residential recycling rollouts for approximately 8,300 households
- Bi-weekly collection and disposal of recycling for approximately 100 commercial recycling rollout customers
- Cleanup for special events (BBQ Festival, National Night Out, Christmas Open House, Amphitheater Events, Boo Bash, etc.)

2022-23 Objectives:

- Enforce fully containerized solid waste & recycling code/policy
- Provide support and participation in the Public Services Mission – City wide cleanup campaign
- Continue customer education efforts regarding waste collection and recycling services and additional recycling mandates – utilize website opportunities
- Enforce roll outs being left curbside.
- Enforce dumpster requirements for multifamily housing consisting of more than 6 units.

**RECYCLING AND WASTE COLLECTION DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|--------------------------------|--------------------------------|--------------------------------|
| # of dept. employees | 13 | 13 | 13 |
| # of residences | 8,500 | 8,500 | 8,711 |
| Tons of garbage collected/year (residential) | 8,239 | 8,237 | 8,726 |
| Tons of recycling/year (residential) | 268 | 797 | 1,045 |
| % of customers who recycle | 40% | 40% | 40% |
| Monthly rate charged for residential collection | \$15.00 | \$15.00 | \$15.00 |
| Tipping fees per ton | \$36 Garbage \$70 Recycling | \$36 Garbage \$70 Recycling | \$36 Garbage \$67 Recycling |
| Ratio of revenues to expenditures | 1 to 1.30 | 1 to 1.32 | 1 to 1.70 |

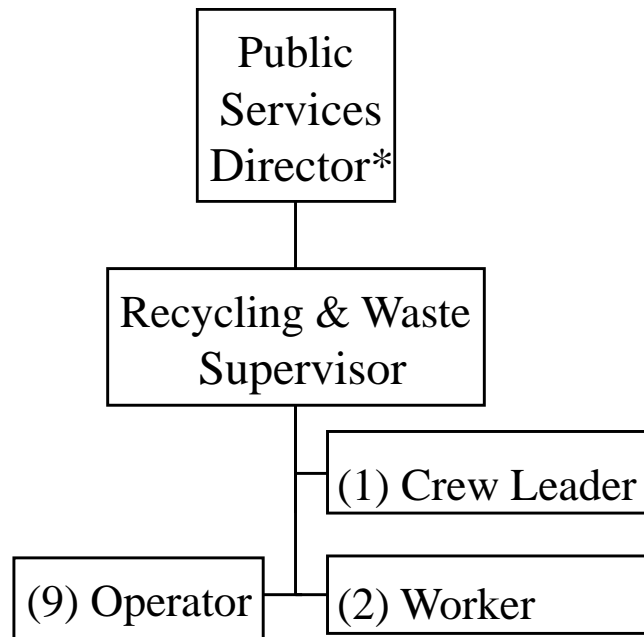
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 717,169 | \$ 830,510 | \$ 774,560 | \$ 904,962 |
| Operations | 1,069,360 | 1,201,644 | 1,360,209 | 1,190,013 |
| Capital Outlay | 350,545 | 548,000 | 1,021,200 | - |
| Total | \$ 2,137,074 | \$ 2,580,154 | \$ 3,155,969 | \$ 2,094,975 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 13 | 13 | 13 | 13 |



City of Lexington Recycling & Waste Collection



*Public Services Director funded in Public Services Administration but provides leadership over the departments of Street, Recycling & Waste Collection, Stormwater and Fleet Management.

**SPECTATOR RECREATION DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

The purpose of the Spectator Recreation Department is to account for cultural recreational activities benefitting the public as spectators.

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Operations | \$ 164,151 | \$ 208,055 | \$ 143,570 | \$ 169,210 |
| Total | \$ 164,151 | \$ 208,055 | \$ 143,570 | \$ 169,210 |

**PARKS & RECREATION DEPARTMENT
GENERAL FUND**

Statement of Department’s Purpose:

The purpose of the Parks and Recreation Department is to promote community pride and wellness through diverse, intentional and relevant leisure opportunities.

Departmental Functions:

Operate 24 public park properties, including 15 tennis courts, 7 ball fields, 5 multipurpose fields, 16 basketball courts, 1 volleyball court, over 2 miles of surfaced trail, 1 aquatic facility, 1 splash pad, 1 skate/BMX park, and over 9 miles of mountain bike trails; and provide a year-round program of recreational activities for youth and adults including city-wide Multicultural festival.

2022-23 Objectives:

- Increase awareness of parks and recreation in Lexington
- Expand recreational opportunities for residents of Lexington
- Develop plans for Community Recreation Center
- Continue systematic playground replacement plan to address outdated equipment
- Hold successful Multicultural Festival
- Partner with YMCA for aquatics program and youth basketball

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20* | FY 20-21* |
|--------------------------------|----------|-----------|-----------|
| # of dept. employees (FT) | 6 | 6 | 6 |
| Expenditures per capita | \$43 | \$42 | \$35 |
| # of sports registrants/year | 364 | 198 | 165 |
| # of program participants/yr | 1,220 | 922 | 358 |
| # of ballfield/shelter rentals | 323 | 154 | 369 |
| # pool admissions | 10,703 | 6,273 | 4,901 |
| # of youth recreation centers | 0 | 0 | 0 |
| # of skate/BMX parks | 0 | 1 | 1 |
| # of pools/splashpads | 2 | 2 | 2 |
| # of parks | 20 | 20 | 21 |

***Programs and facilities impacted during COVID19:**

- Baseball season canceled in FY19-20, limited registrations in FY 20-21
- Basketball season canceled FY20-21
- Spring youth programs canceled FY 19-20, limited programs during FY 20-21
- Summer camp participant numbers restricted in both FY 19-20 and FY20-21
- Shelter rentals suspended from March- May 2020, then restricted by governors gathering limits in FY 19-20
- Pool only open July/August 2019 in FY19-20, closed due to COVID19 closure for May-August 2020, impacting admissions in FY19-20 and FY20-21

**PARKS & RECREATION DEPARTMENT
GENERAL FUND**

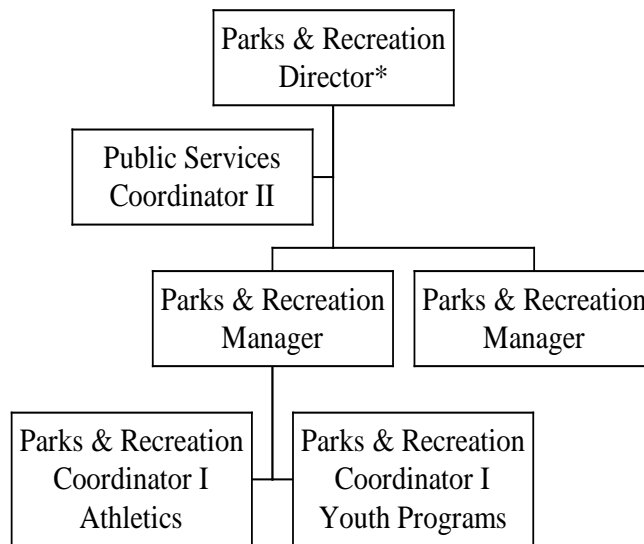
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 422,694 | \$ 571,777 | \$ 488,300 | \$ 605,249 |
| Operations | 201,459 | 446,465 | 442,215 | 414,085 |
| Capital Outlay | 57,835 | 130,657 | 115,613 | 7,500 |
| Total | \$ 681,988 | \$ 1,148,899 | \$ 1,046,128 | \$ 1,026,834 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 6 | 6 | 6 | 6 |



City of Lexington Parks & Recreation



*Parks & Recreation Director funded in Parks & Recreation Department but provides leadership over the departments of Public Buildings, Public Grounds and Parks & Recreation.

**PUBLIC GROUNDS DEPARTMENT
GENERAL FUND**

Statement of Department’s Purpose:

The purpose of the Public Grounds Department is to provide extraordinary customer service in the maintenance of various city facilities.

Departmental Functions:

Maintenance and mowing of all City public grounds including cemeteries, parks, playgrounds, right-of-ways and landscaping throughout the city.

2022-23 Objectives:

- Provide cemetery services in an efficient and courteous manner
- Provide support to the Parks and Recreation Department in the development of recreation center
- Ensure the safety of playground equipment at various city parks by performing regular inspections, making repairs, replacing, and painting as needed
- Continue to improve the turf on all sports fields with use of lime and fertilizer
- Provide increased services for new and renovated park facilities including Holt-Moffitt, Washington Park splash pad, Lexington Aquatic Park and Lexington Skate Park; Provide ground maintenance services (mowing, fertilizing, over seeding) for Breeden Insurance Amphitheater
- Contribute to safety and beautification of the city through maintenance of city entrance landscaping and right-of-way mowing, trimming, and weed control
- Control growth at old landfill with bi-annual mowing

Performance Measure Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|----------------------------------|----------|----------|----------|
| # of dept. employees | 12 | 12 | 12 |
| # of cemeteries | 4 | 4 | 4 |
| # of burials/year | 89 | 105 | 80 |
| # of acres maintained | 490 | 490 | 490 |
| Miles of right-of-way maintained | 218 | 218 | 218 |
| Acres maintained per employee | 41 | 41 | 41 |
| Annual maintenance cost per acre | \$1,655 | \$1,663 | \$1,524 |

**PUBLIC GROUNDS DEPARTMENT
GENERAL FUND**

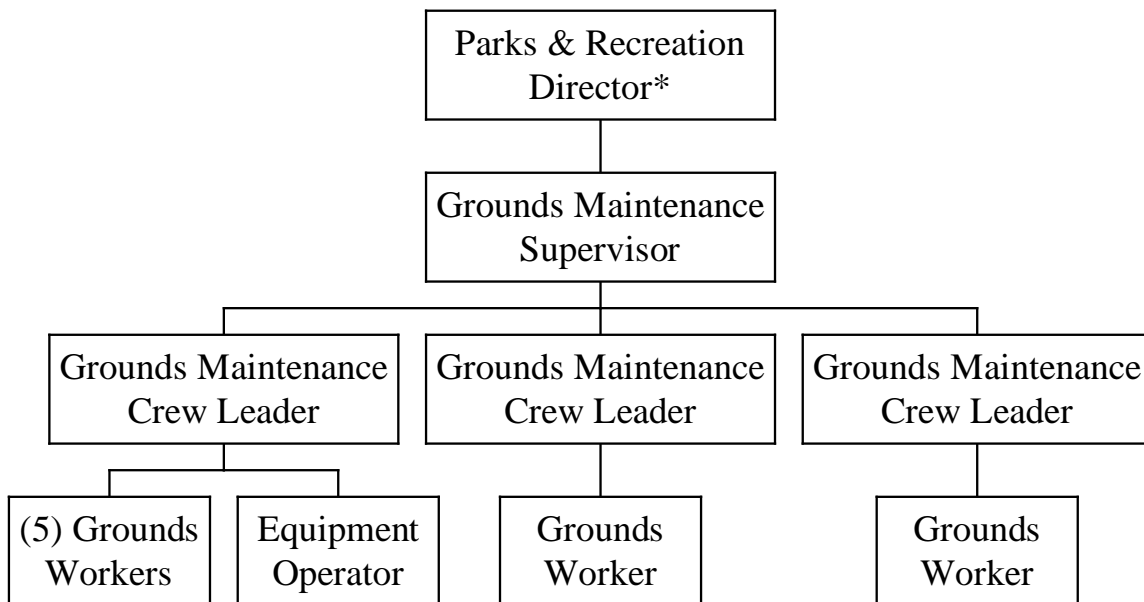
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 549,422 | \$ 727,411 | \$ 562,200 | \$ 829,322 |
| Operations | 184,827 | 227,260 | 247,130 | 211,435 |
| Capital Outlay | 12,496 | 384,000 | 541,590 | 9,000 |
| Total | \$ 746,745 | \$ 1,338,671 | \$ 1,350,920 | \$ 1,049,757 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 12 | 12 | 12 | 12 |



City of Lexington Public Grounds



*Parks & Recreation Director funded in Parks & Recreation Department but provides leadership over the departments of Public Buildings, Public Grounds and Parks & Recreation.

**ECONOMIC DEVELOPMENT DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

The purpose of the Economic Development Department is to account for grant incentive payments made to businesses in order to promote continued economic development and growth within the City of Lexington, to diversify and increase the tax base and create or maintain jobs.

2022-23 Objectives:

- To monitor and enhance economic development and growth within the City of Lexington
- To monitor and fulfill City Council approved economic development grant contract obligations
- To explore new opportunities and provide incentives that will promote economic development
- To incorporate the business development initiative led by the Office of Business and Community Development

Performance Measures Summary:

| Indicators | FY 18-19 | FY 19-20 | FY 20-21 |
|-----------------------------------|-----------|-----------|-----------|
| Economic Development Expenditures | \$376,443 | \$730,958 | \$484,700 |

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 82,520 | \$ 94,820 | \$ 92,958 | \$ 130,437 |
| Operations | 267,753 | 459,920 | 360,615 | 257,981 |
| Capital Outlay | 134,427 | 23,865 | 23,849 | - |
| Total | \$ 484,700 | \$ 578,605 | \$ 477,422 | \$ 388,418 |

**DEBT SERVICE DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

The purpose of the Debt Service Department is to account for installment purchase principal and interest payments as well as bond principal and interest payments related to capital improvement projects and equipment and vehicle purchases made by General Fund departments.

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|----------|----------|----------|
| Net bonded GO debt to assessed valuation (%)* | 0.000% | 0.000% | 0.000% |
| Net bonded GO debt per capita* | \$0 | \$0 | \$0 |
| S&P rating | AA- | AA- | AA- |
| Moody's rating | Aa3 | Aa3 | Aa3 |
| Fitch rating | N/A | N/A | N/A |

* Includes bonds authorized and unissued (excludes all enterprise fund debt)

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Debt Service | \$ 1,097,798 | \$ 2,402,864 | \$ 1,808,954 | \$ 1,493,290 |
| Total | \$ 1,097,798 | \$ 2,402,864 | \$ 1,808,954 | \$ 1,493,290 |

Schedule of New General Fund Installment Finance and Bonded Debt:

Installment Finance:

| Item | Purchase Price | Years Financed | Interest Rate | Debt Service Payment |
|-------------------|---------------------|----------------|---------------|----------------------|
| Fire Ladder Truck | <u>\$ 1,497,094</u> | 7 | 4.00% | <u>\$ 123,664</u> |
| Total | <u>\$ 1,497,094</u> | | | <u>\$ 123,664</u> |

**TRANSFERS DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

The purpose of the Transfers Department is to account for all transfers from the General Fund to other funds within the City budget.

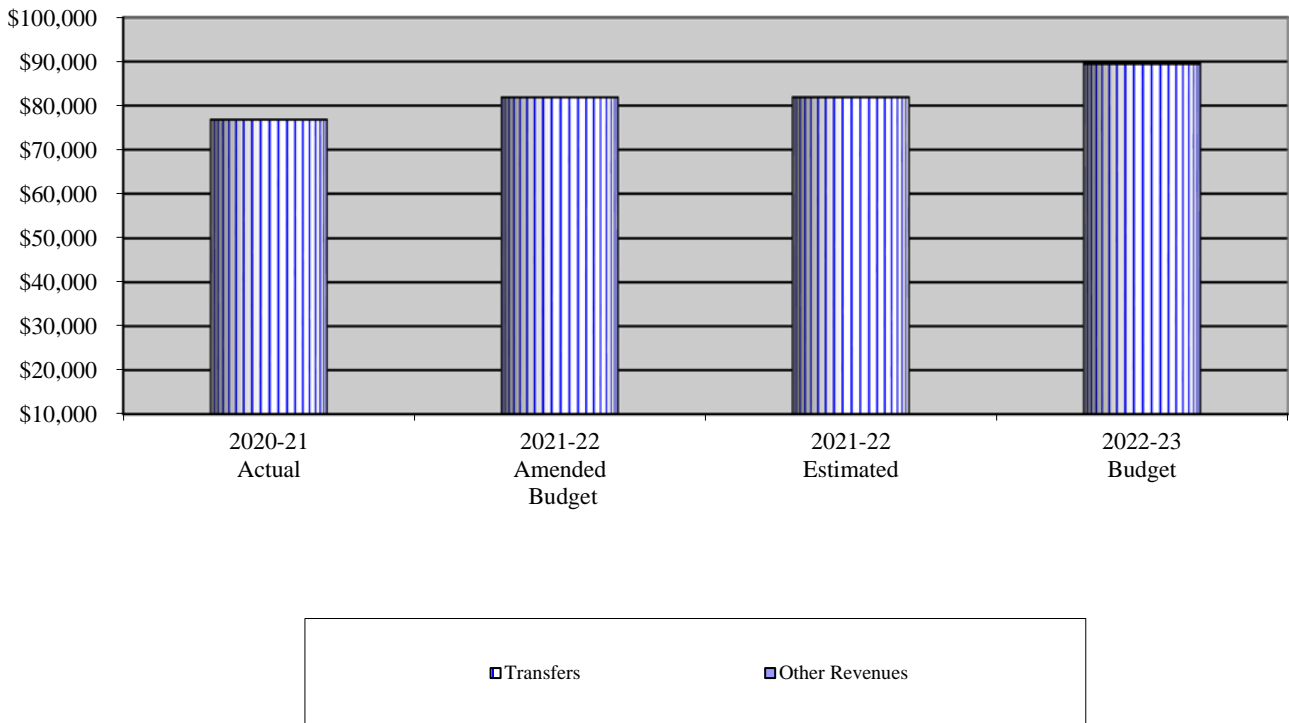
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---|-------------------|---------------------------|----------------------|-------------------|
| Transfer to Governmental Capital Reserve Fund | \$ 76,802 | \$ 81,866 | \$ 81,866 | \$ 89,427 |
| Transfer to Grant Projects Fund | - | 12,800 | 12,800 | - |
| Transfer to Stormwater Fund | 275,000 | - | - | - |
| Transfer to Golf Fund | 450,000 | 450,000 | 450,000 | 450,000 |
| Total | \$ 801,802 | \$ 544,666 | \$ 544,666 | \$ 539,427 |



**GOVERNMENTAL CAPITAL RESERVE FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|----------------|-------------------|------------------------------|----------------------|-------------------|
| Other Revenues | \$ - | \$ - | \$ 40 | \$ 100 |
| Transfers | 76,802 | 81,866 | 81,866 | 89,427 |
| Total | \$ 76,802 | \$ 81,866 | \$ 81,906 | \$ 89,527 |



**GOVERNMENTAL CAPITAL RESERVE DEPARTMENT
GOVERNMENTAL FUND**

Statement of Department's Purpose:

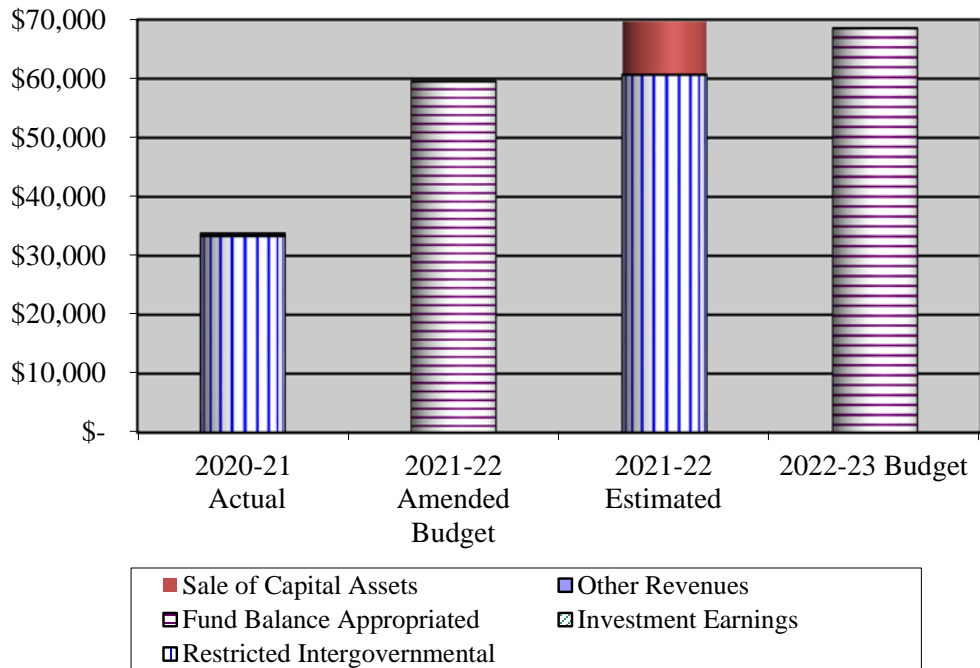
The Governmental Capital Reserve Subfund was established to accumulate resources set aside for ADA (Americans with Disabilities Act of 1990) compliance funding for governmental assets.

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------|-------------------|---------------------------|----------------------|-------------------|
| Addition to Fund Balance | \$ - | \$ 81,866 | \$ - | \$ 89,527 |
| Total | \$ - | \$ 81,866 | \$ - | \$ 89,527 |

**CONTROLLED SUBSTANCE FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|------------------------------|-------------------|------------------------------|----------------------|-------------------|
| Restricted Intergovernmental | \$ 33,338 | \$ - | \$ 60,631 | \$ - |
| Investment Earnings | 65 | - | 35 | - |
| Other Revenues | 400 | - | 25 | - |
| Sale of Capital Assets | - | - | 8,970 | - |
| Fund Balance Appropriated | - | 59,531 | - | 68,531 |
| Total | \$ 33,803 | \$ 59,531 | \$ 69,661 | \$ 68,531 |



**CONTROLLED SUBSTANCE DEPARTMENT
SPECIAL REVENUE FUND**

Statement of Department’s Purpose:

The purpose of the Controlled Substance Department is to account for federal, state and county controlled substance tax revenues, otherwise known as federal and state drug forfeiture funds which are restricted for public safety expenditures.

Departmental Functions:

Emergency 911 response, person and property crime investigations, traffic enforcement, crash reconstruction, mental commitments, animal and neighborhood complaints, highway and drug interdiction, State and Federal prosecutions, parades and special events, foot patrols, DWI enforcement, speed enforcement, community watch, traffic direction, warrant service, escorts, crime scene processing, canine searches and tracking.

2022-23 Objectives:

- Purchase new law enforcement supplies and equipment to enhance existing efforts and initiate new programs
- Provide training for sworn personnel to increase professional police competencies and skills

Performance Measures Summary:

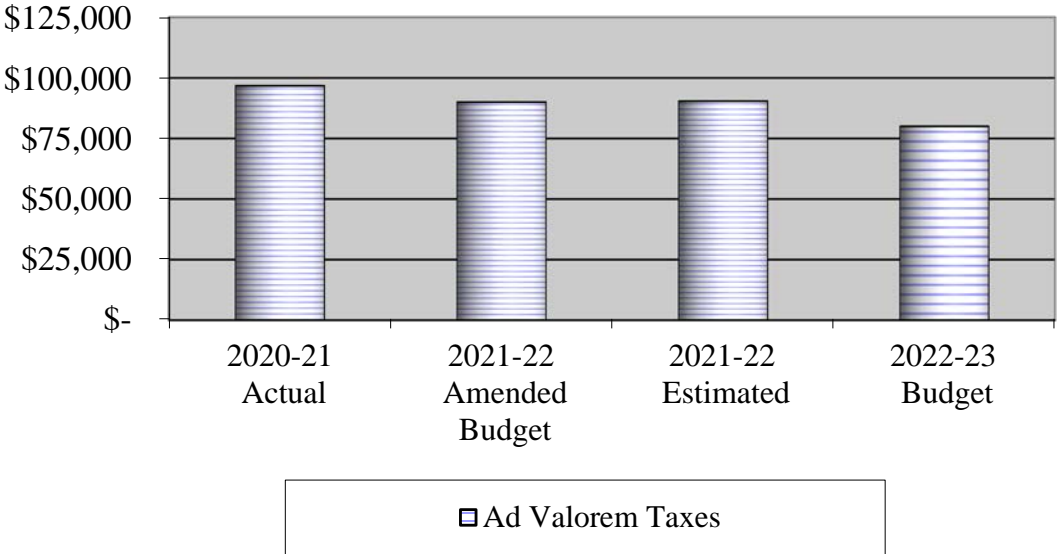
| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|----------|----------|----------|
| Revenue received from Federal Forfeitures of Assets | \$50,005 | \$51,422 | \$14,373 |
| Revenue received from State Forfeitures of Assets | \$14,194 | \$27,510 | \$18,965 |

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Operations | \$ 52,515 | \$ 59,531 | \$ 59,531 | \$ 55,531 |
| Capital Outlay | 5,153 | - | - | 13,000 |
| Total | \$ 57,668 | \$ 59,531 | \$ 59,531 | \$ 68,531 |

**SPECIAL TAX DISTRICT FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|------------------|-------------------|------------------------------|----------------------|-------------------|
| Ad Valorem Taxes | \$ 96,707 | \$ 90,000 | \$ 90,400 | \$ 80,000 |
| Total | \$ 96,707 | \$ 90,000 | \$ 90,400 | \$ 80,000 |



**SPECIAL TAX DISTRICT DEPARTMENT
SPECIAL REVENUE FUND**

Purpose:

The purpose of the Special Tax District Department is to account for the additional ad valorem property tax received for and expenditures related to the revitalization of the uptown district.

Performance Measures Summary:

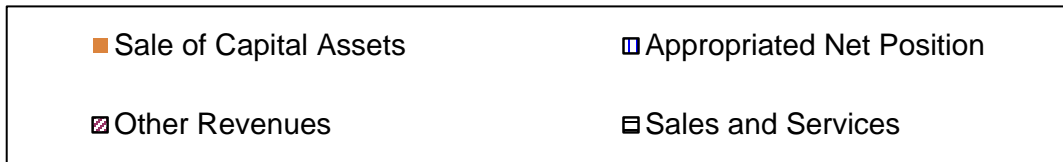
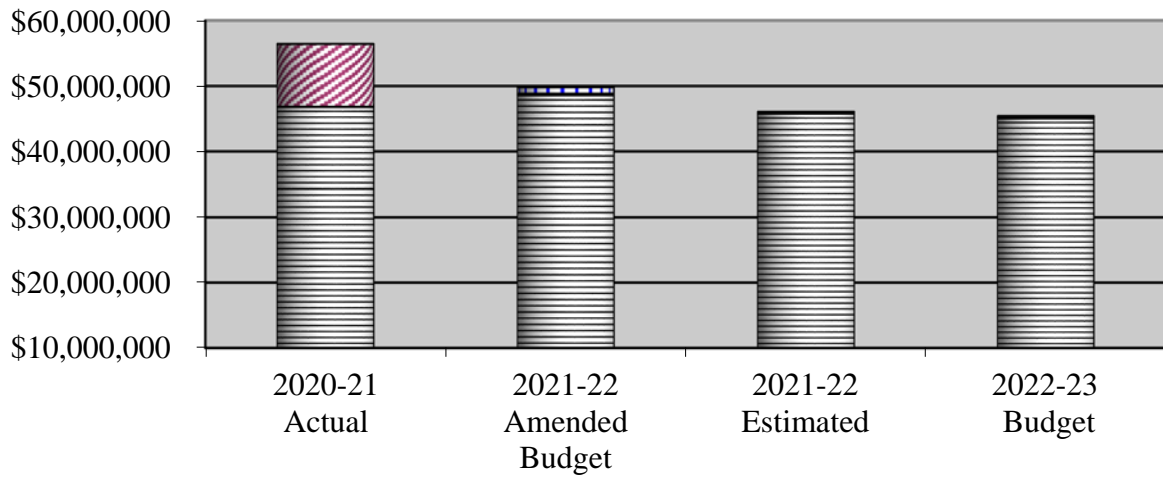
| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--------------------------------------|-----------|----------|----------|
| Current tax rate | 0.20 | 0.20 | 0.20 |
| Payment to Uptown Lexington, Inc. | \$100,453 | \$87,740 | \$96,524 |

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Operations | \$ 96,524 | \$ 90,000 | \$ 90,400 | \$ 80,000 |
| Total | \$ 96,524 | \$ 90,000 | \$ 90,400 | \$ 80,000 |

**ELECTRIC FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------------|----------------------|------------------------------|----------------------|----------------------|
| Sales and Services | \$ 46,805,477 | \$ 48,593,945 | \$ 45,772,913 | \$ 45,057,258 |
| Other Revenues | 9,627,857 | 223,850 | 269,504 | 225,200 |
| Sale of Capital Assets | 60,669 | - | 51,287 | - |
| Appropriated Net Position | - | 992,488 | - | 110,328 |
| Total | \$ 56,494,003 | \$ 49,810,283 | \$ 46,093,704 | \$ 45,392,786 |



ELECTRIC DEPARTMENT ENTERPRISE FUND

Statement of Department's Purpose:

The purpose of the Electric Department is to meet the needs of the City of Lexington and Davidson County customers by providing reliable, cost effective and safe electric service.

Departmental Functions:

- Maintenance of 74 miles of 44kV transmission line, approximately 1,318 miles of distribution line and 20,570 electric meters
- Maintenance and installation of street and area lights
- Maintain SCADA system, 11 electric substations and two 44kV delivery substations
- Planning and management of capital improvement project for system reliability
- Monitor commercial and industrial accounts for correct billing rates
- Preparation of proposals for economic development
- Enter data for Geographic Information System (GIS) mapping
- Tree trimming service to maintain system reliability
- Install Christmas decorations and special event banners for Uptown Lexington
- Installation of temporary power pedestals for special events
- Maintain ball field and tennis court lights for Parks and Recreation Department
- Ensure high levels of customer service when dealing with current and prospective customers
- Assist other agency members during power outages due to severe weather conditions
- Assist in the development of rates and fees

2022-23 Objectives:

- Advocate system growth to meet the goals of the financial and business plans, including the building of cash reserves in the Electric Fund to ensure financial stability
- Construct and commission a 3rd delivery station in northern Davidson County
- Evaluate and need and location of a 4th delivery station for future growth
- Pursue new technology that will improve organizational efficiency
- Upgrade the electric system to improve its reliability via the use of the System Improvement Study
- Maintain a strong working relationship with Davidson County Economic Development Commission
- Move towards no loss time accidents for the year by continuing safety awareness
- Reduce outages and outage response times; goal is to reduce average response time to less than 60 minutes
- Promote "HOMETOWN GREEN" energy efficiency programs
- Continue implementing LED lighting technology with LED area and street lighting
- Continue to contract with ElectriCities for a highly skilled and professional workforce
- Promote and support development of Front Street Economic Development project

**ELECTRIC DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---------------------------|----------|----------|----------|
| # of dept. employees | 24 | 24 | 24 |
| Miles of line | 1,215 | 1,308 | 1,313 |
| Miles of line/employee | 51 | 55 | 55 |
| # of customers | 18,940 | 19,133 | 19,467 |
| # of customers/employee | 789 | 797 | 811 |
| % of system loss | 4.38% | 4.65% | 5.21% |
| # of breaker outages/year | 31 | 57 | 36 |

Budget Summary:

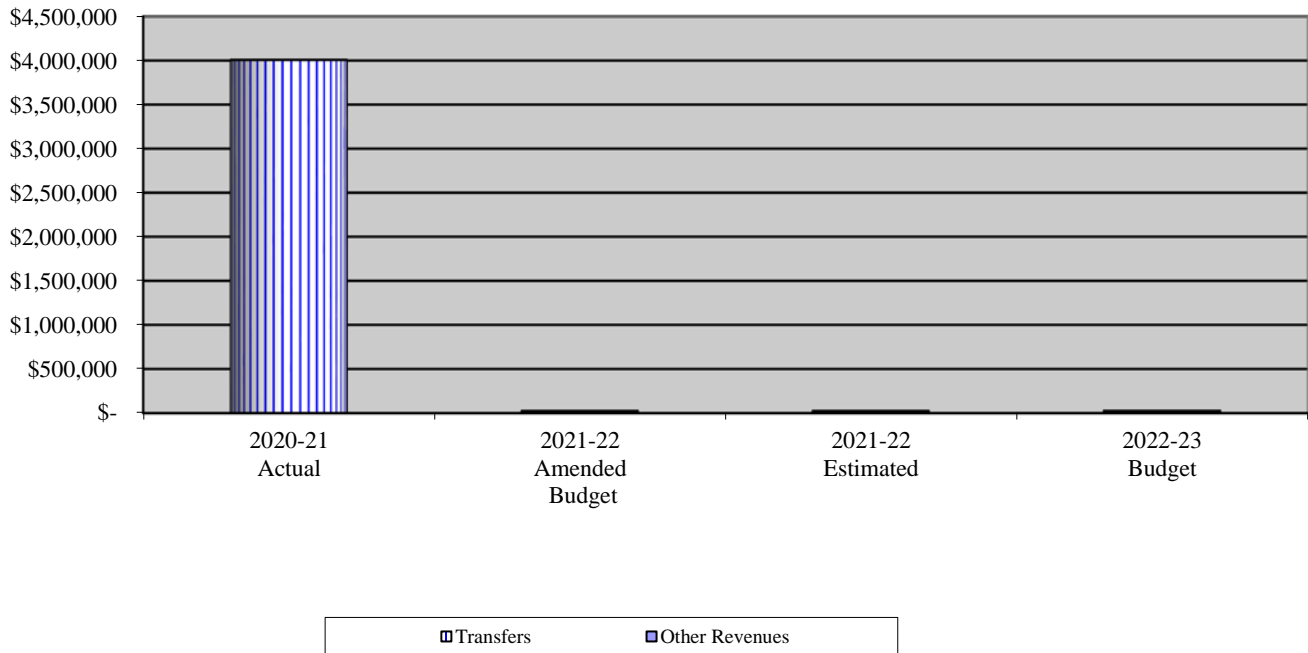
| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 75,851 | \$ 80,140 | \$ 74,379 | \$ 85,189 |
| Operations | 10,838,201 | 14,782,311 | 14,635,545 | 13,995,582 |
| Power Purchases | 32,058,077 | 32,338,416 | 32,000,000 | 29,025,518 |
| Debt Service | 744,460 | 738,907 | 738,907 | 574,114 |
| Capital Outlay | 1,074,847 | 649,745 | 623,313 | 491,619 |
| Transfer to General Fund | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| Transfer to Electric Projects Fund | 5,327,957 | - | - | - |
| Transfer to Electric Capital Reserve Fund | 4,004,515 | 20,764 | 20,764 | 20,764 |
| Total | \$ 55,323,908 | \$ 49,810,283 | \$ 49,292,908 | \$ 45,392,786 |

| Personnel Positions | 2020-21 Authorized* | 2021-22 Authorized* | 2022-23 Authorized* | 2022-23 Funded* |
|---------------------|------------------------|------------------------|------------------------|--------------------|
| Full Time | 0 | 0 | 0 | 0 |

*Due to City reorganization, Electric operations now contracted with Electricities.

**ELECTRIC CAPITAL RESERVE FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|----------------|---------------------|------------------------------|----------------------|-------------------|
| Other Revenues | \$ 4,424 | \$ 4,100 | \$ 3,900 | \$ 5,000 |
| Transfers | 4,004,515 | 20,764 | 20,764 | 20,764 |
| Total | \$ 4,008,939 | \$ 24,864 | \$ 24,664 | \$ 25,764 |



**ELECTRIC CAPITAL RESERVE
ENTERPRISE FUND**

Statement of Department's Purpose:

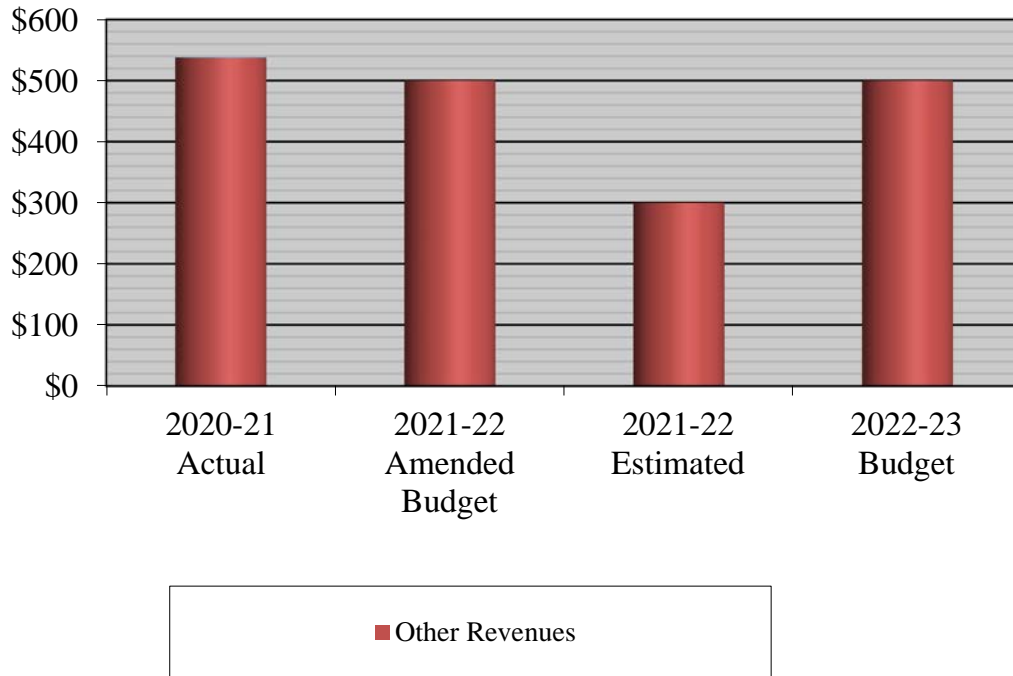
The Electric Capital Reserve Subfund provides for the accumulation of financial resources for future capital project and equipment needs in the Electric utility.

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------|-------------------|---------------------------|----------------------|-------------------|
| Addition to Net Position | \$ - | \$ 24,864 | \$ - | \$ 25,764 |
| Total | \$ - | \$ 24,864 | \$ - | \$ 25,764 |

**ELECTRIC RATE STABILIZATION FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|----------------|-------------------|------------------------------|----------------------|-------------------|
| Other Revenues | \$ 537 | \$ 500 | \$ 300 | \$ 500 |
| Total | \$ 537 | \$ 500 | \$ 300 | \$ 500 |



**ELECTRIC RATE STABILIZATION
ENTERPRISE FUND**

Statement of Department's Purpose:

The Electric Rate Stabilization Subfund provides for the accumulation of financial resources for retail rate stabilization for the Electric utility customers.

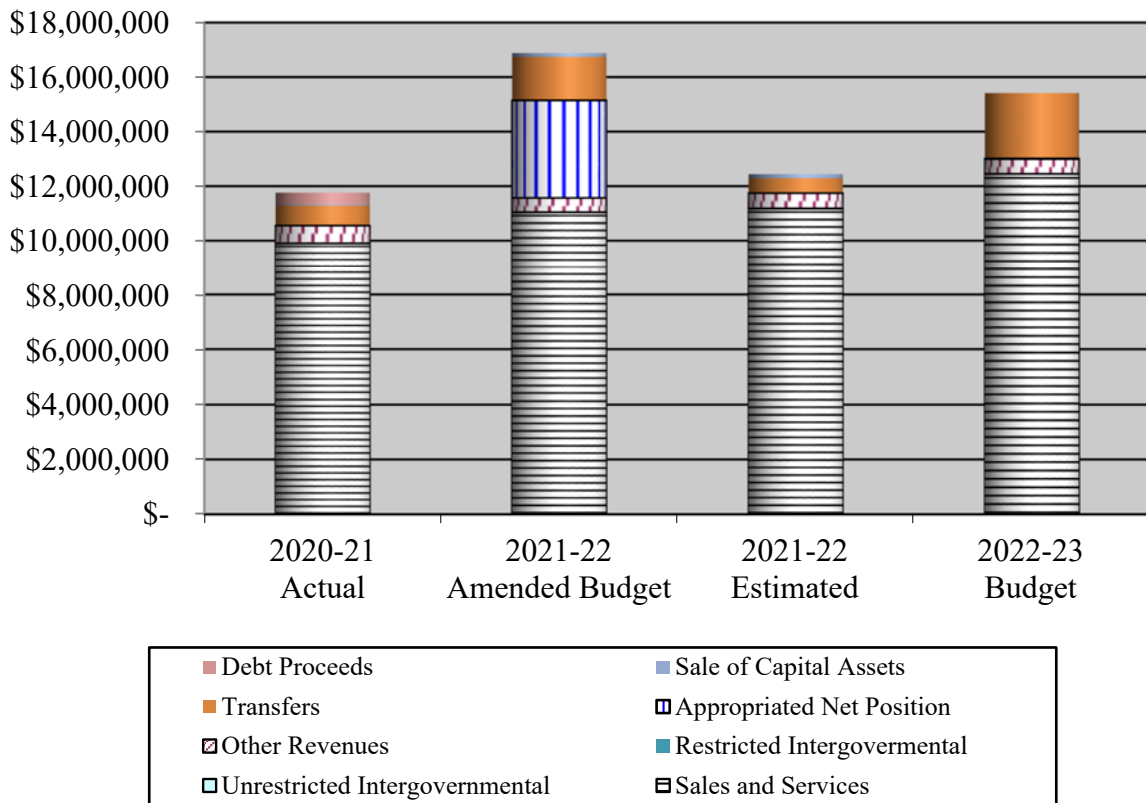
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------|-------------------|---------------------------|----------------------|-------------------|
| Addition to Net Position | \$ - | \$ 500 | \$ - | \$ 500 |
| Total | \$ - | \$ 500 | \$ - | \$ 500 |



**WATER & WASTEWATER FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------------|----------------------|------------------------------|----------------------|----------------------|
| Unrestricted Intergovernmental | \$ 4,621 | \$ 3,707 | \$ 3,707 | \$ 2,771 |
| Restricted Intergovernmental | - | - | 919 | - |
| Sales and Services | 9,896,350 | 11,043,121 | 11,177,829 | 12,446,313 |
| Other Revenues | 651,358 | 519,366 | 559,913 | 543,666 |
| Debt Proceeds | 430,000 | - | - | - |
| Transfers | 739,385 | 1,591,304 | 553,108 | 2,400,000 |
| Sale of Capital Assets | 39,239 | 142,000 | 147,663 | - |
| Appropriated Net Position | - | 3,580,048 | - | 23,405 |
| Total | \$ 11,760,953 | \$ 16,879,546 | \$ 12,443,139 | \$ 15,416,155 |



**WATER & WASTEWATER ADMINISTRATION DEPARTMENT
ENTERPRISE FUND**

Statement of Department's Purpose:

The purpose of the Water and Wastewater Administration Department is to provide administrative oversight to ensure that the customers of the City's water and wastewater treatment plants receive quality service, the City complies with environmental mandates and the employees have a quality work experience; provide oversight to the Construction & Maintenance Department; provide engineering, technical and contract management assistance to all city departments.

Departmental Functions for Water and Wastewater:

- Provide administrative support for operation of the water and wastewater treatment plants.
- Provide information to the City administration staff on the state of the water and wastewater treatment systems.
- Provide information to the public on the state of the water and wastewater treatment systems.
- Administer all state and federal permits associated with the operation of the water and wastewater treatment plants.
- Provide engineering support and coordination for City Departments as needed.

Departmental Functions Citywide:

- Schedule, design, prepare specifications, acquire permits, secure right-of-ways, advertise, bid and manage all capital improvement projects as directed and approved by the City Council and the City Manager
- Building permit and Planning Board reviews, design and construction management, pavement asset management, NC Department of Transportation (NCDOT) coordination, certify plat review for recordation in Davidson County, FEMA compliance.

2022-23 Objectives:

- Contribute to a welcoming and inclusive workplace through positive contributions, supporting a culture of respect, and valuing the differences and efforts of all team members.
- Ensure that water and wastewater plants maintain compliance with federal and state regulations.
- Collaborate with water and wastewater plant personnel so that operations are optimized to maintain performance while reducing costs.
- Provide staff support necessary to promote water quality and recreation at Lake Thom-A-Lex.
- Provide staff support as needed for water quality related initiatives in the Abbots and Swearing Creek drainage basins.
- Coordination of Water/Wastewater conflicts on NCDOT Projects.
- Use Facility Maintenance Approach to access best management practice for water and wastewater infrastructure.
- Construction review and inspection of wastewater extensions in areas by other partners.

**WATER & WASTEWATER ADMINISTRATION DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------|----------|----------|
| # of administrative employees for water & wastewater | 3 | 3 | 3 |
| # of water customers | 8,409 | 8,450 | 8,585 |
| # of wastewater customers | 8,441 | 8,629 | 8,816 |

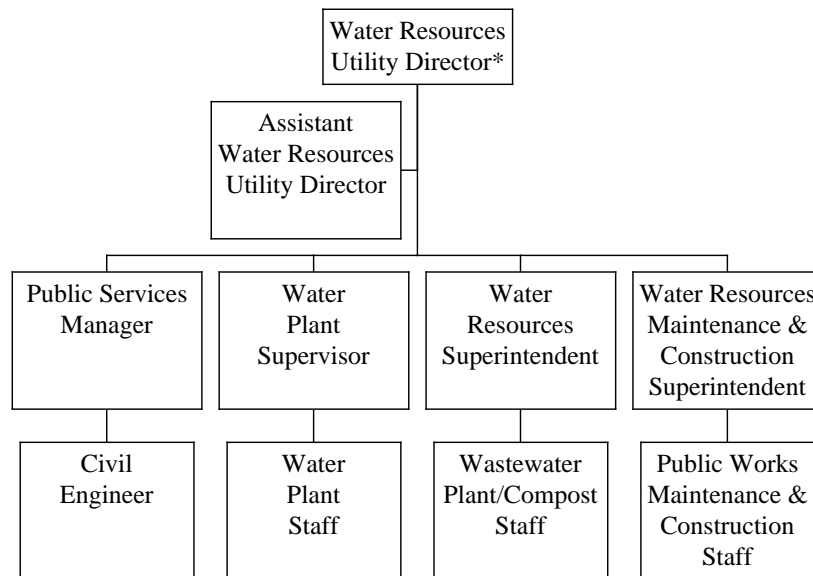
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---|---------------------|---------------------------|----------------------|---------------------|
| Personnel | \$ 390,678 | \$ 407,943 | \$ 405,821 | \$ 537,173 |
| Operations | 1,942,539 | 2,514,558 | 2,284,613 | 2,215,428 |
| Debt Service | 147,009 | 427,293 | 436,264 | 725,482 |
| Capital Outlay | - | 33,837 | 33,830 | - |
| Transfer to Water and Wastewater Capital Reserve Fund | 380,685 | 2,785,846 | 2,404,303 | 313,938 |
| Total | \$ 2,860,911 | \$ 6,169,477 | \$ 5,564,831 | \$ 3,792,021 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 3 | 3 | 4 | 4 |



City of Lexington Water & Wastewater Administration



*Water Resources Utility Director funded in Water & Wastewater Administration but provides leadership over the departments of Water Plant, Wastewater Treatment Plant and Water Resources Maintenance & Construction.

**WATER PLANT DEPARTMENT
ENTERPRISE FUND**

Statement of Department’s Purpose:

The purpose of the Water Plant Department is to provide an adequate supply of clean, safe drinking water at a reasonable cost, friendly and courteous service that is both timely and effective, as well as provide fire protection water supply for all customers.

Departmental Functions:

- Operate two water treatment plants to maintain compliance with permits and protect the health of the water system’s customers
- Operate the two water plants to provide adequate volumes of water for fire protection as necessary
- Operate a laboratory to provide data for operation of the water plants, the operation of the distribution system and for state compliance reporting
- Partner with Thomasville in the management of Lake Thom-A-Lex and in protecting its water quality

2022-23 Objectives:

- Contribute to a welcoming and inclusive workplace through positive contributions, supporting a culture of respect, and valuing the differences and efforts of all team members.
- Provide a safe and productive work place
- Comply with state and federal regulations
- Continue maintenance program upgrades to water plant to enhance reliability
- Explore new water treatment technologies.
- Facilities engineering review to determine the long term future needs of water treatment for Lexington.
- Comply with new emerging contaminant limits from the EPA.

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---------------------------------------|----------|----------|----------|
| # of water plant employees | 11 | 11 | 11 |
| # of water plants | 2 | 2 | 2 |
| Design plant capacity (mgd) | 9.4 | 9.4 | 9.4 |
| Residential water bill (3 CCF usage) | \$20.27 | \$21.27 | \$21.27 |
| Residential water bill (10 CCF usage) | \$30.50 | \$35.13 | \$35.13 |

**WATER PLANT DEPARTMENT
ENTERPRISE FUND**

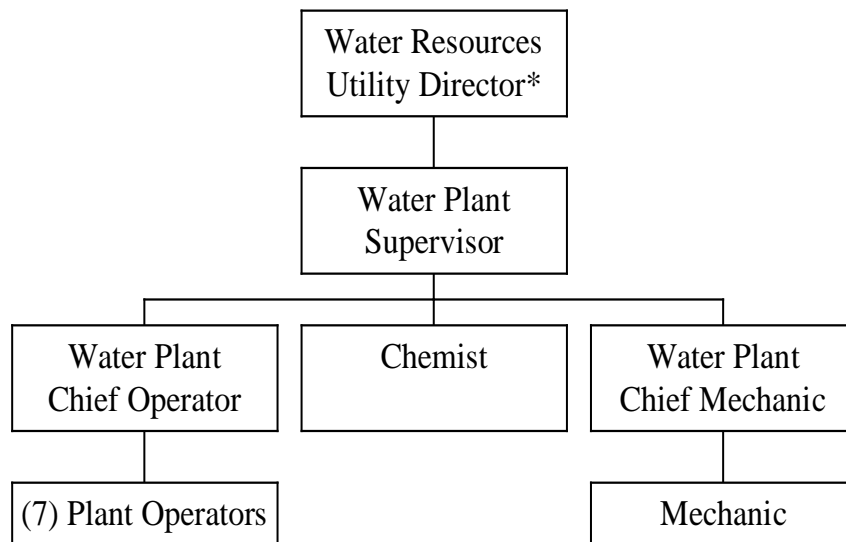
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 821,583 | \$ 961,518 | \$ 905,930 | \$ 1,180,228 |
| Operations | 1,279,127 | 1,462,943 | 1,318,849 | 1,680,786 |
| Capital Outlay | - | 110,219 | 110,219 | 2,060 |
| Total | \$ 2,100,710 | \$ 2,534,680 | \$ 2,334,998 | \$ 2,863,074 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 11 | 12 | 12 | 12 |



City of Lexington Water Plant



*Water Resources Utility Director funded in Water & Wastewater Administration but provides leadership over the departments of Water Plant, Wastewater Treatment Plant, Water Resources Maintenance & Construction.

**WASTEWATER TREATMENT PLANT DEPARTMENT
ENTERPRISE FUND**

Statement of Department’s Purpose:

The purpose of the Wastewater Treatment Plant Department is to provide quality, environmentally safe wastewater treatment at a reasonable cost to the customers of Lexington; where customers are treated in a friendly, courteous and knowledgeable manner and given a prompt internal or external solution.

Departmental Functions:

- Treat wastewater at the Lexington Regional Wastewater Treatment Plant
- Produce compost from sludge generated at the Lexington Regional Wastewater Treatment Plant
- Operate two spray irrigation systems – one at the Lexington Wastewater Treatment Plant and one at the Lexington Golf Course
- Provide laboratory support for the wastewater treatment plant, the pretreatment program and the permits associated with water and wastewater treatment facilities
- Maintain a pretreatment program and an associated oil and grease program for the wastewater plant and the collection system

2022-23 Objectives:

- Contribute to a welcoming and inclusive workplace through positive contributions, supporting a culture of respect, and valuing the differences and efforts of all team members.
- Continue project to upgrade Solids Handling facilities at the plant.
- Maintain compliance with all wastewater permits.

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|----------|----------|----------|
| # of wastewater treatment plant employees | 16 | 16 | 16 |
| # of wastewater plants | 1 | 1 | 1 |
| Plant capacity (mgd) | 6.5 | 6.5 | 6.5 |
| Residential sewer bill (3 CCF usage) | \$23.78 | \$24.96 | \$24.96 |
| Residential sewer bill (10 CCF usage) | \$48.14 | \$50.51 | \$50.51 |

**WASTEWATER TREATMENT PLANT DEPARTMENT
ENTERPRISE FUND**

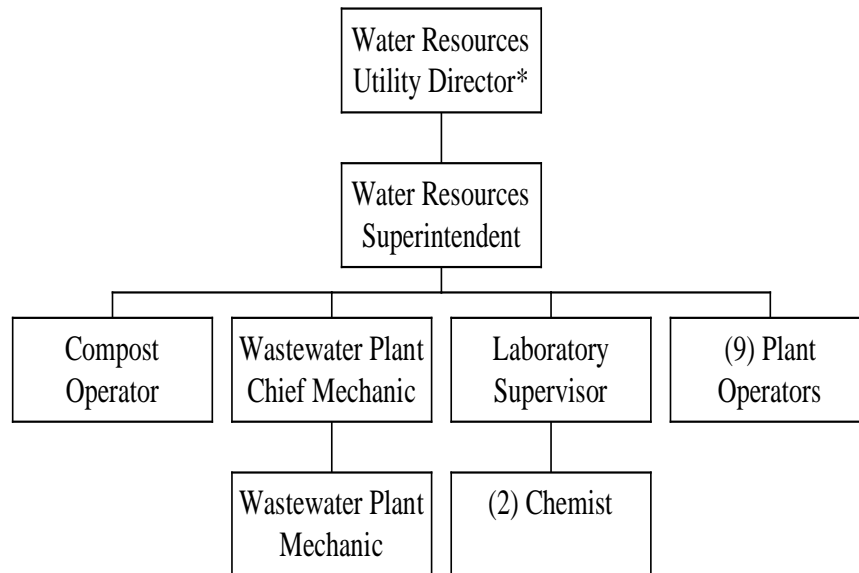
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 1,177,413 | \$ 1,233,907 | \$ 1,223,608 | \$ 1,503,434 |
| Operations | 3,047,479 | 3,299,313 | 2,491,175 | 4,135,795 |
| Capital Outlay | 89,099 | 4,400 | 4,314 | 2,907 |
| Total | \$ 4,313,991 | \$ 4,537,620 | \$ 3,719,097 | \$ 5,642,136 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 16 | 16 | 16 | 16 |



City of Lexington Wastewater Treatment Plant



*Water Resources Utility Director funded in Water & Wastewater Administration but provides leadership over the departments of Water Plant, Wastewater Treatment Plant and Water Resources Maintenance & Construction.

WATER RESOURCES MAINTENANCE & CONSTRUCTION DEPARTMENT ENTERPRISE FUND

Statement of Department's Purpose:

To maintain the water distribution and wastewater collection systems, including but not limited to: 225 miles of wastewater mains, 193 miles of water mains, over 10,000 water taps, over 9,000 wastewater taps, 39 wastewater pumping stations and provide 24 hour service.

Departmental Functions:

Installation and maintenance of water and wastewater mains, water meters, water and wastewater service connections, fire hydrants, wastewater manholes, wastewater outfalls, wastewater pumping stations, budget preparation, capital improvement planning, inspection and approval of contractor built projects, and compliance with all water and wastewater regulations as mandated by the North Carolina Department of Natural Resources (NCDENR).

2022-23 Objectives:

- Contribute to a welcoming and inclusive workplace through positive contributions, supporting a culture of respect, and valuing the differences and efforts of all team members.
- Provide quality customer service and ensure sensible growth of recently built wastewater systems.
- Repair and replace identified sections of defective wastewater mains.
- Clean and inspect wastewater mains in at least 10% of the service area.
- Provide continuous emergency response to utility emergencies.
- Maintain compliance with collection system permit.
- Review lift stations for possible replacement with gravity lines.
- Provide assistance and inspection for the wastewater projects being built by Davidson County.
- Update the Geographic Information System (GIS) mapping system and database.
- Train highly skilled employees of new mandates, regulations and reporting improvements put out by State and Federal officials as well as NCDENR.

**WATER RESOURCES MAINTENANCE & CONSTRUCTION DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------|----------|----------|
| # of water & wastewater maintenance & construction employees | 15 | 15 | 15 |
| Water miles | 192.9 | 192.9 | 192.9 |
| Wastewater miles | 248.6 | 248.6 | 216.0 |
| Annual water sales (millions of gallons) | 916 | 818 | 737 |
| Annual water production (millions of gallons) | 1,102 | 1,042 | 1,023 |
| % system loss | 19% | 21% | 28% |

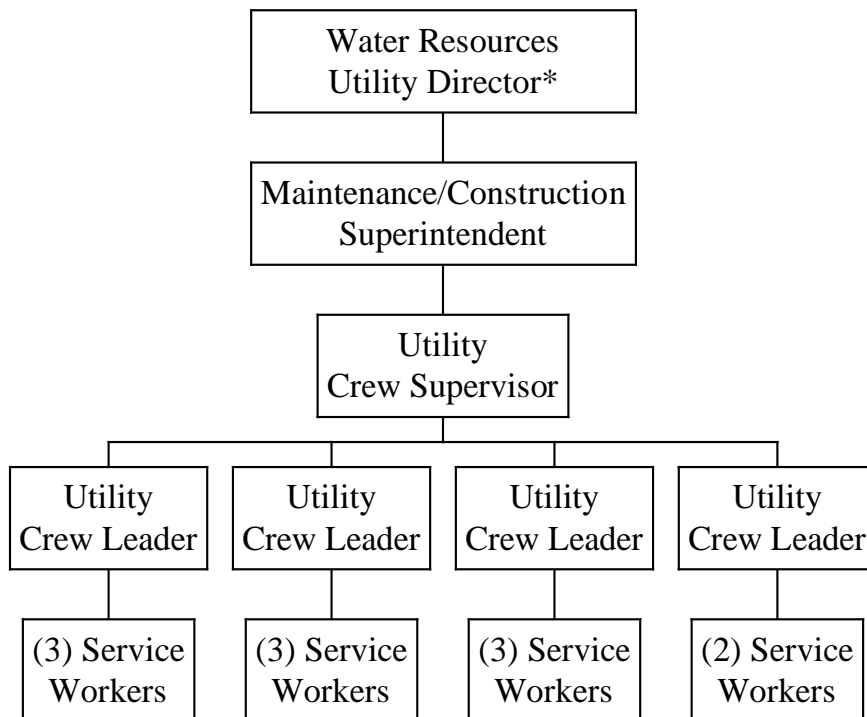
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|----------------|------------------------|-------------------|----------------|
| Personnel | \$ 1,041,017 | \$ 1,129,992 | \$ 1,110,206 | \$ 1,446,633 |
| Operations | 737,337 | 1,869,144 | 1,785,781 | 1,667,391 |
| Capital Outlay | 687,515 | 638,633 | 239,651 | 4,900 |
| Total | \$ 2,465,869 | \$ 3,637,769 | \$ 3,135,638 | \$ 3,118,924 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|--------------------|--------------------|--------------------|----------------|
| Full Time | 15 | 15 | 17 | 17 |



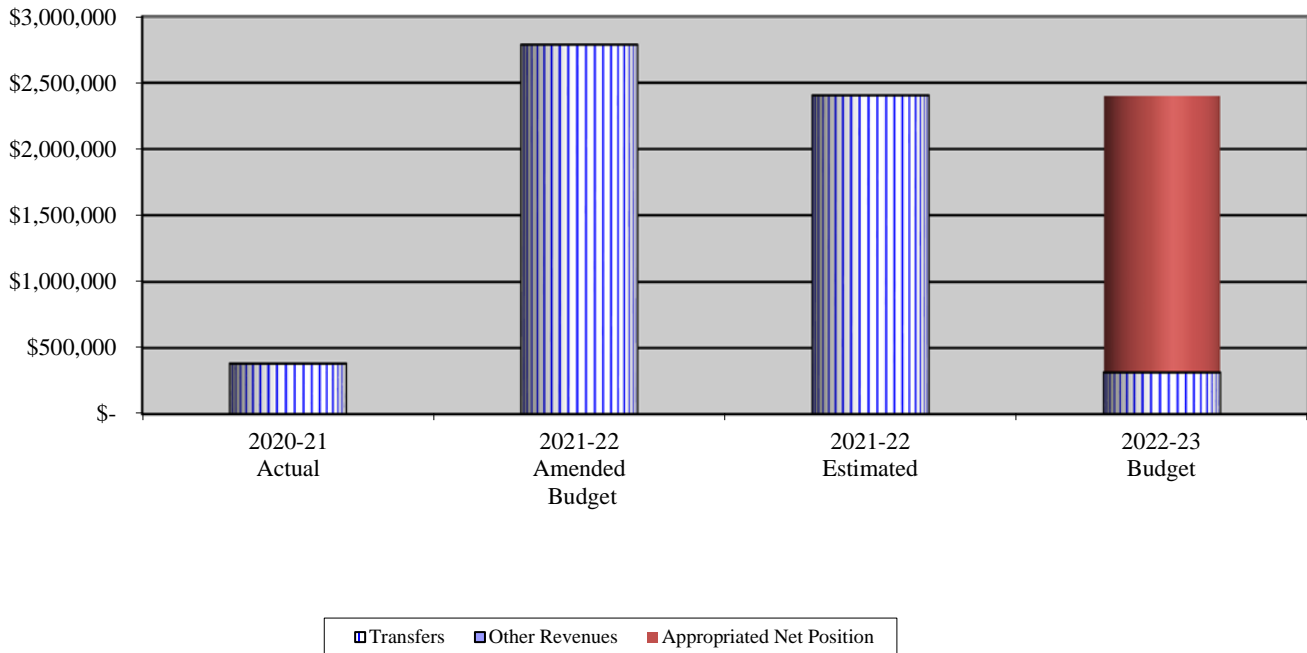
City of Lexington Water Resources Maintenance & Construction



*Water Resources Utility Director funded in Water & Wastewater Administration but provides leadership over the departments of Water Plant, Wastewater Treatment Plant and Water Resources Maintenance & Construction.

**WATER & WASTEWATER CAPITAL RESERVE FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------------|-------------------|------------------------------|----------------------|---------------------|
| Other Revenues | \$ 2,078 | \$ 1,900 | \$ 1,200 | \$ 1,700 |
| Transfers | 380,685 | 2,785,846 | 2,404,303 | 313,938 |
| Appropriated Net Position | - | - | - | 2,084,362 |
| Total | \$ 382,763 | \$ 2,787,746 | \$ 2,405,503 | \$ 2,400,000 |



**WATER & WASTEWATER CAPITAL RESERVE
ENTERPRISE FUND**

Statement of Department's Purpose:

The Water & Wastewater Capital Reserve Subfund provides for the accumulation of financial resources for future capital project and equipment needs in the Water & Wastewater utility.

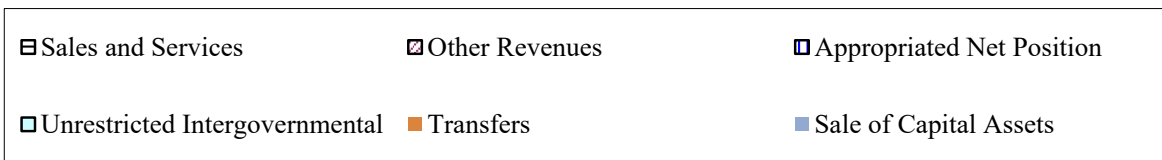
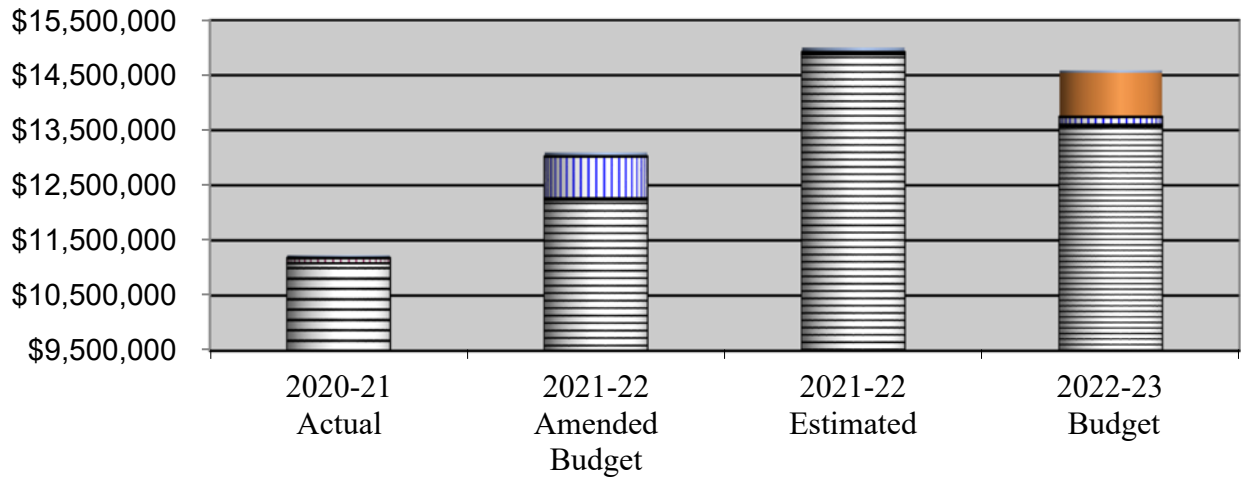
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|-------------------------------------|-------------------|---------------------------|----------------------|-------------------|
| Transfer to Water & Wastewater Fund | \$ 739,385 | \$ 2,091,304 | \$ 1,053,108 | \$ 2,400,000 |
| Addition to Net Position | - | 696,442 | - | - |
| Total | \$ 739,385 | \$ 2,787,746 | \$ 1,053,108 | \$ 2,400,000 |



**NATURAL GAS FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------------|----------------------|------------------------------|----------------------|----------------------|
| Unrestricted Intergovernmental | \$ 13,093 | \$ 9,190 | \$ 10,504 | \$ 7,851 |
| Sales and Services | 11,086,958 | 12,232,224 | 14,878,658 | 13,566,157 |
| Other Revenues | 86,153 | 34,800 | 33,600 | 35,700 |
| Transfers | - | - | - | 800,000 |
| Sale of Capital Assets | 45,584 | 70,000 | 79,970 | 40,000 |
| Appropriated Net Position | - | 751,142 | - | 135,373 |
| Total | \$ 11,231,788 | \$ 13,097,356 | \$ 15,002,732 | \$ 14,585,081 |



NATURAL GAS DEPARTMENT ENTERPRISE FUND

Statement of Department's Purpose:

The mission of the City in the operation and reliability of the City's utilities is to "ensure that utility services are operated in a safe, effective and efficient manner and to add quality of life to the community as well as provide for economic growth." This mission can be achieved by operating the natural gas utility in a business manner and to empower staff to react to industry changes. This empowerment will result in better management of risks, greater returns on investment, more stable and competitive pricing and new growth; therefore, will provide a more positive image and value of natural gas to the City's customers.

Departmental Functions:

- Maintenance (total of 793 miles of pipe to maintain: 513 miles of natural gas mains and 280 miles of service pipe, 11,890 services throughout Davidson County, 24 hour on call service for customers)
- Internal Construction (install mains and services, repair mains and services, kills and relocates mains and services, and repair leaks)
- Maintenance (change meters, program and maintain AMRs, atmospheric corrosion survey and repairs, test meters, regulator stations, leak surveys, maintain valves, and maintain the pressure monitoring systems)
- External Construction (manages and inspects contractors who install mains on the City's system, engineering of new mains and services, and reviews projects coming through the BCD)
- Purchasing (manage the purchasing, transportation and distribution of approximately 1.98 million DTs of natural gas annually, gas purchases, hedging, prepay, storage withdrawals and injections, capacity/asset management)
- Engineering (engineering mains with the assistance of contracted engineers, encroachments and right-of-ways, permits, Service designs for new customers)
- Compliance and safety (meet all state and federal Office of Pipeline Safety (OPS) requirements, documentation and reporting of all pipeline activities, training and qualification of employees, Operator Qualifications (OQ), public awareness mandates, Distribution Integrity Management Program (DIMP) mandates)

2022-23 Objectives:

Meet the goals of the financial and business plans, which include the following:

- Contribute to a welcoming and inclusive workplace through positive contributions, supporting a culture of respect, and valuing the differences and efforts of all team members.
- Add new customers, new load growth and value to the natural gas system
- Install system main expansions based off request and payback
- Continue GIS mapping of system
- Pursue funding, finalize land acquisition, and begin construction for new Transco tap (Churchland Area)
- Complete Phase I of Welcome Line Replacement Project (Winston Road Widening Project)
- Begin construction to allow Renewable Natural Gas deliveries into distribution system.
- Pursue debottlenecking of E Hwy 64 distribution line.
- Construct mains and services required to serve new subdivisions across Davidson County.

**NATURAL GAS DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|---------------|---------------|---------------|
| # of dept. employees | 20 | 20 | 20 |
| # of customers | 9,502 | 9,573 | 9,707 |
| Total DTs sold/year | 1.980 Million | 1.721 Million | 2.109 Million |
| Miles of main line | 481 | 485 | 494 |
| Miles of service line | 272 | 276 | 272 |
| Yearly residential bill amount (59 therms/month) | \$721 | \$788 | \$866 |

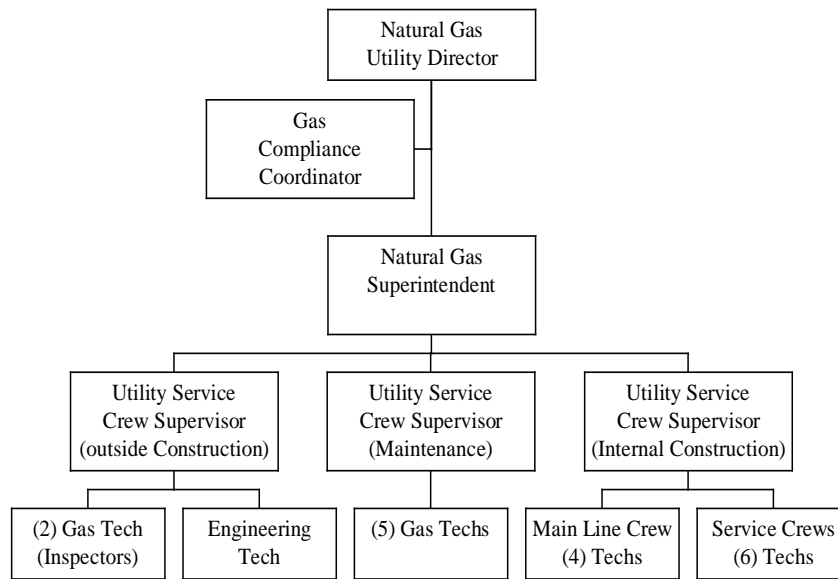
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 1,389,955 | \$ 1,511,243 | \$ 1,530,453 | \$ 2,001,409 |
| Operations | 3,550,711 | 4,654,909 | 4,663,072 | 4,130,761 |
| Natural Gas Purchases | 3,897,531 | 5,303,676 | 6,692,579 | 6,729,844 |
| Debt Service | 165,221 | 162,517 | 162,517 | 159,704 |
| Capital Outlay | 269,646 | 319,251 | 317,414 | 393,802 |
| Transfer to General Fund | 1,056,917 | 1,121,571 | 1,121,571 | 1,145,372 |
| Transfer to Natural Gas Capital Reserve Fund | 24,189 | 24,189 | 24,189 | 24,189 |
| Total | \$ 10,354,170 | \$ 13,097,356 | \$ 14,511,795 | \$ 14,585,081 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 20 | 23 | 24 | 24 |

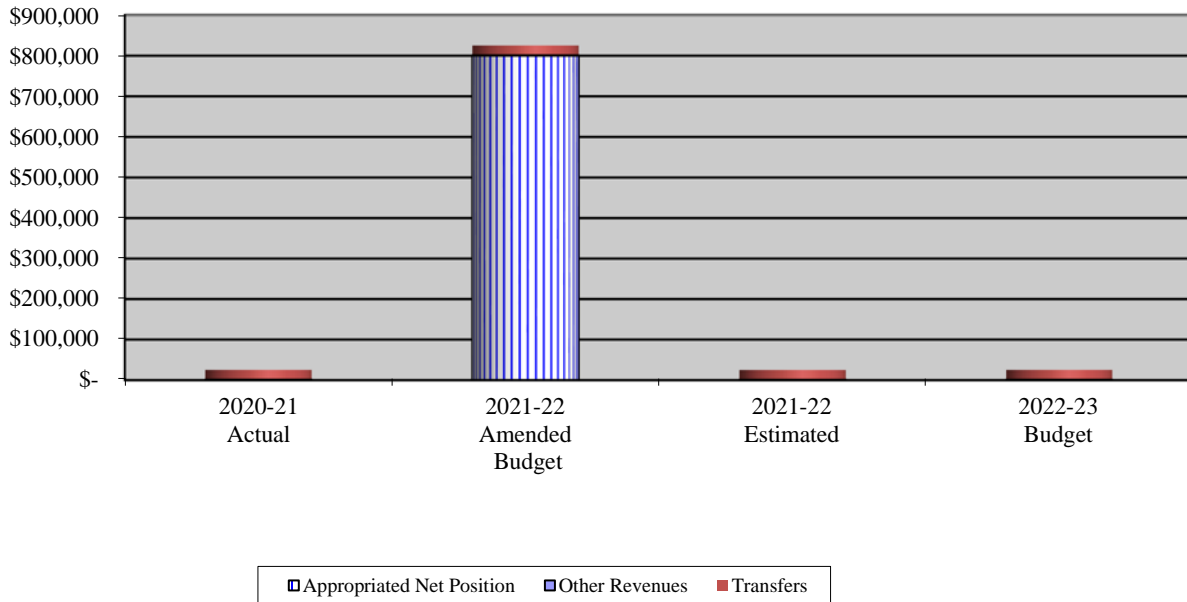


City of Lexington Natural Gas



**NATURAL GAS CAPITAL RESERVE FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------------|-------------------|------------------------------|----------------------|-------------------|
| Other Revenues | \$ 895 | \$ 800 | \$ 600 | \$ 800 |
| Transfers | 24,189 | 24,189 | 24,189 | 24,189 |
| Appropriated Net Position | - | 800,011 | - | - |
| Total | \$ 25,084 | \$ 825,000 | \$ 24,789 | \$ 24,989 |



**NATURAL GAS CAPITAL RESERVE
ENTERPRISE FUND**

Statement of Department's Purpose:

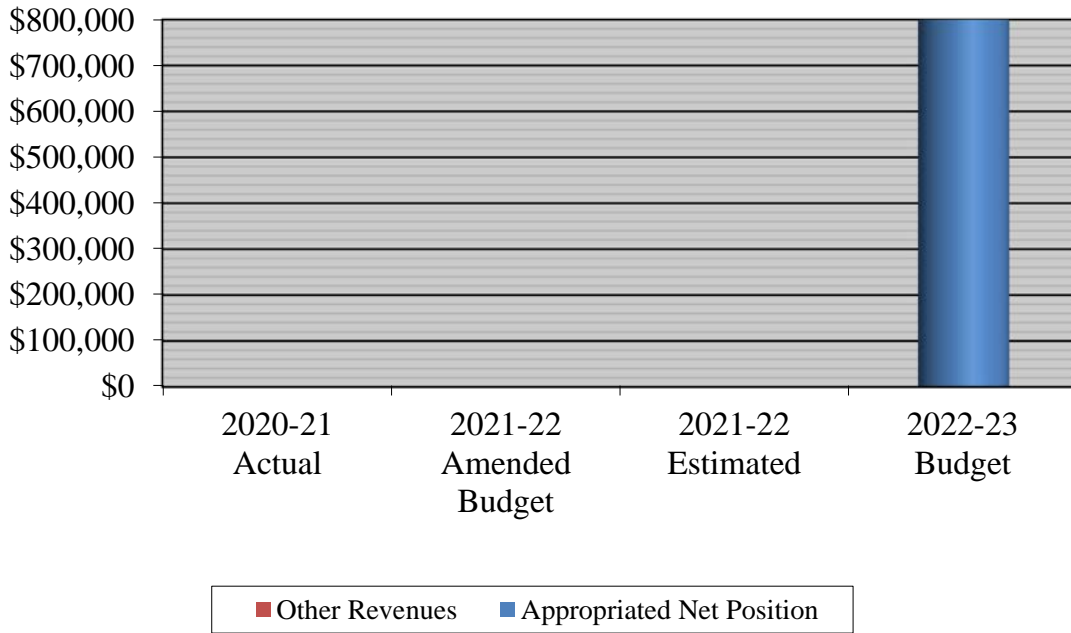
The Natural Gas Capital Reserve Subfund provides for the accumulation of financial resources for future capital project and equipment needs in the Natural Gas utility.

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|------------------------------|-------------------|---------------------------|----------------------|-------------------|
| Transfer to Natural Gas Fund | \$ - | \$ 825,000 | \$ 825,000 | \$ - |
| Addition to Net Position | \$ - | \$ - | \$ - | \$ 24,989 |
| Total | \$ - | \$ 825,000 | \$ 825,000 | \$ 24,989 |

**NATURAL GAS RATE STABILIZATION FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------------|-------------------|------------------------------|----------------------|-------------------|
| Other Revenues | \$ 427 | \$ 400 | \$ 200 | \$ 400 |
| Appropriated Net Position | - | - | - | 799,600 |
| Total | \$ 427 | \$ 400 | \$ 200 | \$ 800,000 |



**NATURAL GAS RATE STABILIZATION
ENTERPRISE FUND**

Statement of Department's Purpose:

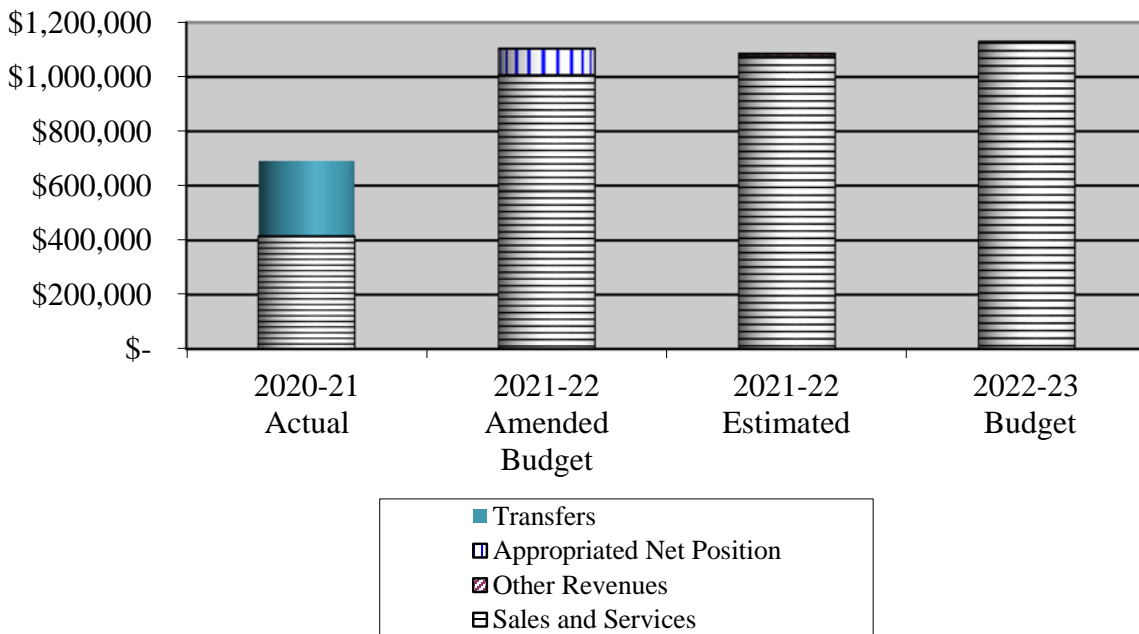
The Natural Gas Rate Stabilization Subfund provides for the accumulation of financial resources for retail rate stabilization for the Natural Gas utility customers.

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|------------------------------|-------------------|---------------------------|----------------------|-------------------|
| Transfer to Natural Gas Fund | \$ - | \$ - | \$ - | \$ 800,000 |
| Addition to Net Position | - | 400 | - | - |
| Total | \$ - | \$ 400 | \$ - | \$ 800,000 |

**STORMWATER FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------------|-------------------|------------------------------|----------------------|---------------------|
| Sales and Services | \$ 415,860 | \$ 1,006,769 | \$ 1,075,000 | \$ 1,129,611 |
| Other Revenues | 55 | - | 10,285 | 38 |
| Transfers | 275,000 | - | - | - |
| Appropriated Net Position | - | 97,253 | - | - |
| Total | \$ 690,915 | \$ 1,104,022 | \$ 1,085,285 | \$ 1,129,649 |



**STORMWATER DEPARTMENT
ENTERPRISE FUND**

Statement of Department’s Purpose:

The purpose of the Storm Water Department is to mitigate storm water drainage and flooding issues within City limits, and minimize the impact of runoff pollution on our regional water resources.

Departmental Functions:

Inspection and maintenance of storm drains, curbs and gutters, storm water conveyance pipes and ditches, manholes, outfalls, budget preparation, capital improvement planning, inspection and approval of contractor built projects, and compliance with all Storm Water regulations as mandated by the North Carolina Department of Natural Resources (NCDENR).

2022-23 Objectives:

- Provide management, and ensure compliance with, the NPDES Storm Water Permit.
- Provide outreach & education and encourage partnership with the public.
- Provide guidance and training to City staff for good housekeeping and pollution prevention.
- Maintain existing and install new storm drainage structures and maintain ditches and drainage areas
- Inspect and maintain the city drainage system.
- Manage a reliable storm water geodatabase by doing QA/QC of points collected and make progress in mapping of the storm water system.
- Provide inspections of a minimum of 25% of all outfalls as required by the permit.
- Identify capital projects pertaining to storm water.
- Train highly skilled employees of new mandates, regulations and reporting improvements put out by State and Federal officials as well as NCDENR
- Maintain sweeping program and steadily increase efficiency in the route cycle
- Accomplish the goals set by City Council for the overall Public Service Mission

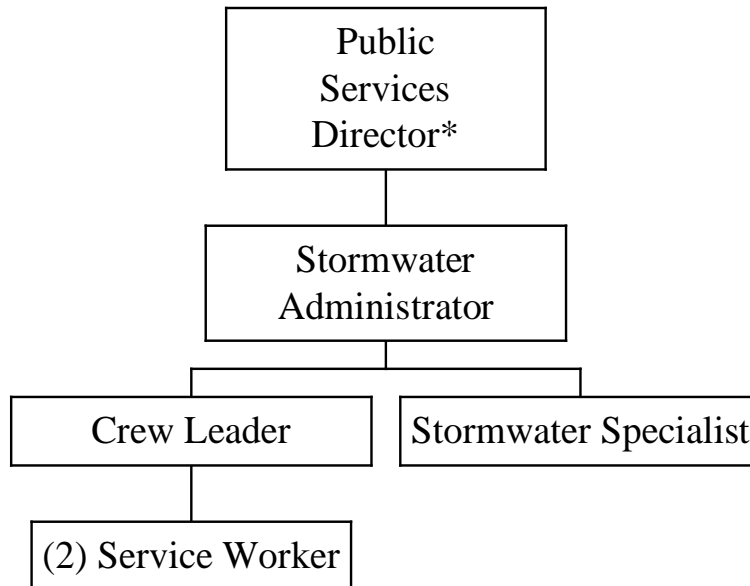
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 124,573 | \$ 299,929 | \$ 284,600 | \$ 379,919 |
| Operations | 150,828 | 672,119 | 572,861 | 672,730 |
| Capital Outlay | 242,050 | 131,974 | 131,822 | 77,000 |
| Total | \$ 517,451 | \$ 1,104,022 | \$ 989,283 | \$ 1,129,649 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 3 | 4 | 5 | 5 |



City of Lexington Stormwater

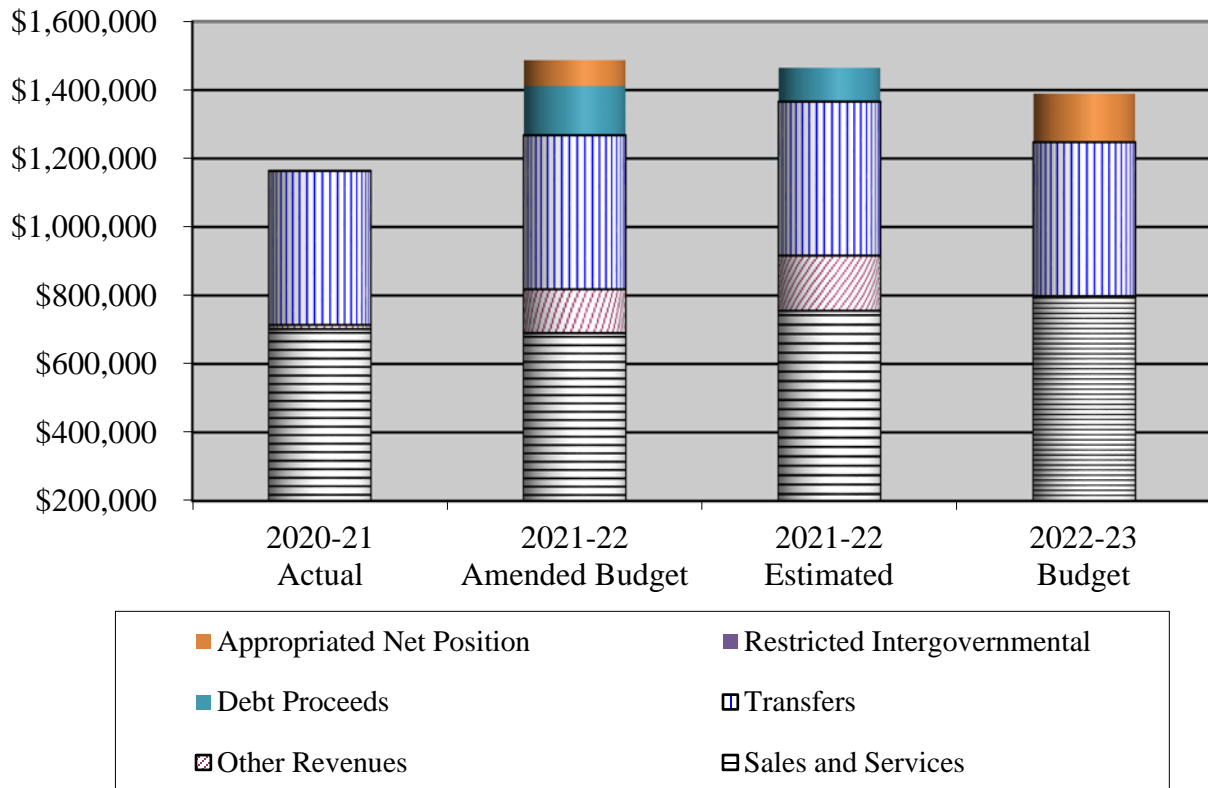


*Public Services Director funded in Public Services Administration but provides leadership over the departments of Street, Recycling & Waste Collection, Stormwater, and Fleet Management.



**GOLF FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|------------------------------|---------------------|------------------------------|----------------------|---------------------|
| Restricted Intergovernmental | \$ - | \$ - | \$ 194 | \$ - |
| Sales and Services | 701,977 | 689,881 | 755,214 | 797,384 |
| Other Revenues | 11,930 | 128,200 | 161,012 | 300 |
| Debt Proceeds | - | 144,000 | 98,820 | - |
| Transfers | 450,000 | 450,000 | 450,000 | 450,000 |
| Appropriated Net Position | - | 75,073 | - | 141,912 |
| Total | \$ 1,163,907 | \$ 1,487,154 | \$ 1,465,240 | \$ 1,389,596 |



**GOLF DEPARTMENT
ENTERPRISE FUND**

Statement of Department's Purpose:

The purpose of the Golf Department is to provide the best possible golf value and great customer service to all customers. The goal of the Golf Department is to add to the quality of life for the City of Lexington and to all of its citizens.

Departmental Functions:

- All golf related operations including daily operations of golf shop and course, setting and collection of fees, golf course maintenance, golf cart maintenance, golf course marketing, originating and organizing tournaments and managing benefit golf events for the community
- Operation of all Commons on the Green activities including rental collection, marketing and management

2022-23 Objectives:

- Maximize revenues through rounds of golf and customer service for the golf department
- Demonstrate exceptional customer service and relations with golfers, to inform and entice them to play at Lexington
- Build a database of customers to increase marketing opportunities
- Provide opportunities for growth and enrichment for staff so they can provide higher qualities of service and value
- Continue to look for new and creative ways to utilize the Commons on the Green for the City, to maximize revenues and to provide a clean and safe facility for the public

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|----------------------------------|-----------|-----------|-----------|
| Weekday green fee | \$17 | \$17 | \$17 |
| Weekend green fee | \$21 | \$21 | \$21 |
| 9 hole cart fee | \$7 | \$7 | \$7 |
| 18 hole cart fee | \$13 | \$14 | \$14 |
| Weekday green & cart fee | \$28 | \$28 | \$28 |
| Weekend green & cart fee | \$34 | \$35 | \$35 |
| Senior fee (includes cart) | \$23 | \$24 | \$24 |
| # of rounds | 25,364 | 23,160 | 28,314 |
| Total golf revenues | \$596,527 | \$536,638 | \$713,907 |
| Average dollar/round | \$23.52 | \$23.17 | \$25.21 |
| Offer memberships or equivalent? | Yes | Yes | Yes |

**GOLF DEPARTMENT
ENTERPRISE FUND**

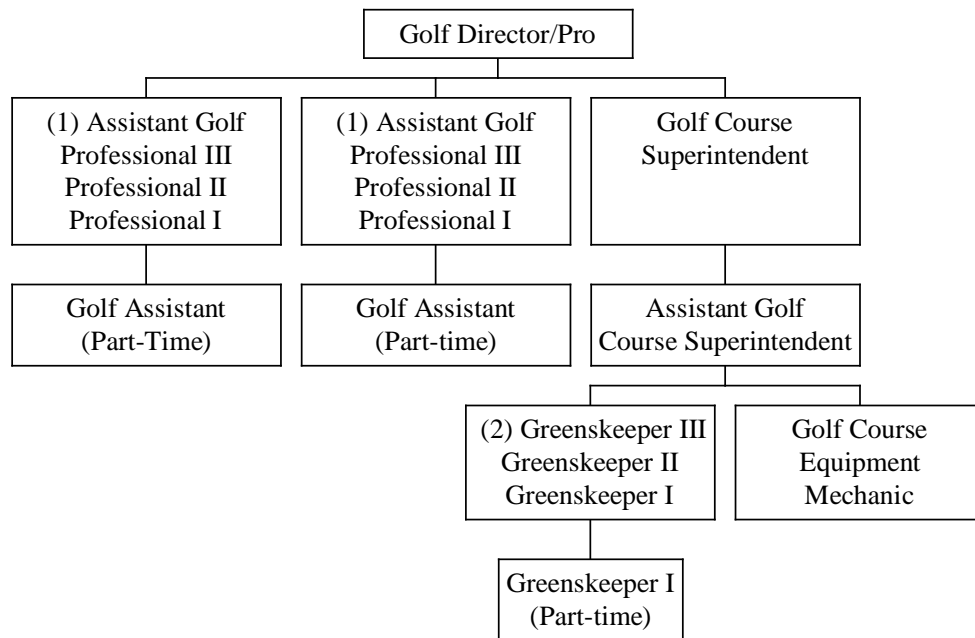
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 621,244 | \$ 729,100 | \$ 690,472 | \$ 791,313 |
| Operations | 261,413 | 354,166 | 346,826 | 393,174 |
| Debt Service | 1,786 | 66,388 | 66,388 | 42,109 |
| Capital Outlay | 54,500 | 337,500 | 337,500 | 163,000 |
| Total | \$ 938,943 | \$ 1,487,154 | \$ 1,441,186 | \$ 1,389,596 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 8 | 8 | 8 | 8 |

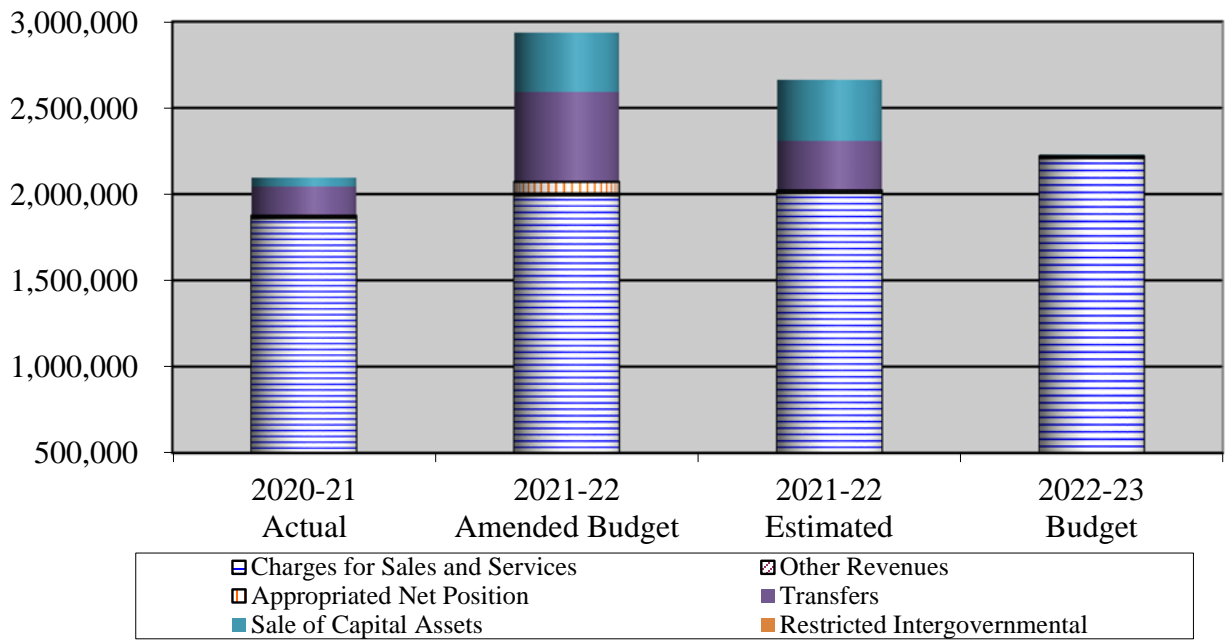


City of Lexington Golf



**FLEET MANAGEMENT FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------------|---------------------|------------------------------|----------------------|---------------------|
| Restricted Intergovernmental | \$ - | \$ - | \$ 387 | \$ - |
| Charges for Sales and Services | 1,860,552 | 1,992,995 | 2,006,725 | 2,208,393 |
| Other Revenues | 14,003 | 10,300 | 14,481 | 11,800 |
| Transfers | 169,685 | 520,835 | 287,270 | - |
| Sale of Capital Assets | 51,277 | 344,000 | 354,000 | 10,000 |
| Appropriated Net Position | - | 67,760 | - | - |
| Total | \$ 2,095,517 | \$ 2,935,890 | \$ 2,662,863 | \$ 2,230,193 |



**FLEET MANAGEMENT DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Fleet Management Department is to operate an efficient, productive repair and preventive maintenance facility that provides the customer with safe and well-maintained equipment. The department generates 7000 repair orders per year covering all areas of light and heavy vehicle repairs including engine, transmission, air conditioning and hydraulic repairs.

Departmental Functions:

Repair and maintenance of City Fleet, keep and monitor inventory levels for fuel, diesel and replacement parts.

2022-23 Objectives:

- Explore new ways to be more productive and efficient
- Upgrade mechanical skills and upgrade equipment
- Comply with industry standards for service techniques
- Reduce vehicle downtime with better scheduling and routine maintenance
- Enhance preventive maintenance program
- Maintain a teamwork environment
- Research and assist management team to maximize utilization of city fleet by managing and assigning vehicles and equipment within the City’s fleet

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|------------------------------|----------|----------|----------|
| # of dept. employees | 6 | 7 | 7 |
| # of mechanics | 5 | 5 | 5 |
| # of vehicles | 284 | 284 | 314 |
| Vehicles per mechanic | 57 | 57 | 63 |
| # of other repair units | 179 | 179 | 166 |
| Repair units per mechanic | 30 | 36 | 33 |
| Average age of total fleet | 17 years | 17 years | 15 Years |
| Average age of vehicle fleet | 14 years | 14 years | 10 Years |
| # of external customers | 0 | 0 | 0 |

**FLEET MANAGEMENT DEPARTMENT
INTERNAL SERVICE FUND**

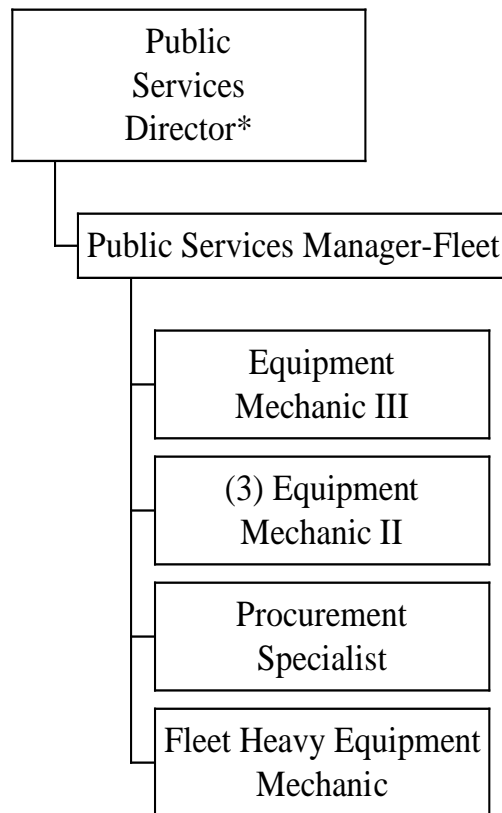
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 533,228 | \$ 596,885 | \$ 588,820 | \$ 661,162 |
| Operations | 1,113,371 | 1,343,511 | 1,336,559 | 1,525,052 |
| Capital Outlay | 193,977 | 520,835 | 317,270 | 35,740 |
| Transfer to Fleet Management Capital Reserve Fund | 133,270 | 474,659 | 461,145 | 8,239 |
| Total | \$ 1,973,846 | \$ 2,935,890 | \$ 2,703,794 | \$ 2,230,193 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 7 | 7 | 7 | 7 |



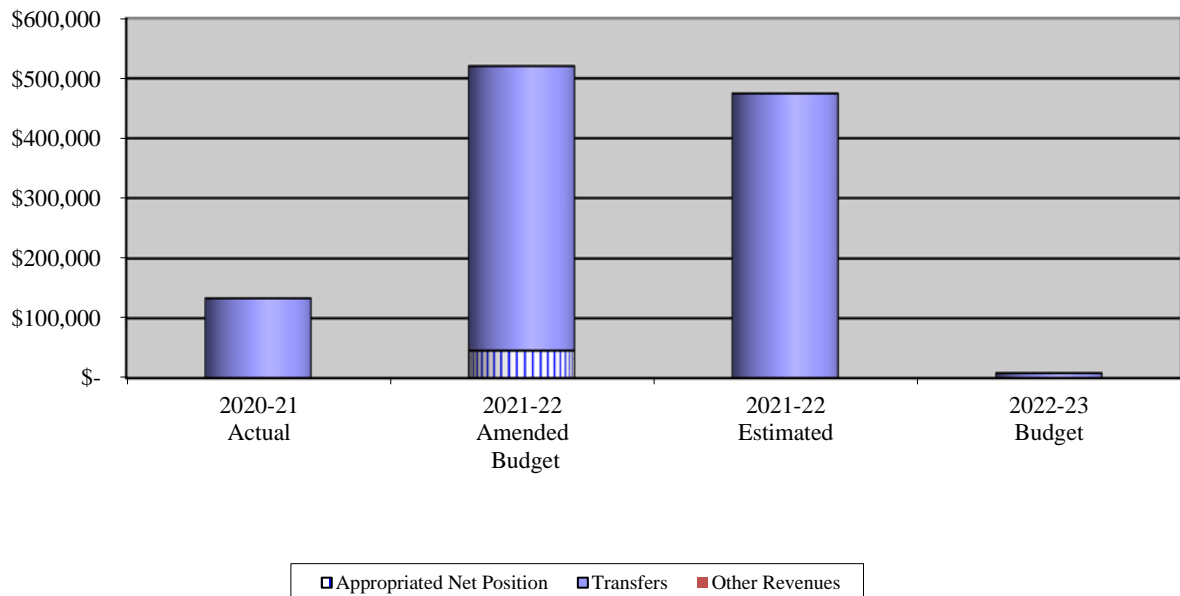
City of Lexington Fleet Management



*Public Services Director funded in Public Services Administration but provides leadership over the departments of Street, Recycling & Waste Collection, Stormwater and Fleet Management.

**FLEET MANAGEMENT CAPITAL RESERVE FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------------|-------------------|------------------------------|----------------------|-------------------|
| Other Revenues | \$ 402 | \$ 400 | \$ 200 | \$ 300 |
| Transfers | 133,270 | 474,659 | 474,659 | 8,239 |
| Appropriated Net Position | - | 45,776 | - | - |
| Total | \$ 133,672 | \$ 520,835 | \$ 474,859 | \$ 8,539 |



**FLEET MANAGEMENT CAPITAL RESERVE
INTERNAL SERVICE FUND**

Statement of Department's Purpose:

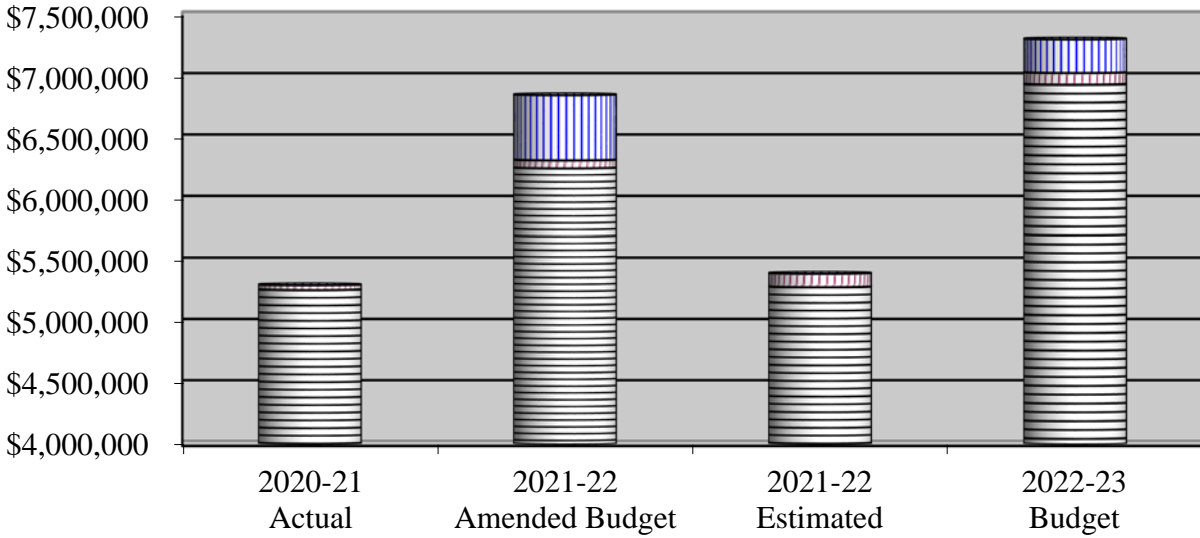
The Fleet Management Capital Reserve Subfund provides for the accumulation of financial resources for future capital needs in the Fleet Management Fund.

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|-----------------------------------|-------------------|---------------------------|----------------------|-------------------|
| Transfer to Fleet Management Fund | \$ 169,685 | \$ 520,835 | \$ 287,270 | \$ - |
| Addition to Net Position | - | - | - | 8,539 |
| Total | \$ 169,685 | \$ 520,835 | \$ 287,270 | \$ 8,539 |

**GROUP INSURANCE FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------------|---------------------|------------------------------|----------------------|---------------------|
| Charges for Sales and Services | \$ 5,260,334 | \$ 6,248,498 | \$ 5,283,800 | \$ 6,931,176 |
| Other Revenues | 40,146 | 64,975 | 110,538 | 94,700 |
| Appropriated Net Position | - | 531,682 | - | 273,921 |
| Total | \$ 5,300,480 | \$ 6,845,155 | \$ 5,394,338 | \$ 7,299,797 |



Charges for Sales and Services

 Other Revenues

 Appropriated Net Position

**GROUP INSURANCE DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Group Insurance Department is to account for the self-insurance for health and dental benefits provided to the City’s qualified retirees, employees and their dependents.

2022-23 Objectives:

- Make accurate and timely payments to a third party administrator for total claims, stop loss premiums and administrative charges
- Offer health, vision and dental benefits that assists with the recruitment and retention of employees
- Manage benefit costs within strategic benefit budget parameters
- Be positioned as a trend-bender of health management with a supportive environment
- Leverage the integrated well-being program to control group health plan costs and improve all parts of the health of City workforce long term
- Ensure compliance with the Affordable Care Act and other employment and benefit laws

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|----------|----------|----------|
| # of employees handling benefits and wellness program | 2 | 2 | 2 |
| # of plan participants | 388 | 391 | 383 |
| Self-insured | Yes | Yes | Yes |

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 6,341 | \$ 81,194 | \$ 34,695 | \$ 99,025 |
| Operations | 5,476,180 | 6,763,961 | 5,451,584 | 7,200,772 |
| Total | \$ 5,482,521 | \$ 6,845,155 | \$ 5,486,279 | \$ 7,299,797 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 1 | 1 | 1 | 1 |



City of Lexington Group Insurance

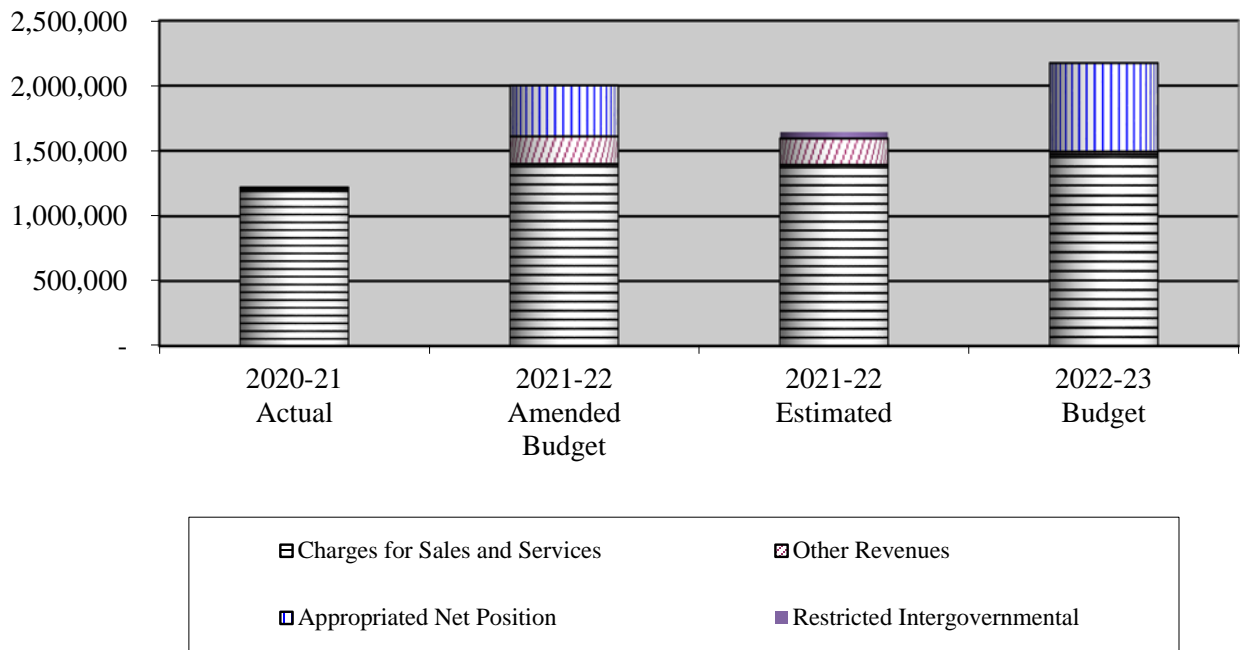


*Human Resources Director funded in Human Resources but provides leadership over the departments of Human Resources, Group Insurance and Risk Management.



**RISK MANAGEMENT FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------------|---------------------|------------------------------|----------------------|---------------------|
| Restricted Intergovernmental | \$ - | \$ - | \$ 49,629 | \$ - |
| Charges for Sales and Services | 1,207,384 | 1,397,588 | 1,390,396 | 1,471,312 |
| Other Revenues | 9,763 | 212,601 | 202,881 | 21,400 |
| Appropriated Net Position | - | 392,000 | - | 681,000 |
| Total | \$ 1,217,147 | \$ 2,002,189 | \$ 1,642,906 | \$ 2,173,712 |



**RISK MANAGEMENT DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Risk Management Department is to provide accountability for the City’s self-retention cost portion and for the premiums on the City’s reinsurance program pertaining to workers compensation, auto, property and liability exposures; and to operate an integrated safety program that provides safety training and promotes employee safety with the goal of mitigating employee injuries, property damage and liability exposures in the workplace.

Departmental Functions:

Secure and maintain the City’s insurance program; administer workers compensation, general liability, property and auto claims. Record and track claims and analyze to determine necessary actions to mitigate exposures/losses. Assess safety needs of departments, coordinate necessary safety training and make safety improvement recommendations. Periodically conduct safety inspections. Administer the City’s random drug testing program, hearing conservation program, hepatitis B vaccination program and assist in the City’s emergency preparedness plans.

2022-23 Objectives:

- Establish an ADA Compliance Team to carry out the ADA Transition Plan
- Continue safety and training programs utilizing OSHA guidelines, data/research and employee input
- Review insurance program annually to mitigate risk and provide adequate coverage for the City
- Analyze and determine potential benefit of utilizing a TPA for property/liability claims
- Issue RFQ for Insurance Broker Services

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|------------------------|------------------------|------------------------|
| # of employees in department | 2 | 2 | 2 |
| Self-insured | Yes | Yes | Yes |
| Amount of general liability coverage | \$11,000,000/\$300,000 | \$11,000,000/\$300,000 | \$11,000,000/\$300,000 |
| Amount of property coverage | \$93,933,599 Exc \$1m | \$97,321,274 Exc \$1m | \$97,586,674 Exc \$1m |
| Amount of auto liability coverage | \$1,000,000/\$300,000 | \$1,000,000/\$300,000 | \$1,000,000/\$300,000 |
| Third Party Administration fees | \$27,500 | \$25,000 | \$25,000 |
| Life, STD, LTD Premiums | \$211,017 | \$214,122 | \$193,623 |
| Total general, property, auto, liability premiums | \$314,835 | \$311,362 | \$342,240 |
| # of workers compensation claims | 35 | 44 | 27 |
| \$ value of workers compensation claims | \$48,132 | \$201,998 | \$137,772 |
| # of lost work days | 66 | 104 | 130 |
| Value of life insurance provided to employees | 1.5 X Salary | 1.5 X Salary | 1.5 X Salary |

**RISK MANAGEMENT DEPARTMENT
INTERNAL SERVICE FUND**

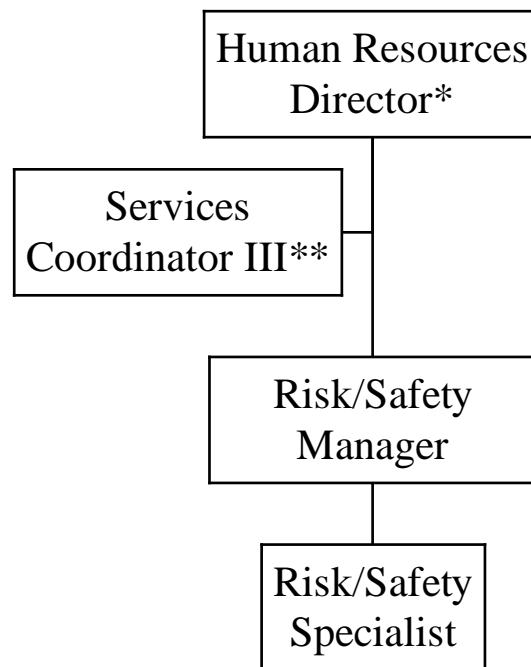
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 193,718 | \$ 206,671 | \$ 202,905 | \$ 224,337 |
| Operations | 1,375,249 | 1,795,518 | 1,752,810 | 1,920,535 |
| Capital Outlay | - | - | - | 28,840 |
| Total | \$ 1,568,967 | \$ 2,002,189 | \$ 1,955,715 | \$ 2,173,712 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 2 | 2 | 2 | 2 |



City of Lexington Risk Management

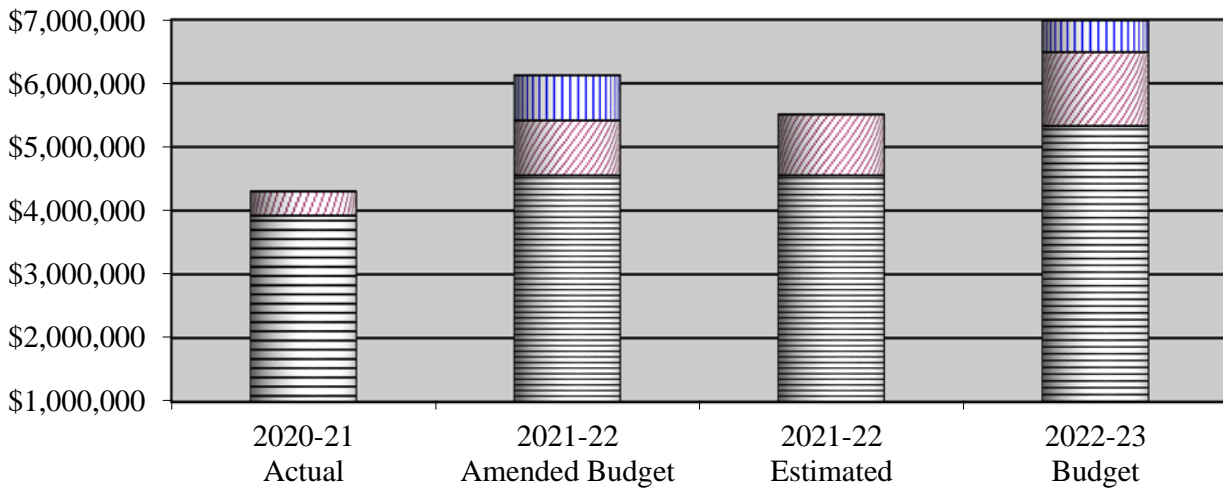


*Human Resources Director funded in Human Resources but provides leadership over the departments of Human Resources, Group Insurance and Risk Management.

**Time is split evenly between Human Resources and Risk Management.

**UTILITY ADMINISTRATION FUND
REVENUE SUMMARY**

| Sources | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|--------------------------------|---------------------|------------------------------|----------------------|---------------------|
| Restricted Intergovernmental | \$ - | \$ - | \$ 310 | \$ - |
| Charges for Sales and Services | 3,920,254 | 4,551,308 | 4,551,308 | 5,327,588 |
| Other Revenues | 381,050 | 863,750 | 958,105 | 1,160,700 |
| Sale of Capital Assets | 1,825 | - | - | - |
| Appropriated Net Position | - | 710,303 | - | 500,000 |
| Total | \$ 4,303,129 | \$ 6,125,361 | \$ 5,509,723 | \$ 6,988,288 |



**UTILITY ADMINISTRATION DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Utility Administration Department is to account for administrative overhead costs, which are shared by the Electric, Natural Gas, Warehouse, Marketing, Customer Service, Billing and Utility Meter Technician utility departments and support functions.

2022-23 Objectives:

- Support funding for utility capital improvement projects to improve reliability issues in all utilities
- To update internal service department cost allocations annually based on services provided to other city departments
- To account for health and life insurance for utility retirees

Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 30,320 | \$ 32,056 | \$ 29,760 | \$ 42,589 |
| Operations | 46,609 | 122,963 | 109,257 | 50,637 |
| Debt Service | 253,003 | 288,780 | 288,780 | 1,126,232 |
| Total | \$ 329,932 | \$ 443,799 | \$ 427,797 | \$ 1,219,458 |

UTILITY SERVICES DEPARTMENT INTERNAL SERVICE FUND

Statement of Department's Purpose:

The purpose of the Utility Services Department is to account for administrative, support and supervisory costs shared by the Electric, Natural Gas, Warehousing, Marketing, Customer Service, and Meter Reading departments.

The mission of the Lexington Utilities – Utility Administration is to maximize customer satisfaction while providing accurate, timely, reliable administrative support to Lexington Utilities.

Our actions are guided by the following principles:

- That each customer as a valued and respected individual.
- That we provide accurate customer billing.
- That we provide a consistent, positive customer experience.
- That we provide innovative and effective technology to the Utilities.
- That we provide accurate, timely, reliable financial information and support to the utilities.
- That we provide exceptional materials, procurement, and distribution services.
- That we stimulate employee growth and development to ensure a strong future.

Departmental Functions:

- Enhance supervisory oversight of utility functions to produce cost savings and efficiencies
- Provide office administrative support for Lexington Utilities including answering customer calls and dispatching crews, work orders, services orders, and emergency response
- Upgrade and pursue new technology that will sustain operations and improve organizational efficiency
- Maintain and manage GIS on behalf of Lexington Utilities including the networks and equipment
- Play major role in development of annual budgets, policies, and retail rate structures
- Locate on behalf of Lexington Utilities
- Provide supervision over the Warehousing, Marketing, Customer Service and Meter Reading departments

2022-23 Objectives:

- Contribute to a welcoming and inclusive workplace through positive contributions, supporting a culture of respect, and valuing the differences and efforts of all team members.
- Promote growth of the utility customer base by aggressively marketing utility services
- Continue to advocate system growth to meet the goals of the financial and business plans, including building of cash reserves to ensure financial stability of utility operations
- Support funding for utility capital improvement projects to improve reliability issues in all utilities
- Enhance utility energy services via key customer accounts, energy efficiency and audit programs
- Locate the underground utilities for Lexington Utilities
- Complete the implementation of City Works for Electric, Natural Gas, and Public Works
- GIS map mobility for utilities and citizens complete
- Complete data migration for ESRI in order to upgrade to ESRI Utility Templates
- Continue to improve and enhance the use of our current technology and Information Systems

**UTILITY SERVICES DEPARTMENT
INTERNAL SERVICE FUND**

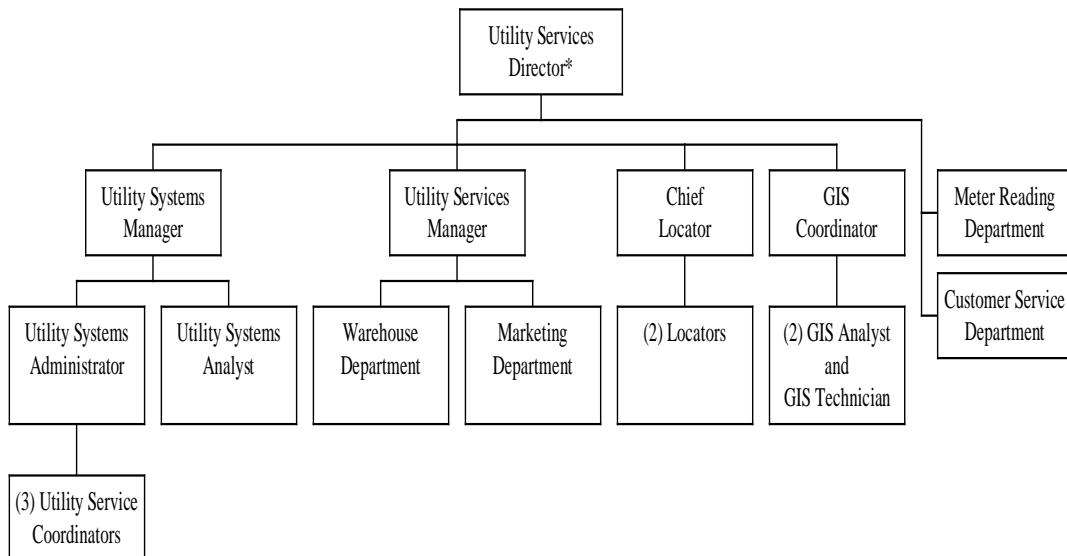
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 910,431 | \$ 1,194,822 | \$ 1,179,773 | \$ 1,500,683 |
| Operations | 444,517 | 1,139,501 | 1,088,077 | 789,987 |
| Capital Outlay | 58,540 | 52,324 | 49,176 | - |
| Total | \$ 1,413,488 | \$ 2,386,647 | \$ 2,317,026 | \$ 2,290,670 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 12 | 15 | 16 | 16 |



City of Lexington Utility Services



*Utility Services Director funded in Utility Services but provides leadership over the departments of Warehousing, Meter Reading and Marketing.

**Utility Services Manager Funded in Utility Services but provides direct supervision over the departments of Warehousing and Marketing.

**CUSTOMER SERVICE DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Customer Service Department is to assist customers with utility service, answer utility questions, facilitate bill payment and provide for timely billings, while concentrating at all times on quality customer service.

Departmental Functions:

Answer incoming lines for all departments and maintain city-wide phone system, processing of all City receivables including online payments, debt setoff program, utility billing, payment arrangements, connection and disconnection of service, answering of bill questions, automated outage reporting and key account program.

2022-23 Objectives:

- Provide 100% on time and accurate billing
- Keep satisfaction level at or above 95% based on survey response
- Maintain collection level of 99.3%
- Increase efficiency through the use of innovative ideas and technology such as online energy audits, online service requests, automated phone payments and payment kiosks

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|----------|----------|----------|
| # of dept. employees | 14 | 14 | 14 |
| # of bills/month | 23,644 | 23,854 | 23,851 |
| Cost of generating a bill (includes labor) | \$0.70 | \$0.71 | \$0.75 |
| # of walk-in payments | 73,099 | 55,374 | 26,158** |
| # of dr/cr card payments | 18,209 | 13,783 | 1,451** |
| # of web payments | 72,421 | 79,334 | 113,514 |
| # of automated phone payments | 29,015 | 36,148 | 42,557 |
| # of pay arrangements | 6,996 | 3,783* | 8,057 |
| # of disconnect notices processed/month | 4,815 | 4,343 | 5,216 |

*Non-payment disconnections for FY 19-20 suspended March-June due to Governor’s Executive Orders 124 & 142.

**Soft opening July 2021 and fully opened September 2021 due to Governor’s Executive Orders 124 & 142.

**CUSTOMER SERVICE DEPARTMENT
INTERNAL SERVICE FUND**

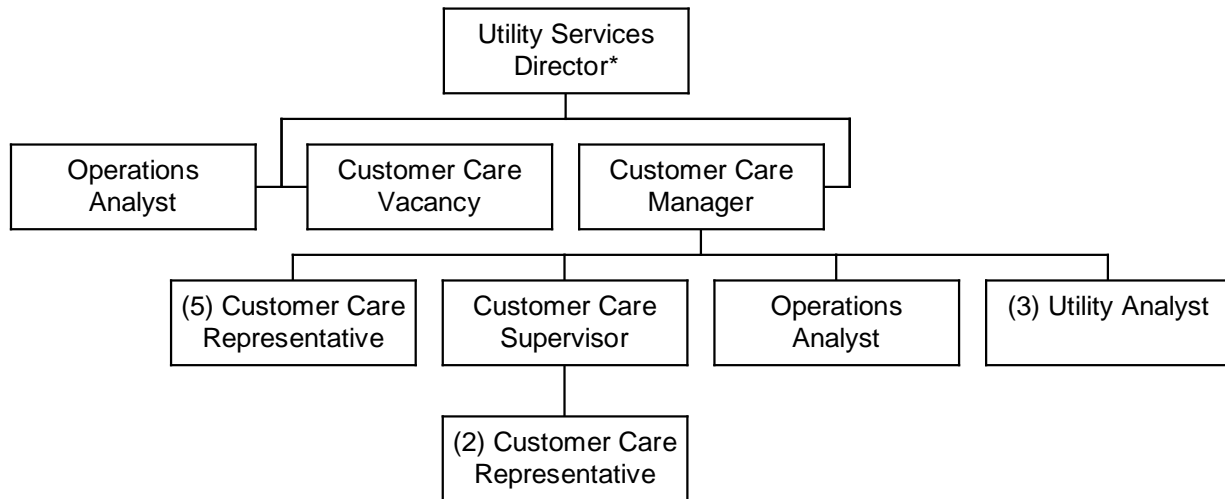
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 780,720 | \$ 897,306 | \$ 799,900 | \$ 1,163,133 |
| Operations | 706,446 | 1,079,523 | 1,074,582 | 967,319 |
| Capital Outlay | - | 35,400 | 5,394 | - |
| Total | \$ 1,487,166 | \$ 2,012,229 | \$ 1,879,876 | \$ 2,130,452 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 14 | 14 | 15 | 15 |



City of Lexington Customer Service



*Utility Services Director funded in Utility Services but provides leadership over the departments of Customer Service, Warehousing, Meter Reading and Marketing.

**WAREHOUSING DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Warehousing Department is to act as a central purchasing and warehousing operation for Electric, Water Resources Maintenance and Construction, Natural Gas, and Utility Services; and to maintain materials in support of utility maintenance and construction projects.

Departmental Functions:

- Purchase material for Electric, Water Resources Maintenance and Construction, Natural Gas, and Utility Services
- Maintain adequate inventory levels for all four utility operations
- Send quotations out for best pricing
- Review inventory levels and identify minimum reorder quantities
- Maintain a clean and safe warehouse
- Monitor remote site; Young Drive storage yard, for accurate inventory levels
- Contract disposal of PCB transformers and maintain required records

2022-23 Objectives:

- Reorganize and efficiently utilize the outside storage area at the central warehouse
- Implement barcoding technology for tracking inventory balances
- Complete Storeroom implementation for new CityWorks technology
- Continue to deplete obsolete inventory
- Continue safe, accident-free and injury-free daily operations

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|---|-------------|-------------|-------------|
| # of dept. employees | 2 | 2 | 2 |
| \$ value of inventory | \$3,059,506 | \$3,120,530 | \$3,127,256 |
| # of inventory items | 2,354 | 2,394 | 2,260 |
| # of departments served | 3 | 4 | 4 |
| # of pick tickets or work orders/year | 723 | 610 | 509 |
| # of pick tickets or work orders/employee | 362 | 305 | 255 |

**WAREHOUSING DEPARTMENT
INTERNAL SERVICE FUND**

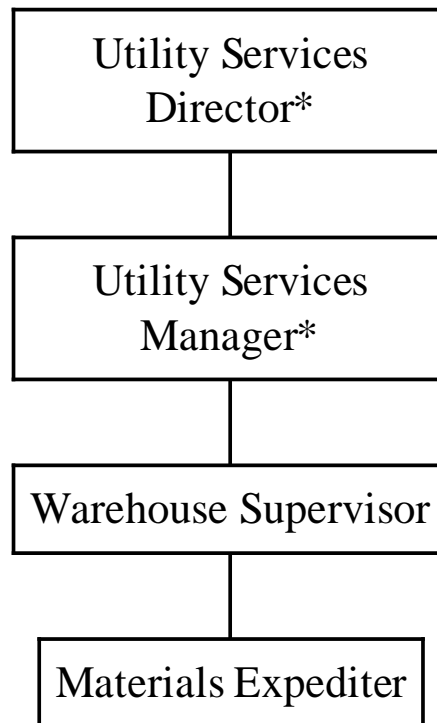
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 142,798 | \$ 150,306 | \$ 141,908 | \$ 189,055 |
| Operations | 25,864 | 39,172 | 30,758 | 39,674 |
| Capital Outlay | - | - | - | 1,500 |
| Total | \$ 168,662 | \$ 189,478 | \$ 172,666 | \$ 230,229 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 2 | 2 | 2 | 2 |



City of Lexington Warehousing



*Utility Services Director and Utility Services Manager are funded in Utility Services but provide leadership over the departments of Warehousing , Meter Reading and Marketing.

**METER READING DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Meter Reading Department is to internally provide service to Lexington Utilities by managing the meter monthly as well as providing excellent in-field customer service.

Departmental Functions:

Meter reading, non-pay disconnections, connect and disconnect services, notification of water leaks, medical alert, neighborhood watch and pulling and setting meters. Meter Reading also inspects and reads all utility meters as scheduled, handles move-in and move-out service orders while providing excellent in-field customer service.

2022-23 Objectives:

- Provide accuracy levels of at least 99.5% on readings
- Continue to notify customers of consumption increases or irregularities
- Provide educated responses to customer questions in the field
- Increase value added services through quicker response times with Automated Meter Reading (AMR) implementation
- Cross train throughout the City to broaden knowledge with “valued employee” concept in mind

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|----------|----------|----------|
| # of employees reading meters | 4 | 4 | 4 |
| # of employees dedicated to disconnects, cut-offs, cut-ons | 4 | 4 | 4 |
| # of AMR meters | 41,529 | 41,489 | 40,828 |
| # of non-AMR meters | 211 | 85 | 57 |
| Non-AMR meters read per employee/month | 53 | 22 | 14 |
| # of disconnects per year for non-payment | 5,906 | 2061* | 961* |
| # of Service Orders/Mo | | | 817 |

*Non-payment disconnects for FY 19-20 suspended March-June due to Governor’s Executive Orders 124 & 142.

**METER READING DEPARTMENT
INTERNAL SERVICE FUND**

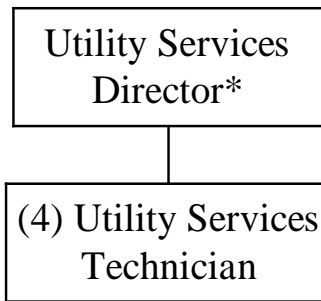
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 150,797 | \$ 234,643 | \$ 222,130 | \$ 272,902 |
| Operations | 49,365 | 100,452 | 90,894 | 107,614 |
| Capital Outlay | 25,833 | 46,565 | 86,605 | 41,134 |
| Total | \$ 225,995 | \$ 381,660 | \$ 399,629 | \$ 421,650 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 4 | 4 | 4 | 4 |



City of Lexington Meter Reading



*Utility Services Director funded in Utility Services but provides leadership over the departments of Warehousing, Meter Reading and Marketing.

**MARKETING DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Marketing Department is to promote Lexington Utilities to existing and potential customers. To meet the needs of Lexington Utilities customers by providing information, knowledge, customer service and informative materials to help them make informed decisions.

Departmental Functions:

- Electric and Natural Gas sales and marketing
- Awareness through festivals, events, and individual contact
- Public awareness through school visits
- Energy assessments
- Energy conservation
- Utility incentive rebates
- Utility advertisements – TV, radio, print, online, and sponsorships

2022-23 Objectives:

- Promote growth of the Lexington Utilities customer base
- Market electric to new subdivisions and businesses
- Market natural gas service to potential customers in emerging markets
- Market natural gas infill to grow base
- Provide incentive rebates to customers
- Improve safety awareness program for schools and community organizations
- Explore new avenues of marketing our utilities to help generate revenues

Performance Measures Summary:

| Measures | FY 18-19 | FY 19-20 | FY 20-21 |
|--|-----------|-----------|-----------|
| # of staff hours dedicated to marketing/week | 80 | 80 | 80 |
| Advertising cost | \$266,027 | \$227,977 | \$201,415 |
| Water heater rebates | \$14,700 | \$12,450 | \$13,050 |
| Heat pump rebates | \$24,550 | \$27,900 | \$16,300 |
| Natural Gas incentives | \$82,825 | \$60,025 | \$44,800 |
| New Electric customers | 218 | 181 | 152 |
| New Natural Gas customers | 180 | 182 | 200 |

**MARKETING DEPARTMENT
INTERNAL SERVICE FUND**

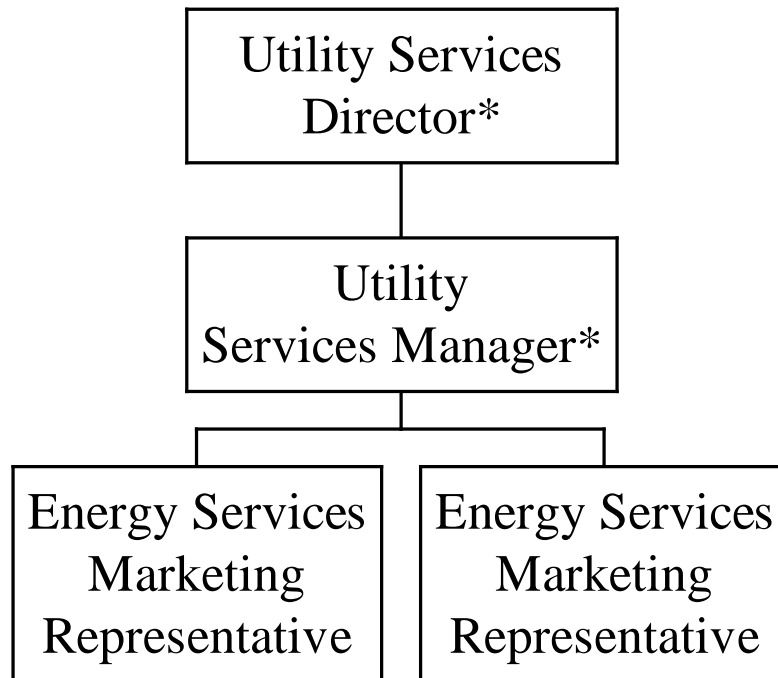
Budget Summary:

| Expenditure Summary | 2020-21 Actual | 2021-22 Amended Budget | 2021-22 Estimated | 2022-23 Budget |
|---------------------|-------------------|---------------------------|----------------------|-------------------|
| Personnel | \$ 109,919 | \$ 116,503 | \$ 113,914 | \$ 135,863 |
| Operations | 316,899 | 595,045 | 444,341 | 559,966 |
| Total | \$ 426,818 | \$ 711,548 | \$ 558,255 | \$ 695,829 |

| Personnel Positions | 2020-21 Authorized | 2021-22 Authorized | 2022-23 Authorized | 2022-23 Funded |
|---------------------|-----------------------|-----------------------|-----------------------|-------------------|
| Full Time | 2 | 2 | 2 | 2 |



City of Lexington Marketing



*Utility Services Director and Utility Services Manager are funded in Utility Services but provide leadership over the departments of Warehousing, Meter Reading and Marketing.



**CAPITAL OUTLAY PLAN SUMMARY
FY 2022-23 BUDGET**

The City of Lexington maintains a *Vehicle and Equipment Replacement Plan* as a basis for planning for future capital outlay requirements in a manner that maintains reliable vehicles and equipment and uses a combination of “pay as you go” and selective financing in order to plan and budget for funding needs that are fairly level from year to year. The summary information presented below represents the City’s *Vehicle and Equipment Replacement Plan* for the five year period ending June 30, 2027.

| <u>Fund/Function</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> | <u>2025-26</u> | <u>2026-27</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Vehicle and Equipment Capital Outlay | | | | | |
| General Fund | | | | | |
| Public safety | \$ 508,694 | \$ 1,266,113 | \$ 352,758 | \$ 361,907 | \$ 421,907 |
| Highways and streets | 35,535 | 72,000 | 414,000 | - | 122,000 |
| Sanitation | - | 1,150,522 | 1,295,000 | 1,003,000 | 479,000 |
| Culture and recreation | 9,000 | 167,500 | 93,975 | 179,800 | 60,500 |
| | <u>553,229</u> | <u>2,656,135</u> | <u>2,155,733</u> | <u>1,544,707</u> | <u>1,083,407</u> |
| Controlled Substance Fund | 13,000 | - | - | - | - |
| Electric Fund | 489,919 | 265,500 | 101,340 | 372,000 | 398,000 |
| Water and Wastewater Fund | 4,967 | 114,750 | 168,732 | - | 106,000 |
| Natural Gas Fund | 393,802 | 160,720 | 97,722 | 180,000 | 105,677 |
| Stormwater Fund | 77,000 | - | - | - | - |
| Golf Fund | 163,000 | 29,000 | 60,000 | 347,000 | 40,000 |
| Fleet Management Fund | 28,840 | 399,465 | 402,730 | 306,720 | 280,050 |
| Risk Management Fund | 28,840 | - | - | - | - |
| Utility Administration Fund | 41,134 | 109,700 | 97,200 | - | 108,541 |
| Total planned capital outlay | <u>\$ 1,793,731</u> | <u>\$ 3,735,270</u> | <u>\$ 3,083,457</u> | <u>\$ 2,750,427</u> | <u>\$ 2,121,675</u> |
| Planned Financing/Trade-in of Vehicles and Equipment | | | | | |
| General Fund | | | | | |
| Public safety | \$ - | \$ (802,000) | \$ - | \$ - | \$ - |
| | - | (802,000) | - | - | - |
| Golf Fund | - | - | - | (270,000) | - |
| Total planned financing | <u>\$ -</u> | <u>\$ (802,000)</u> | <u>\$ -</u> | <u>\$ (270,000)</u> | <u>\$ -</u> |
| Planned Debt Service on Vehicles and Equipment | | | | | |
| General Fund | | | | | |
| Public safety | \$ 545,155 | \$ 470,560 | \$ 370,564 | \$ 370,564 | \$ 259,698 |
| Sanitation | 127,444 | 89,599 | - | - | - |
| | <u>672,599</u> | <u>560,159</u> | <u>370,564</u> | <u>370,564</u> | <u>259,698</u> |
| Water and Wastewater Fund | 88,696 | 88,696 | 88,696 | - | - |
| Golf Fund | 42,109 | 25,164 | 25,164 | 37,185 | 37,185 |
| Total planned debt service | <u>\$ 803,404</u> | <u>\$ 674,019</u> | <u>\$ 484,424</u> | <u>\$ 407,749</u> | <u>\$ 296,883</u> |

| <u>Fund/Function</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> | <u>2025-26</u> | <u>2026-27</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net Vehicle and Equipment Outlay | | | | | |
| General Fund | | | | | |
| Public safety | \$ 1,053,849 | \$ 934,673 | \$ 723,322 | \$ 732,471 | \$ 681,605 |
| Highways and streets | 35,535 | 72,000 | 414,000 | - | 122,000 |
| Sanitation | 127,444 | 1,240,121 | 1,295,000 | 1,003,000 | 479,000 |
| Culture and recreation | 9,000 | 167,500 | 93,975 | 179,800 | 60,500 |
| | <u>1,225,828</u> | <u>2,414,294</u> | <u>2,526,297</u> | <u>1,915,271</u> | <u>1,343,105</u> |
| Controlled Substance Fund | 13,000 | - | - | - | - |
| Electric Fund | 489,919 | 265,500 | 101,340 | 372,000 | 398,000 |
| Water and Wastewater Fund | 93,663 | 203,446 | 257,428 | - | 106,000 |
| Natural Gas Fund | 393,802 | 160,720 | 97,722 | 180,000 | 105,677 |
| Stormwater Fund | 77,000 | - | - | - | - |
| Golf Fund | 205,109 | 54,164 | 85,164 | 114,185 | 77,185 |
| Fleet Management Fund | 28,840 | 399,465 | 402,730 | 306,720 | 280,050 |
| Risk Management Fund | 28,840 | - | - | - | - |
| Utility Administration Fund | 41,134 | 109,700 | 97,200 | - | 108,541 |
| Total planned net outlay | <u>\$ 2,597,135</u> | <u>\$ 3,607,289</u> | <u>\$ 3,567,881</u> | <u>\$ 2,888,176</u> | <u>\$ 2,418,558</u> |

Other Capital Outlay Planned for 2022-23¹

| | |
|------------------------------------|------------------|
| General Fund | |
| General government | \$ 62,500 |
| Public safety | 11,036 |
| Culture and recreation | 7,500 |
| Electric Fund | 1,700 |
| Water and Wastewater Fund | 4,900 |
| Fleet Management Fund | 6,900 |
| Utility Administration Fund | 1,500 |
| | <u>\$ 96,036</u> |

¹Other capital outlay planned for 2022-23 include City Council Agenda software, Cityview Document Management Extension for Laserfich integration, and copiers.

**PROJECT ORDINANCE SUMMARY
FY 2021-22 BUDGET**

The City of Lexington adopts project ordinances for grant and capital projects that extend over more than one fiscal year. These project ordinances identify the project and authorize its undertaking, identify the revenues that will finance the project, and make the appropriations necessary to complete the project. Project ordinances continue in effect for the life of the project and do not require re-appropriation each fiscal year. The information presented below represents the status of the City's current authorized project ordinances as of May 12, 2022.

| <u>Fund/Project</u> | <u>Project Authorization</u> | <u>Expenditure to Date</u> | <u>Encumbrances</u> | <u>Available Balance</u> |
|--|----------------------------------|--------------------------------|---------------------|------------------------------|
| Grant Projects Fund | | | | |
| Lexington Police Victim Assistant 2020 Grant Project | \$ 125,829 | \$ 71,779 | \$ - | \$ 54,050 |
| Lexington Police Victim Assistant 2021 Grant Project | 125,757 | 35,393 | 15,922 | 74,442 |
| 2020 Community Waste Reduction and Recycling Grant Project | 16,800 | 16,497 | - | 303 |
| Halyard Health Building Reuse Grant Project | 210,000 | 210,000 | - | - |
| Tapped Tees Building Reuse Grant Project | 300,000 | 25,846 | - | 274,154 |
| Piedmont Candy Building Reuse Grant Project | 750,000 | 326,839 | - | 423,161 |
| Goose and the Monkey Building Reuse Grant Project | 240,000 | 240,000 | - | - |
| Cider Bros. Building Reuse Grant Project | 500,000 | 475,000 | - | 25,000 |
| | <u>2,268,386</u> | <u>1,401,354</u> | <u>15,922</u> | <u>851,110</u> |
| Economic Stimulus Grant Projects Fund | | | | |
| Neighborhood Stabilization Program Grant Project | 2,541,152 | 2,541,151 | - | 1 |
| | <u>2,541,152</u> | <u>2,541,151</u> | <u>-</u> | <u>1</u> |
| Capital Projects Fund | | | | |
| Recreation Center Acquisition and Development Project | 900,000 | 650,000 | - | 250,000 |
| Skate/BMX Park Project | 1,308,167 | 1,308,167 | - | - |
| 2020 Recreation Facilities Improvement Project | 987,907 | 987,907 | - | - |
| Lexington Business Center Project | 5,530,257 | 5,530,257 | - | - |
| Lexington Furniture Industries, Inc. Plant # 1 Project | 4,430,762 | 4,115,044 | 188,700 | 127,018 |
| | <u>13,157,093</u> | <u>12,591,375</u> | <u>188,700</u> | <u>377,018</u> |
| Electric Projects Fund | | | | |
| Electric Delivery Station # 3 Project | 5,304,000 | 2,281,523 | 506,413 | 2,516,064 |
| Lexington Starbucks VW-DC Fast Grant Project | 68,719 | 68,719 | - | - |
| Lexington Level II Charging Stations Grant Project | 33,763 | 33,763 | - | - |
| | <u>5,406,482</u> | <u>2,384,005</u> | <u>506,413</u> | <u>2,516,064</u> |
| Water and Wastewater Projects Fund | | | | |
| Advanced Metering Infrastructure (AMI) Project | 5,310,000 | 1,449,009 | 3,378,103 | 482,888 |
| Solids Handling Facility Project | 500,000 | - | - | 500,000 |
| | <u>5,810,000</u> | <u>1,449,009</u> | <u>3,378,103</u> | <u>982,888</u> |
| Natural Gas Projects Fund | | | | |
| Transco Interconnect and Distribution Pipeline Project | 2,000,000 | 117,670 | 714,957 | 1,167,373 |
| | <u>2,000,000</u> | <u>117,670</u> | <u>714,957</u> | <u>1,167,373</u> |
| Utility Administration Projects Fund | | | | |
| City Centre Project | 14,000,000 | 665,820 | 1,911,210 | 11,422,970 |
| Work Order System Project | 375,000 | 211,606 | 139,827 | 23,567 |
| | <u>375,000</u> | <u>211,606</u> | <u>139,827</u> | <u>23,567</u> |
| Total Project Ordinances | <u>\$ 31,558,113</u> | <u>\$ 20,696,170</u> | <u>\$ 4,943,922</u> | <u>\$ 5,918,021</u> |

Other Planned Projects

Other projects expected to be established during the 2022-23 fiscal year by separate project ordinance include:

- 1) 2019 BUILD Transportation Discretionary Grant Project – this project is expected to be grant funded. A separate project budget ordinance is expected to be presented for adoption during the 2022-23 fiscal year to establish budgetary authority for a multi-modal transportation center.
- 2) The City of Lexington has been awarded \$6,033,899 in funding through Coronavirus State and Local Recovery Funds of the American Rescue Plan. The first disbursement of \$3,016,949 was received on July 13, 2021, with the balance expected to be received 12 months later. When decisions are made on how to utilize this funding, one or more project ordinances will be presented for adoption to establish budgetary authority for the expenditure of these funds.

CITY OF LEXINGTON, NC
ORDINANCE NO. 22-55

BUDGET ORDINANCE FOR THE CITY OF LEXINGTON GENERAL, SPECIAL REVENUE,
AND ENTERPRISE FUNDS FOR FISCAL YEAR JULY 1, 2022 THROUGH JUNE 30, 2023

BE IT ORDAINED by the City Council of the City of Lexington, North Carolina;

Section 1. The following amounts are hereby appropriated in the General Fund for the operation of the City government and its activities for the fiscal year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|---|---------------|
| General Government | \$ 7,853,596 |
| Public Safety | 15,273,731 |
| Highways and Streets | 2,956,031 |
| Sanitation | 2,094,975 |
| Culture and Recreation | 2,245,801 |
| Economic and Physical Development | 388,418 |
| Debt Service | 1,493,290 |
| Transfer to Governmental Capital Reserve Fund | 89,427 |
| Transfer to Golf Fund | 450,000 |
| Total Appropriations | \$ 32,845,269 |

Section 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2022, and ending June 30, 2023:

| | |
|--------------------------------|---------------|
| Ad Valorem Taxes | \$ 11,730,500 |
| Other Taxes | 875,120 |
| Unrestricted Intergovernmental | 9,318,175 |
| Restricted Intergovernmental | 837,395 |
| Permits and Fees | 217,388 |
| Sales and Services | 2,132,826 |
| Administrative Charges | 2,902,674 |
| Investment Earnings | 6,100 |
| Miscellaneous | 23,000 |
| Transfer from Electric Fund | 1,200,000 |
| Transfer from Natural Gas Fund | 1,145,372 |
| Sale of Capital Assets | 3,000 |
| Appropriated Fund Balance | 2,453,719 |
| Total Estimated Revenues | \$ 32,845,269 |

Section 3. The following amounts are hereby appropriated in the Special Revenue Fund - Controlled Substance for the fiscal year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|----------------------|------------------|
| Public Safety | \$ 68,531 |
| Total Appropriations | <u>\$ 68,531</u> |

Section 4. It is estimated that the following revenues will be available for the Special Revenue Fund - Controlled Substance for the fiscal year beginning July 1, 2022, and ending June 30, 2023:

| | |
|---------------------------|------------------|
| Appropriated Fund Balance | \$ 68,531 |
| Total Estimated Revenues | <u>\$ 68,531</u> |

Section 5. The following amounts are hereby appropriated in the Special Revenue Fund - Special Tax District for the fiscal year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|-----------------------------------|------------------|
| Economic and Physical Development | \$ 80,000 |
| Total Appropriations | <u>\$ 80,000</u> |

Section 6. It is estimated that the following revenues will be available for the Special Revenue Fund - Special Tax District for the fiscal year beginning July 1, 2022, and ending June 30, 2023:

| | |
|--------------------------|------------------|
| Ad Valorem Taxes | \$ 80,000 |
| Total Estimated Revenues | <u>\$ 80,000</u> |

Section 7. The following amounts are hereby appropriated in the Electric Fund for the operation of the electric system for the fiscal year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|---|----------------------|
| Electric Utility Operations | \$ 43,597,908 |
| Debt Service | 574,114 |
| Transfer to General Fund | 1,200,000 |
| Transfer to Electric Capital Reserve Fund | 20,764 |
| Total Appropriations | <u>\$ 45,392,786</u> |

Section 8. It is estimated that the following revenues will be available in the Electric Fund for the fiscal year beginning July 1, 2022, and ending June 30, 2023:

| | |
|---------------------------|----------------------|
| Sales and Services | \$ 44,707,258 |
| Other Operating Revenues | 567,000 |
| Investment Earnings | 8,200 |
| Appropriated Net Position | <u>110,328</u> |
| Total Estimated Revenues | <u>\$ 45,392,786</u> |

Section 9. The following amounts are hereby appropriated in the Water and Wastewater Fund for the operation of the water and wastewater system for the fiscal year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|---|----------------------|
| Water and Wastewater Utility Operations | \$ 14,376,735 |
| Debt Service | 725,482 |
| Transfer to Water and Wastewater Capital Reserve Fund | <u>313,938</u> |
| Total Appropriations | <u>\$ 15,416,155</u> |

Section 10. It is estimated that the following revenues will be available in the Water and Wastewater Fund for the fiscal year beginning July 1, 2022, and ending June 30, 2023:

| | |
|---|----------------------|
| Sales and Services | \$ 12,446,313 |
| Other Operating Revenues | 536,566 |
| Unrestricted Intergovernmental | 2,771 |
| Investment Earnings | 7,100 |
| Transfer from Water and Wastewater Capital Reserve Fund | 2,400,000 |
| Appropriated Net Position | <u>23,405</u> |
| Total Estimated Revenues | <u>\$ 15,416,155</u> |

Section 11. The following amounts are hereby appropriated in the Natural Gas Fund for the operation of the natural gas system for the fiscal year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|--|----------------------|
| Natural Gas Utility Operations | \$ 13,255,816 |
| Debt Service | 159,704 |
| Transfer to General Fund | 1,145,372 |
| Transfer to Natural Gas Capital Reserve Fund | <u>24,189</u> |
| Total Appropriations | <u>\$ 14,585,081</u> |

Section 12. It is estimated that the following revenues will be available in the Natural Gas Fund for the fiscal year beginning July 1, 2022, and ending June 30, 2023:

| | |
|---|-----------------------------|
| Sales and Services | \$ 13,566,157 |
| Other Operating Revenues | 71,500 |
| Unrestricted Intergovernmental | 7,851 |
| Investment Earnings | 4,200 |
| Transfer from Natural Gas Rate Stabilization Fund | 800,000 |
| Appropriated Net Position | <u>135,373</u> |
| Total Estimated Revenues | <u><u>\$ 14,585,081</u></u> |

Section 13. The following amounts are hereby appropriated in the Stormwater Fund for the operation of the stormwater system for the fiscal year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|-------------------------------|---------------------|
| Stormwater Utility Operations | \$ 1,129,649 |
| Total Appropriations | <u>\$ 1,129,649</u> |

Section 14. It is estimated that the following revenues will be available in the Stormwater Fund for the fiscal year beginning July 1, 2022, and ending June 30, 2023:

| | |
|--------------------------|----------------------------|
| Sales and Services | \$ 1,129,611 |
| Investment Earnings | <u>38</u> |
| Total Estimated Revenues | <u><u>\$ 1,129,649</u></u> |

Section 15. The following amounts are hereby appropriated in the Golf Fund for the operation of the golf course for the fiscal year beginning July 1, 2022, and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|------------------------|----------------------------|
| Golf Course Operations | \$ 1,347,487 |
| Debt Service | <u>42,109</u> |
| Total Appropriations | <u><u>\$ 1,389,596</u></u> |

Section 16. It is estimated that the following revenues will be available in the Golf Fund for the fiscal year beginning July 1, 2022, and ending June 30, 2023:

| | |
|----------------------------|----------------------------|
| Sales and Services | \$ 797,384 |
| Investment Earnings | 300 |
| Transfer from General Fund | 450,000 |
| Appropriated Net Position | <u>141,912</u> |
| Total Estimated Revenues | <u><u>\$ 1,389,596</u></u> |

Section 17. Appropriations herein authorized and made shall have the amount of outstanding purchase orders as of June 30, 2022 added to each appropriation as it applies, in order to honor legal and contractual commitments that have been made in accordance with budgetary authorizations under the 2021-22 annual budget and in order to properly account for the payment in the fiscal year in which it is paid. Corresponding changes shall be made to Appropriated Fund Balance/Net Position, Debt Proceeds, Transfer from Capital Reserve or other revenue category if applicable as the funding source, and/or Addition to Fund Balance/Net Position.

Section 18. There is hereby levied a tax at the rate of sixty five cents (\$.65) per one hundred dollars (\$100) assessed valuation of property as listed for taxes as of January 1, 2022, for the purpose of raising the revenue listed as "Ad Valorem Taxes" in the General Fund in Section 2 of this ordinance.

This rate is based on a total estimated valuation of property for the purposes of taxation of \$1,820,100,000 and an estimated rate of collection of 96.0%. The estimated rate of collection is based on the fiscal year 2021-22 estimated collection rate of 96.0%.

Section 19. There is hereby levied an uptown tax at the rate of twenty cents (\$.20) per one hundred dollars (\$100) assessed valuation of property as listed for taxes in the Uptown District as of January 1, 2022, for the purpose of raising the revenue listed as "Ad Valorem Taxes" in the Special Revenue Fund - Special Tax District in Section 6 of this ordinance.

This rate is based on a total estimated valuation of property in the Uptown District for the purposes of taxation of \$41,113,000 and an estimated rate of collection of 96.0%. The estimated rate of collection is based on the fiscal year 2021-22 estimated collection rate of 96.0%.


Section 20. The Budget Officer is authorized to transfer appropriations as contained herein under the following conditions:

1. Transfers up to \$20,000 between functional areas within the same fund. The Budget Officer must make an official report on such transfers at the next regular meeting of the City Council.
2. All transfers between funds require prior approval by the City Council in an amendment to the Budget Ordinance.
3. Transfers or appropriation from City Council Neighborhood Revitalization Funds must have prior City Council approval; and any unspent funds at the end of the fiscal year will be classified as Committed Fund Balance for future year neighborhood revitalization initiatives.

Section 21. Copies of this Budget Ordinance shall be furnished to the City Clerk and to the City Manager and Finance Director to be kept on file by them for their direction in the disbursement of funds.

Adopted this 13th day of June, 2022.


Newell Clark, Mayor


Emily M. Jackson, CMC, NCCMC
City Clerk



CITY OF LEXINGTON, NC
ORDINANCE NO. 22-56

ORDINANCE AMENDING AND MAINTAINING CAPITAL RESERVE FUNDS FOR
GOVERNMENTAL, ELECTRIC, WATER AND WASTEWATER,
NATURAL GAS, AND FLEET MANAGEMENT
FOR FISCAL YEAR JULY 1, 2022 THROUGH JUNE 30, 2023

BE IT ORDAINED by the City Council of the City of Lexington, North Carolina that capital reserve funds for Governmental, Electric, Water and Wastewater, Natural Gas, and Fleet Management are hereby established, amended, and maintained as follows:

PART 1 - AMEND AND MAINTAIN THE
GOVERNMENTAL CAPITAL RESERVE FUND

Section 1. The City Council of the City of Lexington, North Carolina hereby amends and maintains the Governmental Capital Reserve Fund for the purpose of funding the future acquisition and/or construction of capital assets, capital improvements, capital rehabilitation, and infrastructure related to its General Fund as identified as part of the City's financial planning processes.

Section 2. It is anticipated that the Governmental Capital Reserve Fund shall remain effective until those items identified as part of the City's financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City's financial planning processes, are completed or until such time the fund is no longer practical.

Section 3. It is anticipated that funds will be accumulated in sufficient amounts to provide for the funding of those items identified as part of the City's financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City's financial planning processes, and that those funds will primarily be derived from transfers from the General Fund.

Section 4. The following amounts are hereby appropriated in the Governmental Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|--------------------------|------------------|
| Addition to Fund Balance | \$ 89,527 |
| Total Appropriations | <u>\$ 89,527</u> |

Section 5. It is anticipated that the following revenues will be available in the Governmental Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023:

| | |
|----------------------------|------------------|
| Investment earnings | \$ 100 |
| Transfer from General Fund | 89,427 |
| Total Estimated Revenues | <u>\$ 89,527</u> |

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2022, which are added to General Fund appropriations in accordance with Section 17 of the Annual Budget Ordinance, anticipate transfers from the Governmental Capital Reserve Fund as the source of funding, appropriations herein authorized and made for Transfers to General Fund shall have those amounts added to the appropriations and corresponding changes shall be made to Appropriated Fund Balance and/or Addition to Fund Balance.

PART 2 - AMEND AND MAINTAIN THE
ELECTRIC CAPITAL RESERVE FUND

Section 1. The City Council of the City of Lexington, North Carolina hereby amends and maintains the Electric Capital Reserve Fund for the purpose of funding the future acquisition and/or construction of capital assets, capital improvements, capital rehabilitation, and infrastructure related to its Electric Fund as identified as part of the City’s financial planning processes.

Section 2. It is anticipated that the Electric Capital Reserve Fund shall remain effective until those items identified as part of the City’s financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City’s financial planning processes, are completed or until such time the fund is no longer practical.

Section 3. It is anticipated that funds will be accumulated in sufficient amounts to provide for the funding of those items identified as part of the City’s financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City’s financial planning processes, and that those funds will primarily be derived from transfers from the Electric Fund.

Section 4. The following amounts are hereby appropriated in the Electric Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|--------------------------|------------------|
| Addition to Net Position | \$ 25,764 |
| Total Appropriations | <u>\$ 25,764</u> |

Section 5. It is anticipated that the following revenues will be available in the Electric Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023:

| | |
|-----------------------------|------------------|
| Investment Earnings | \$ 5,000 |
| Transfer from Electric Fund | 20,764 |
| Total Estimated Revenues | <u>\$ 25,764</u> |

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2022, which are added to Electric Fund appropriations in accordance with Section 17 of the Annual Budget Ordinance, anticipate transfers from the Electric Capital Reserve Fund as the source of funding, appropriations herein authorized and made for Transfers to Electric Fund shall have those amounts added to the appropriations and corresponding changes shall be made to Appropriated Net Position and/or Addition to Net Position.

PART 3 - AMEND AND MAINTAIN THE
WATER AND WASTEWATER CAPITAL RESERVE FUND

Section 1. The City Council of the City of Lexington, North Carolina hereby amends and maintains the Water and Wastewater Capital Reserve Fund for the purpose of funding the future acquisition and/or construction of capital assets, capital improvements, capital rehabilitation, and infrastructure related to its Water and Wastewater Fund as identified as part of the City’s financial planning processes and for the purpose of accounting for all system development fees as required by NCGS 162A, Article 8.

Section 2. It is anticipated that the Water and Wastewater Capital Reserve Fund shall remain effective until those items identified as part of the City’s financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City’s financial planning processes, are completed or until such time the fund is no longer practical.

Section 3. It is anticipated that funds will be accumulated in sufficient amounts to provide for the funding of those items identified as part of the City’s financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City’s financial planning processes, and that those funds will primarily be derived from transfers from the Water and Wastewater Fund, including transfers of funds derived from system development fees.

Section 4. The following amounts are hereby appropriated in the Water and Wastewater Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | |
|---------------------------------------|---------------------|
| Transfer to Water and Wastewater Fund | \$ 2,400,000 |
| Total Appropriations | <u>\$ 2,400,000</u> |

Section 5. It is anticipated that the following revenues will be available in the Water and Wastewater Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2022:

| | |
|---|----------------------------|
| Investment Earnings | \$ 1,700 |
| Transfer from Water and Wastewater Fund | 313,938 |
| Appropriated Net Position | <u>2,084,362</u> |
| Total Estimated Revenues | <u><u>\$ 2,400,000</u></u> |

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2022, which are added to Water and Wastewater Fund appropriations in accordance with Section 17 of the Annual Budget Ordinance, anticipate transfers from the Water and Wastewater Capital Reserve Fund as the source of funding, appropriations herein authorized and made for Transfers to Water and Wastewater Fund shall have those amounts added to the appropriations and corresponding changes shall be made to Appropriated Net Position and/or Addition to Net Position.

PART 4 - AMEND AND MAINTAIN THE
NATURAL GAS CAPITAL RESERVE FUND

Section 1. The City Council of the City of Lexington, North Carolina hereby amends and maintains the Natural Gas Capital Reserve Fund for the purpose of funding the future acquisition and/or construction of capital assets, capital improvements, capital rehabilitation, and infrastructure related to its Natural Gas Fund as identified as part of the City’s financial planning processes.

Section 2. It is anticipated that the Natural Gas Capital Reserve Fund shall remain effective until those items identified as part of the City’s financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City’s financial planning processes, are completed or until such time the fund is no longer practical.

Section 3. It is anticipated that funds will be accumulated in sufficient amounts to provide for the funding of those items identified as part of the City’s financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City’s financial planning processes, and that those funds will primarily be derived from transfers from the Natural Gas Fund.

Section 4. The following amounts are hereby appropriated in the Natural Gas Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | | |
|--------------------------|----|---------------|
| Addition to Net Position | \$ | 24,989 |
| Total Appropriations | \$ | <u>24,989</u> |

Section 5. It is anticipated that the following revenues will be available in the Natural Gas Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023:

| | | |
|--------------------------------|----|---------------|
| Investment Earnings | \$ | 800 |
| Transfer from Natural Gas Fund | | 24,189 |
| Total Estimated Revenues | \$ | <u>24,989</u> |

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2022, which are added to Natural Gas Fund appropriations in accordance with Section 17 of

the Annual Budget Ordinance, anticipate transfers from the Natural Gas Capital Reserve Fund as the source of funding, appropriations herein authorized and made for Transfers to Natural Gas Fund shall have those amounts added to the appropriations and corresponding changes shall be made to Appropriated Net Position and/or Addition to Net Position.

PART 5 - AMEND AND MAINTAIN THE
FLEET MANAGEMENT CAPITAL RESERVE FUND

Section 1. The City Council of the City of Lexington, North Carolina hereby amends and maintains the Fleet Management Capital Reserve Fund for the purpose of funding the future acquisition and/or construction of capital assets, capital improvements, capital rehabilitation, and infrastructure related to its Fleet Management Fund as identified as part of the City’s financial planning processes.

Section 2. It is anticipated that the Fleet Management Capital Reserve Fund shall remain effective until those items identified as part of the City’s financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City’s financial planning processes, are completed or until such time the fund is no longer practical.

Section 3. It is anticipated that funds will be accumulated in sufficient amounts to provide for the funding of those items identified as part of the City’s financial planning processes, including additions, deletions, and other changes that may occur each year as part of the City’s financial planning processes, and that those funds will primarily be derived from transfers from the Fleet Management Fund.

Section 4. The following amounts are hereby appropriated in the Fleet Management Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | | |
|--------------------------|----|--------------|
| Addition to Net Position | \$ | 8,539 |
| Total Appropriations | \$ | <u>8,539</u> |

Section 5. It is anticipated that the following revenues will be available in the Fleet Management Capital Reserve Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023:

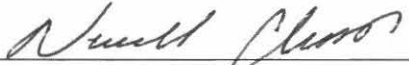
| | | |
|-------------------------------------|----|---------------------|
| Investment Earnings | \$ | 300 |
| Transfer from Fleet Management Fund | | <u>8,239</u> |
| Total Estimated Revenues | \$ | <u><u>8,539</u></u> |

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2022, which are added to Fleet Management Fund appropriations in accordance with Section 3 of the Annual Financial Plan for Internal Service Funds, anticipate transfers from the Fleet Management Capital Reserve Fund as the source of funding, appropriations herein authorized and made for Transfers to Fleet Management Fund shall have those amounts added to the

appropriations and corresponding changes shall be made to Appropriated Net Position and/or Addition to Net Position.

Copies of this Ordinance shall be furnished to the City Clerk and to the City Manager and Finance Director to be kept on file by them for their direction in maintaining capital reserve funds for the City of Lexington and in the disbursement of funds.

Adopted this 13th day of June, 2022.



Newell Clark, Mayor



Emily M. Jackson, CMC, NCCMC
City Clerk



CITY OF LEXINGTON, NC
ORDINANCE NO. 22-57

ORDINANCE AMENDING AND MAINTAINING RATE STABILIZATION FUNDS FOR
ELECTRIC AND NATURAL GAS
FOR FISCAL YEAR JULY 1, 2022 THROUGH JUNE 30, 2023

BE IT ORDAINED by the City Council of the City of Lexington, North Carolina that rate stabilization funds for Electric and Natural Gas are hereby amended and maintained as follows:

PART 1 - AMEND AND MAINTAIN THE
ELECTRIC RATE STABILIZATION FUND

Section 1. The City Council of the City of Lexington, North Carolina hereby amends and maintains the Electric Rate Stabilization Fund for the purpose of promoting and maintaining stable, competitive customer retail electric rates for the City’s electric utility customers in the short-term in the event of 1) significant unforeseen short-term increases in the City’s cost of purchased power, 2) the loss of significant electric utility customers, or 3) facilitating a phased implementation of a recommended significant rate increase over multiple years.

Section 2. It is anticipated that the Electric Rate Stabilization Fund shall remain effective until such time the fund is no longer considered an appropriate tool for short-term rate management or until the fund is no longer practical.

Section 3. It is anticipated that funds will be accumulated in sufficient amounts to provide adequate stabilization reserves for short-term rate management and stabilization needs for the City’s electric utility customers, and that those funds will primarily be derived from transfers from the Electric Fund.

Section 4. The following amounts are hereby appropriated in the Electric Rate Stabilization Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:

| | | |
|--------------------------|----|------------|
| Addition to Net Position | \$ | 500 |
| Total Appropriations | \$ | <u>500</u> |

Section 5. It is anticipated that the following revenues will be available in the Electric Rate Stabilization Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023:

| | | |
|--------------------------|----|------------|
| Investment Earnings | \$ | 500 |
| Total Estimated Revenues | \$ | <u>500</u> |

PART 2 - AMEND AND MAINTAIN THE
NATURAL GAS RATE STABILIZATION FUND

Section 1. The City Council of the City of Lexington, North Carolina hereby amends and maintains the Natural Gas Rate Stabilization Fund for the purpose of promoting and maintaining stable, competitive customer retail natural gas rates for the City’s natural gas utility customers in the short-term in the event of 1) significant unforeseen short-term increases in the City’s cost of purchased natural gas, 2) the loss of significant natural gas utility customers or 3) facilitating a phased implementation of a recommended significant rate increase over multiple years.

Section 2. It is anticipated that the Natural Gas Rate Stabilization Fund shall remain effective until such time the fund is no longer considered an appropriate tool for short-term rate management or until the fund is no longer practical.

Section 3. It is anticipated that funds will be accumulated in sufficient amounts to provide adequate stabilization reserves for short-term rate management and stabilization needs for the City’s natural gas utility customers, and that those funds will primarily be derived from transfers from the Natural Gas Fund.

Section 4. The following amounts are hereby appropriated in the Natural Gas Rate Stabilization Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023, in accordance with the chart of accounts heretofore established for this City:


| | |
|------------------------------|-------------------|
| Transfer to Natural Gas Fund | \$ 800,000 |
| Total Appropriations | <u>\$ 800,000</u> |

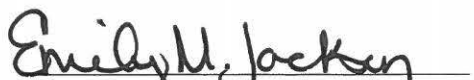
Section 5. It is anticipated that the following revenues will be available in the Natural Gas Rate Stabilization Fund for the fiscal year beginning July 1, 2022 and ending June 30, 2023:

| | |
|-------------------------------|--------------------------|
| Investment Earnings | \$ 400 |
| Appropriation of Net Position | <u>799,600</u> |
| Total Estimated Revenues | <u><u>\$ 800,000</u></u> |

Copies of this Ordinance shall be furnished to the City Clerk and to the City Manager and Finance Director to be kept on file by them for their direction in maintaining rate stabilization funds for the City of Lexington and in the disbursement of funds.

Adopted this 13th day of June, 2022.


Newell Clark, Mayor


Emily M. Jackson, CMC, NCCMC
City Clerk



CITY OF LEXINGTON, NC
RESOLUTION NO. 35-22

FINANCIAL PLAN FOR THE CITY OF LEXINGTON INTERNAL SERVICE FUNDS FOR
FISCAL YEAR JULY 1, 2022 THROUGH JUNE 30, 2023

WHEREAS, the City Council of the City of Lexington has been presented a proposed financial plan for its internal service funds for the year ending June 30, 2023 as required by North Carolina General Statute 159-13.1;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lexington hereby approves the following summarized financial plan as required by North Carolina General Statute 159-13.1:

Section 1. The following amounts are estimated Revenues and Expenditures for the Internal Service Funds: Fleet Management Fund, Group Insurance Fund, Risk Management Fund and Utility Administration Fund for the Fiscal Year beginning July 1, 2022, and ending June 30, 2023.

FLEET MANAGEMENT FUND

| | |
|---|--------------|
| Fleet Management Operations | \$ 2,221,954 |
| Transfer to Fleet Management Capital Reserve Fund | 8,239 |
| Total Estimated Expenditures | \$ 2,230,193 |

| | |
|--------------------------|--------------|
| Operating Revenues | \$ 2,219,893 |
| Nonoperating Revenues | 10,300 |
| Total Estimated Revenues | \$ 2,230,193 |

GROUP INSURANCE FUND

| | |
|------------------------------|--------------|
| Group Insurance Operations | \$ 7,299,797 |
| Total Estimated Expenditures | \$ 7,299,797 |

| | |
|---------------------------|--------------|
| Operating Revenues | \$ 7,021,276 |
| Nonoperating Revenues | 4,600 |
| Appropriated Net Position | 273,921 |
| Total Estimated Revenues | \$ 7,299,797 |

RISK MANAGEMENT FUND

| | |
|------------------------------|---------------------|
| Risk Management Operations | \$ 2,173,712 |
| Total Estimated Expenditures | <u>\$ 2,173,712</u> |
| Operating Revenues | \$ 1,491,812 |
| Nonoperating Revenues | 900 |
| Appropriated Net Position | 681,000 |
| Total Estimated Revenues | <u>\$ 2,173,712</u> |


UTILITY ADMINISTRATION FUND

| | |
|-----------------------------------|---------------------|
| Utility Administration Operations | \$ 5,862,056 |
| Debt Service | <u>1,126,232</u> |
| Total Estimated Expenditures | <u>\$ 6,988,288</u> |
| Operating Revenues | \$ 6,487,588 |
| Nonoperating Revenues | 700 |
| Appropriated Net Position | <u>500,000</u> |
| Total Estimated Revenues | <u>\$ 6,988,288</u> |

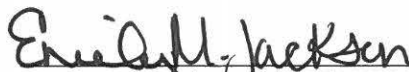
Section 2. Expenditures herein estimated shall have the amount of outstanding purchase orders as of June 30, 2022 added to each estimated expenditure as it applies, in order to honor legal and contractual commitments that have been made in accordance with authorizations under the 2021-22 financial plan and in order to properly account for the payment in the fiscal year in which it is paid. Corresponding changes shall be made to Appropriated Net Position, Debt Proceeds, Transfer from Capital Reserve or other revenue category if applicable as the funding source, and/or Addition to Net Position.

Section 3. Copies of this financial plan shall be furnished to the City Clerk and to the City Manager and Finance Director to be kept on file for their direction in the disbursement of funds.

Adopted this 13th day of June, 2022.



Newell Clark, Mayor



Emily M. Jackson, CMC, NCCMC
City Clerk



CITY OF LEXINGTON, NC
RESOLUTION NO. 36-22

RESOLUTION AMENDING FEE AND RATE SCHEDULES

WHEREAS, the City Council of the City of Lexington charges fees and rates for a variety of services and other actions undertaken by the City of Lexington; and

WHEREAS, the City Council of the City of Lexington has reviewed recommended changes in fees and rates and concurs with those recommendations;


NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lexington that:

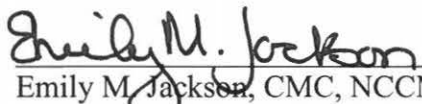
Section 1. Amendments and revisions to the fee and rate schedules are hereby approved, along with the effective dates of the amendments and revisions, as described in the following attachments which are incorporated into this resolution by reference.

- Attachment A – Customer Service Fees
- Attachment B – Electric Fees
- Attachment C – Electric Rates
- Attachment D – Golf Fees
- Attachment E – Natural Gas Rates
- Attachment F – Recycling & Waste Collection Fees
- Attachment G – Stormwater Fees
- Attachment H – Street Fees
- Attachment I – Water & Wastewater Fees
- Attachment J – Water & Wastewater Rates

Section 2. This Resolution shall become effective upon approval by the City Council of the City of Lexington.

Adopted this 13th day of June, 2022.


Newell Clark, Mayor


Emily M. Jackson, CMC, NCCMC
City Clerk



CUSTOMER SERVICE FEES & PENALTIES

| Type of Fee | Current Fee | Proposed Fee 7/1/2022 |
|--|--------------------|----------------------------------|
| Utility Fee for Non-payment | \$50 | \$40 |
| Recycling & Waste Collection Fee for Non-payment | \$50 | \$40 |
| Return Trip Fee (Customer failure to comply) | NA | \$30 |
| Residential Water and/or Wastewater Deposit: | | |
| Good Credit History | \$0 | \$0 |
| No Credit History | \$15 | \$30 |
| Bad Credit History | \$30 | \$50 |

ELECTRIC FEES

| Type of Fee | Current Fee | Proposed Fee 7/1/2022 |
|---|--|--|
| Overhead to Underground Conversion | \$350 for 100 feet minimum plus \$4 per foot over 100 | \$350 for 100 feet minimum plus \$5 per foot over 100 |
| Electric Service for Single Residence | \$10 per foot over 500 feet (No charge for first 500 feet) | \$12 per foot over 500 feet (No charge for first 500 feet) |
| Electric Service for Other Structures Service | \$10 per foot over 150 feet (No charge for first 150 feet) | \$12 per foot over 100 feet (No charge for first 100 feet) |
| Underground Service for Developed Lot | \$4 per foot over 75 feet (No charge for first 75 feet) | \$12 per foot over 75 feet (No charge for first 75 feet) |
| Underground Security Light Installation | \$4 per foot over 100 feet (No charge for first 100 feet) | \$10 per foot over 100 feet (No charge for first 100 feet) |
| Overhead Security Light Installation | \$150 (each additional pole) | \$250 (each additional pole) |
| Relocating Security Lights | Actual cost of materials, labor & equipment | Actual cost of materials, labor & equipment (Minimum 2 hour crew cost) |
| Relocate Line, Service, and/or Pole | Actual cost of materials, labor & equipment | Actual cost of materials, labor & equipment (Minimum 2 hour crew cost) |
| Return Trip Fee for Security Light | NA | \$100 |

Residential Service
Schedule R

Availability

Available only to residential customers in residences, condominiums, mobile homes or individually metered apartments that provide independent and permanent facilities complete for living, sleeping, eating, cooking and sanitation.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at one of the following approximate voltages where available:

Single-phase, 120/240 volts; or three-phase, 208Y/120 volts; or other available voltages at the City’s option.

Motors in excess of 2 H.P., frequently started, or arranged for automatic control, must be of a type to take the minimum starting current and must be equipped with controlling devices approved by the City.

Three-phase service will be supplied, if available. Where three-phase and single-phase service is supplied through the same meter, it will be billed on the rate below. Where three-phase service is supplied through a separate meter, it will be billed on the applicable Commercial Service Schedule.

| Residential | | |
|-------------------------|------------------------------------|-------------------------------------|
| | Summer (June-September) | Non-Summer (October-May) |
| Basic Facilities Charge | \$25.00 | \$25.00 |
| Minimum Charge: | Basic Facilities Charge | |
| Energy Charges: | | |
| All kWh | \$.0944 per kWh | \$.0888 per kWh |

The definitions of “Summer/Non-Summer,” “Determination of Energy,” and “Sales Tax” are contained within the General Terms and Conditions and are pertinent to this rate schedule. The General Terms and Conditions Section and the Lexington Utilities Customer Service Policy Manual are an integral part of this tariff.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Residential-Other Structures Service
Schedule RO

Availability

Available to garages, barns, swimming pools, water pumps, and other structures and outbuildings that are used for domestic or recreational purposes that are on the same property as a residential dwelling that is served under the Residential Service rate and metered on a separate service apart from the residential dwelling. Such separately metered service shall qualify for this rate provided that it is used solely for non-commercial purposes and as long as the metered energy consumption does not exceed 1,000 kWh in any month.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at one of the following approximate voltages where available:

Single-phase, 120/240 volts; or three-phase, 208Y/120 volts; or other available voltages at the City’s option.

Motors in excess of 2 H.P., frequently started, or arranged for automatic control, must be of a type to take the minimum starting current and must be equipped with controlling devices approved by the City.

Three-phase service will be supplied, if available. Where three-phase and single-phase service is supplied through the same meter, it will be billed on the rate below. Where three-phase service is supplied through a separate meter, it will be billed on the applicable Commercial Service Schedule.

| Residential-Other Structure | | |
|------------------------------------|------------------------------------|-------------------------------------|
| | Summer (June-September) | Non-Summer (October-May) |
| Basic Facilities Charge | \$32.00 | \$32.00 |
| Minimum Charge: | Basic Facilities Charge | |
| Energy Charges: | | |
| All kWh | \$.0944 per kWh | \$.0888 per kWh |

The definitions of “Summer/Non-Summer,” “Determination of Energy,” and “Sales Tax” are contained within the General Terms and Conditions and are pertinent to this rate schedule. The General Terms and Conditions Section and the Lexington Utilities Customer Service Policy Manual are an integral part of this tariff.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Renewable Energy Portfolio Standards Charge
Rider REPS

Applicability

The Renewable Energy Portfolio Standards Charge set forth in this Rider is applicable to all customer accounts receiving electric service from the City, except as provided below. These charges are collected for the expressed purpose of enabling the City to meet its Renewable Energy Portfolio Standards compliance obligations as required by the North Carolina General Assembly in Senate Bill 3 ratified on August 2, 2007.

Billing

Monthly electric charges for each customer account computed under the City’s applicable electric rate schedule will be increased by an amount determined by the table below:

| Customer Type | Renewable Resources | DSM/Energy Efficiency | Total REPS Monthly Charge |
|---------------|---------------------|-----------------------|---------------------------|
| Residential | \$ 0.85 | \$ 0.00 | \$ 0.85/customer |
| Commercial | \$ 4.65 | \$ 0.00 | \$ 4.65/customer |
| Industrial | \$47.92 | \$ 0.00 | \$47.92/customer |

Exceptions

Industrial and Commercial Customer Opt-out

All industrial customers, regardless of size, and large commercial customers with usage greater than one million kWh’s per year can elect not to participate in the City’s demand-side management (DSM) and energy efficiency measures in favor of its own implemented demand-side management and energy efficiency measures by giving appropriate written notice to the City. In the event such customers opt-out, they are still subject to the Renewable Resources portion of the charges above.

Low Usage Accounts

The following service schedules will not be considered accounts because of the low energy use associated with them and the near certainty that customers served under these schedules already will pay a per account charge under another residential, commercial, or industrial service schedule:

- Schedule BC – Building Construction Service
- Schedule SL – Street Lighting Service
- Schedule TS – Traffic Signal Service
- Schedule AL – Area Lighting Service

Renewable Energy Portfolio Standards Charge
Rider REPS

Sales Tax

Any applicable North Carolina state or local sales tax shall be added to the customer's total charges for each month, determined in accordance with this Rider.

Originally Adopted June 8, 2009

Renewable Energy Credit Rider No. 5
Rider REC-5

AVAILABILITY

This optional rate rider is available to customers on any City of Lexington (“City”) rate schedule who operate solar photovoltaic, wind powered, or biomass-fueled generating systems, without battery storage, located and utilized at the customer’s primary residence or business. To qualify for this rate rider, the customer must have complied with the City’s Interconnection Standards and have an approved Interconnection Request Form. As part of the Interconnection Request Form approval process, the City retains the right to limit the number and size of renewable energy generating systems installed on the City’s System. The generating system that is in parallel operation with service from the City and located on the customer’s premises must be manufactured, installed, and operated in accordance with all governmental and industry standards, in accordance with all requirements of the local code official, and fully conform with the City’s applicable renewable energy interconnection interface criteria. Qualified customers must generate energy for purposes of a buy-all/sell-all arrangement to receive credits under this rate rider. That is, the City agrees to buy all and the customer agrees to sell all of the energy output and associated energy from the renewable energy resource. Customers with qualified systems may also apply for NCGreenPower credits or North Carolina Municipal Power Agency 1 (“NCMPA1”) Renewable Energy Certificate (“REC”) credits.

The Fixed Long-Term Rates on this Rider are available only to Customers who have executed a Power Purchase Agreement with the City before July 1, 2017 for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the Power Purchase Agreement.

Notwithstanding the above, all qualifying facilities have the option to sell energy to the City on an “as available” basis and receive energy credits only calculated using the Variable Rates identified in this Rider for the delivered energy.

MONTHLY CREDIT

Monthly credits are paid according to the type of renewable generation.

Wind and Biomass Energy Credit (\$ Per kWh):

| | | <u>Fixed Long-term Rate</u> | | |
|-----------------|------------------------|------------------------------------|------------------------|------------------------|
| | <u>Variable</u> | <u>5 Years</u> | <u>10 Years</u> | <u>15 Years</u> |
| On-peak energy* | \$0.0280 | \$0.0315 | \$0.0337 | \$0.0361 |
| Off-peak energy | \$0.0103 | \$0.0108 | \$0.0110 | \$0.0117 |

Renewable Energy Credit Rider No. 5
Rider REC-5

Solar Photovoltaic Energy Credit (\$ Per kWh):

| | | <u>Fixed Long-term Rate</u> | | |
|-------------|-----------------|-----------------------------|-----------------|-----------------|
| | <u>Variable</u> | <u>5 Years</u> | <u>10 Years</u> | <u>15 Years</u> |
| All energy* | \$0.0304 | \$0.0336 | \$0.0359 | \$0.0383 |

* These energy credits include a capacity component.

Monthly Energy:

Monthly energy shall be the total kWh of energy produced by the Customer's renewable energy generating system and delivered to the City during the current calendar month.

On-Peak Energy:

On-peak energy shall be the metered energy during the on-peak energy period of the current calendar month, whereby the on-peak energy period is defined as non-holiday weekdays from 7:00 AM to 11:00 PM EPT.

Off-Peak Energy:

Off-peak energy shall be the monthly energy less the amount of energy billed as on-peak energy.

CONTRACT PERIOD

Prior to receiving service under this Rider, the City and the Customer shall have entered either an Interconnection Agreement or executed a Certificate of Completion (inverter-based generators less than 10 kW) and a Power Purchase Agreement which covers the special terms and conditions for the customer's requirements related to the interconnection of the customer's renewable energy generating system.

Each of these agreements shall have a minimum term of one (1) year. Either party may terminate the agreements after one year by giving at least thirty (30) days previous notice of such termination in writing.

GENERAL

Service under this Rider is subject to the provisions of the Service Regulations of the City contained in the City Code of Ordinances.

Renewable Energy Credit Rider No. 5
Rider REC-5

SPECIAL CONDITIONS

The customer's service shall be metered with two meters, one of which measures all energy provided by the City and used by the customer, and the other measures the amount of energy generated by the customer's renewable energy generator which is provided to the City.

In the event that the City determines that it is necessary to install any additional equipment to protect the safety and adequacy of electric service provided to other customers, the customer shall pay for the cost of such equipment in accordance with the terms of its Power Purchase Agreement.

Adopted June 13, 2016.

Renewable Energy Credit Rider No. 6
Rider REC-6

Availability

This optional rate rider is available to customers on any City of Lexington (“City”) rate schedule who operate solar photovoltaic, wind powered, or biomass-fueled generating systems, with or without battery storage, located and utilized at the customer’s primary residence or business. To qualify for this rate rider, the customer must have complied with the City’s Interconnection Standards and have an approved Interconnection Request Form. As part of the Interconnection Request Form approval process, the City retains the right to limit the number and size of renewable energy generating systems installed on the City’s System. The generating system that is in parallel operation with service from the City and located on the customer’s premises must be manufactured, installed, and operated in accordance with all governmental and industry standards, in accordance with all requirements of the local code official, and fully conform with the City’s applicable renewable energy interconnection interface criteria. Qualified customers must generate energy for purposes of a buy-all/sell-all arrangement to receive credits under this rate rider. That is, the City agrees to buy all and the customer agrees to sell all of the energy output and associated energy from the renewable energy resource. Customers with qualified systems may also apply for NC GreenPower credits or sell Renewable Energy Certificate (“REC”) credits.

All qualifying facilities have the option to sell energy to the City on an “as available” basis and receive energy credits based on the rates identified in this Rider for the delivered energy.

Monthly Credit

Avoided Cost Credit Rate* (\$ Per kWh):

| | |
|------------------|----------|
| On-peak energy** | \$0.0321 |
| Off-peak energy | \$0.0110 |

*For generation equal to or less than 20 kW the on-peak energy avoided cost credit rate can be applied to all hours.

**These energy credits include a capacity component.

Renewable Energy Credit Rider No. 6
Rider REC-6

Monthly Energy:

Monthly energy shall be the total kWh of energy produced by the generating facility during the current calendar month. All energy produced by the Customer's renewable energy generating system must be delivered to the City, since net metering is not offered.

On-Peak Energy:

On-peak energy shall be the metered energy during the on-peak energy period of the current calendar month, whereby the on-peak energy period is defined as non-holiday weekdays from 7:00 AM to 11:00 PM EPT.

Off-Peak Energy:

Off-peak energy shall be the monthly energy less the amount of energy billed as on-peak energy.

Contract Period

Prior to receiving service under this Rider, the City and the Customer shall have entered either an Interconnection Agreement or executed a Certificate of Completion (inverter-based generators less than 20 kW) and a Power Purchase Agreement which covers the special terms and conditions for the customer's requirements related to the interconnection of the customer's renewable energy generating system.

Each of these agreements shall have a minimum term of one (1) year. Either party may terminate the agreements after one year by giving at least thirty (30) days previous notice of such termination in writing.

General

Service under this Rider is subject to the provisions of the Service Regulations of the City contained in the City Code of Ordinances.

Special Conditions

The customer's service shall be metered with two meters, one of which measures all energy provided by the City and used by the customer, and the other measures the amount of energy generated by the customer's renewable energy generator which is provided to the City.

In the event that the City determines that it is necessary to install any additional equipment to protect the safety and adequacy of electric service provided to other customers, the customer shall pay for the cost of such equipment in accordance with the terms of its Power Purchase Agreement.

GOLF FEES

| Type of Fee | Current Fee | Proposed Fee 4/1/2023 |
|---|-------------|--------------------------|
| Daily Fees: | | |
| Weekend Greens Fee | \$21 | \$22 |
| Weekend Green Fee with 18 Hole Cart | \$36 | \$37 |
| Weekday 9 Hole Green Fee | \$11 | \$12 |
| Weekend 9 Hole Green Fee | \$14 | \$15 |
| Weekday Green Fee with 9 Hole Cart | \$18 | \$19 |
| Weekend Green Fee with 9 Hole Cart | \$22 | \$23 |
| Senior Green Fee with 18 Hole Cart ¹ | \$25 | \$26 |
| Senior Green Fee with 9 Hole Cart ¹ | \$17 | \$18 |
| Junior Green Fee with 18 Hole Cart ¹ | \$25 | \$26 |
| Junior Green Fee with 9 Hole Cart ¹ | \$17 | \$18 |
| Weekday Twilight ² | \$11 | \$12 |
| Weekday Evening ² | \$7 | \$8 |
| Weekend Twilight ² | \$14 | \$15 |
| Weekend Evening ² | \$11 | \$12 |

¹Monday through Friday, not including Holidays.

²Twilight and Evening times vary according to time of year.

| Type of Fee | Current Fee | Proposed Fee 4/1/2023 |
|------------------------------------|-------------|--------------------------|
| Tournament Pricing: | | |
| Number of People (per person fee): | | |
| 20 to 39 (Weekends) | \$34 | \$35 |
| 40 to 79 (Weekends) | \$33 | \$34 |
| 80 to 119 (Weekends) | \$32 | \$33 |

**RESIDENTIAL FIRM SALES RATE
SCHEDULE 6000**

APPLICABLE:

To all residential class of customers that typically use less than 400 therms per month.

MONTHLY RATE:

| | |
|-----------------|---------------------|
| Customer Charge | \$ 11.75 |
| All Therms | \$ 0.7279 per therm |

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers will receive a one-time waiver of the service charge for initial meter turn-ons.
2. Subsequent meter turn-ons, made for seasonal heating service or other such circumstances, will require a charge of \$80.00 for restoration of service.
3. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

PURCHASED GAS ADJUSTMENT:

The charges specified in the monthly rate will be subject to a gas adjustment per therm for increases or decreases in the costs associated with purchased pipeline gas and storage or any gas used as a substitute for or supplemental to purchased pipeline gas.

**RESIDENTIAL NATURAL CHOICE FIRM SALES RATE
SCHEDULE 6010**

APPLICABLE:

To all residential class of customers who meet the criterion in the Special Provisions section.

MONTHLY RATE:

| | |
|-----------------|---------------------|
| Customer Charge | \$ 10.75 |
| All Therms | \$ 0.6133 per therm |

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers will receive a one-time waiver of the service charge for initial meter turn-ons.
2. Subsequent meter turn-ons, made for seasonal heating service or other such circumstances, will require a charge of \$75.00 for restoration of service.
3. Behind each qualifying meter, the customer must have a natural gas furnace, water heater and clothes dryer. In addition to these appliances, the customer must also have at least one of the following gas appliances: range, fireplace logs, air conditioning, swimming pool heater or gas light and grill.
4. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

PURCHASED GAS ADJUSTMENT:

The charges specified in the monthly rate will be subject to a gas adjustment per therm for increases or decreases in the costs associated with purchased pipeline gas and storage or any gas used as a substitute for or supplemental to purchased pipeline gas.

**SMALL COMMERCIAL FIRM SALES RATE
SCHEDULE 6020**

APPLICABLE:

To all commercial class of customers that typically use less than 250 therms per month.

MONTHLY RATE:

| | |
|-----------------|---------------------|
| Customer Charge | \$ 22.00 |
| All Therms | \$ 0.6810 per therm |

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers will receive a one-time waiver of the service charge for initial meter turn-ons.
2. Subsequent meter turn-ons, made for seasonal heating service or other such circumstances, will require a charge of \$145.00 for restoration of service.
2. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

PURCHASED GAS ADJUSTMENT:

The charges specified in the monthly rate will be subject to a gas adjustment per therm for increases or decreases in the costs associated with purchased pipeline gas and storage or any gas used as a substitute for or supplemental to purchased pipeline gas.

**MEDIUM COMMERCIAL FIRM SALES RATE
SCHEDULE 6025**

APPLICABLE:

To all commercial class of customers that typically use more than 250 therms and less than 500 therms per month.

MONTHLY RATE:

| | |
|-----------------|---------------------|
| Customer Charge | \$ 82.50 |
| All Therms | \$ 0.5641 per therm |

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers will receive a one-time waiver of the service charge for initial meter turn-ons.
2. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

PURCHASED GAS ADJUSTMENT:

The charges specified in the monthly rate will be subject to a gas adjustment per therm for increases or decreases in the costs associated with purchased pipeline gas and storage or any gas used as a substitute for or supplemental to purchased pipeline gas.

**LARGE COMMERCIAL AND INDUSTRIAL FIRM SALES RATE
SCHEDULE 6030**

APPLICABLE:

To all firm commercial and industrial class of customers that typically use more than 500 therms per month. This tariff and rate schedule will apply to all customers without a specific contract in place.

MONTHLY RATE:

| | |
|-----------------|---------------------|
| Customer Charge | \$ 110.00 |
| All Therms | \$ 0.3686 per therm |

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.
2. All rate and tariff schedules are subject to Lexington Utilities' stranded costs provisions. Effective July 1, 2000, customers that switch from firm sales service to any other service or schedule is subject to a stranded cost adjustment to their bill. This charge will be based upon, but not limited to, their usage characteristics, related supply requirements, related pipeline demand/reservation charges, stranded distribution investment and other related stranded costs created by the switching of service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

PURCHASED GAS ADJUSTMENT:

The charges specified in the monthly rate will be subject to a gas adjustment per therm for increases or decreases in the costs associated with purchased pipeline gas and storage or any gas used as a substitute for or supplemental to purchased pipeline gas.

**HIGH LOAD FACTOR FIRM SALES RATE
Schedule 6040**

APPLICABLE:

To all firm commercial and industrial class of customers that typically use more than 400 therms per month and with a qualifying load factor. This tariff and rate schedule will apply to all customers without a specific contract in place.

MONTHLY RATE:

| | |
|-----------------|---------------------|
| Customer Charge | \$ 110.00 |
| All Therms | \$ 0.2891 per therm |

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers must demonstrate or achieve a historical load factor of at least 80%. This percentage is achieved upon review of the past 12 months of consumption history and where the customer's average consumption is equal to or greater than 80% of their highest month.
2. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

PURCHASED GAS ADJUSTMENT:

The charges specified in the monthly rate will be subject to a gas adjustment per therm for increases or decreases in the costs associated with purchased pipeline gas and storage or any gas used as a substitute for or supplemental to purchased pipeline gas.

**SUMMER PEAK FIRM SALES RATE
SCHEDULE 6050**

APPLICABLE:

To all commercial and industrial class of customers that use more than 90% of their annual usage during the period March through November. This tariff and rate schedule will apply to all customers without a specific contract in place.

MONTHLY RATE:

| | |
|---------------------|---------------------|
| Customer Charge | \$ 330.00 |
| First 30,000 Therms | \$ 0.2976 per therm |
| Next 30,000 Therms | \$ 0.2552 per therm |
| Over 60,000 Therms | \$ 0.2252 per therm |

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers must demonstrate or achieve an annual usage of at least 90% during the months of March through November. This percentage is achieved upon review of the past 12 months of consumption history and where the customer can demonstrate through the nature of its business that its primary usage is during the summer months.
2. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualified for this service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

PURCHASED GAS ADJUSTMENT:

The charges specified in the monthly rate will be subject to a gas adjustment per therm for increases or decreases in the costs associated with purchased pipeline gas and storage or any gas used as a substitute for or supplemental to purchased pipeline gas.

**LARGE INDUSTRIAL FIRM SALES RATE
SCHEDULE 6060**

APPLICABLE:

To all industrial class of customers that have expected annual usage of more than 15,000 therms. This tariff and rate schedule will apply to all customers without a specific contract in place.

MONTHLY RATE:

| | |
|--------------------|---------------------|
| Customer Charge | \$ 150.00 |
| First 3,000 Therms | \$ 0.3831 per therm |
| Over 3,000 Therms | \$ 0.2576 per therm |

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. All rate and tariff schedules are subject to Lexington Utilities' stranded costs provisions. Effective July 1, 2000, customers that switch from firm sales service to any other service or schedule is subject to a stranded cost adjustment to their bill. This charge will be based upon, but not limited to, their usage characteristics, related supply requirements, related pipeline demand/reservation charges, stranded distribution investment and other related stranded costs created by the switching of service.
2. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

PURCHASED GAS ADJUSTMENT:

The charges specified in the monthly rate will be subject to a gas adjustment per therm for increases or decreases in the costs associated with purchased pipeline gas and storage or any gas used as a substitute for or supplemental to purchased pipeline gas.

**INDUSTRIAL FIRM TRANSPORTATION RATE
SCHEDULE 6080**

APPLICABLE:

To any new industrial class of customer connected to Lexington Utilities' gas system and whose estimated average daily consumption is equal to or greater than 4,000 therms per day:

- a. To the extent that Lexington Utilities and customer have adequate facilities and equipment available and in place for transporting and delivery of such volumes of gas;
- b. When a Customer has executed a Service Agreement with Lexington Utilities wherein Lexington Utilities agrees to transport and deliver volumes of gas received for the Customer as specified therein.

CHARACTER OF SERVICE:

Transportation of natural gas by Lexington Utilities under this rate schedule shall be on a firm basis.

MONTHLY RATE:

| | |
|----------------------|---------------------|
| Customer Charge | \$ 550.00 |
| First 100,000 Therms | \$ 0.1946 per therm |
| Next 50,000 Therms | \$ 0.1113 per therm |
| Over 150,000 Therms | \$ 0.0728 per therm |

DETERMINATION OF DELIVERIES:

The volumes of gas transported pursuant to this schedule shall be the volumes delivered to Lexington Utilities by the customer at point of delivery. Firm or interruptible sales gas delivered during the same period shall be billed as the first gas through the customer's meter each month. Transportation gas delivered hereunder shall be billed as the remaining gas through the customer's meter each month.

BALANCING OF TRANSPORTATION VOLUMES:

Receipts and deliveries of gas hereunder shall be at rates of flow uniform with the customer's consumption with no significant imbalances.

Any time the customer is consistently using more or less gas than is being delivered to Lexington Utilities for the customer's account, it shall be the customer's responsibility to bring its supply and requirements into balance. For the purpose of the pre-determine allocation method, it is assumed that Lexington Utilities' system supply is the first gas through the meter during any period. Any imbalances will be allocated prorata among transportation customers.

In certain situations, and at Lexington Utilities' sole discretion, customers must balance within 10% of their daily deliveries and within 5% of their monthly deliveries in order to maintain the integrity of the system.

In instances where there is an over-deliver of supply, Lexington Utilities at its option, may cash-out this over-supply and purchase any or all of the excess volumes at a rate of 50 cents per dekatherm lower than its lowest cost of commodity supply that month.

In instances where there is an under-deliver of supply, Lexington Utilities at its option, may cash-out this under-supply and sell any or all of the deficit volumes to the customer at a rate of 50 cents per dekatherm higher than the firm sales tariff rate for that month.

In addition, the customer will also be charged imbalance penalties in instances where Lexington Utilities incurs imbalance or overrun penalties from the pipeline supplier due to overruns or under-deliveries. These charges will be based on a prorata share of the total penalty attributed to the customer.

OPERATIONAL FLOW ORDER:

Lexington Utilities reserves the right to lower the imbalance limits stated in the "Balancing of Transportation Volumes" section of this tariff or suspend transportation service entirely on any day, when in Lexington Utilities' sole opinion, its operating conditions are such that tighter tolerance limits or suspension of service is necessary.

SPECIAL PROVISIONS:

1. The customer will operate within the guidelines required by Lexington Utilities' pipeline transporter. The customer, or its agent, shall inform Lexington Utilities, or its agent, by 9:00am of the working day prior to the day the gas is to be delivered, of the anticipated consumption level and the volume requested for delivery. At that time, Lexington Utilities, or its agent, shall inform the customer of any restrictions on the volume requested for delivery.
2. The customer, or its agent, is responsible for all of the necessary arrangements and notification for the scheduling of transportation on the pipeline.

3. The customer must purchase the necessary software package provided by Lexington Utilities to make possible daily monitoring of gas flows.
4. Gas transported on this schedule shall be separately metered and shall not be used interchangeably with firm gas purchased on any schedule.
5. The term of the contract shall be for a term of not less than one year.
6. All rate and tariff schedules are subject to Lexington Utilities' stranded costs provisions. Effective July 1, 2000, customers that switch from firm sales service to any other service or schedule is subject to a stranded cost adjustment to their bill. This charge will be based upon, but not limited to, their usage characteristics, related supply requirements, related pipeline demand/reservation charges, stranded distribution investment and other related stranded costs created by the switching of service.
7. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

**PUBLIC SCHOOLS FIRM SALES RATE
SCHEDULE 6110**

APPLICABLE:

To all City of Lexington and Davidson County public schools, kindergarten through 12th grade. This tariff and rate schedule will apply to all customers without a specific contract in place.

MONTHLY RATE:

| | |
|-----------------|---------------------|
| Customer Charge | \$ 32.00 |
| All Therms | \$ 0.6524 per therm |

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customer must demonstrate or prove that it is a public school. Eligibility includes public schools, kindergarten through 12th grade.
2. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.

PURCHASED GAS ADJUSTMENT:

The charges specified in the monthly rate will be subject to a gas adjustment per therm for increases or decreases in the costs associated with purchased pipeline gas and storage or any gas used as a substitute for or supplemental to purchased pipeline gas.

RECYCLING & WASTE COLLECTION FEES

| Type of Fee | Current Fee | Proposed Fee 7/1/2022 |
|---|-------------|--|
| Commercial Rollout Container Purchase Fee | \$50 | \$64 |
| Residential Rollout Container Replacement Fee ¹ | \$55 | \$64 |
| Special Event Fee: Waste Collection Service | NA | \$200 (Monday-Friday) \$400 (Weekends/Holidays) |

¹No fee charged if damaged rollout returned.

STORMWATER FEES

| Type of Fee | Current Fee | Proposed Fee 7/1/2022 |
|---|--------------------|----------------------------------|
| Land Disturbance Permit (Erosion Control) | NA | \$50 |

STREET FEES

| Type of Fee | Current Fee | Proposed Fee 7/1/2022 |
|---------------------|--------------------|----------------------------------|
| Driveway Permit | NA | \$50 |
| Encroachment Permit | NA | \$100 |

WATER & WASTEWATER FEES

| Type of Fee | Current Fee | Proposed Fee 7/1/2022 |
|--|--------------------------------------|----------------------------------|
| Non-Wholesale Compost: Screened Compost plus Delivery Cull & Screened Compost plus Delivery | \$125 per load \$100 per load | Delete Delete |
| Wholesale Compost: Compost plus Delivery | \$70 per load | Delete |

Water and Wastewater Rates Effective July 1, 2022

WATER RATES

| Meter Size | Inside City Limits | Outside City Limits |
|------------------------------|--------------------|---------------------|
| Monthly Base Charge | | |
| 5/8" | \$18.88 | \$38.70 |
| 1" | \$47.20 | \$96.76 |
| 1.5" | \$94.40 | \$193.52 |
| 2" | \$151.04 | \$309.63 |
| 3" | \$283.20 | \$580.56 |
| 4" | \$472.00 | \$967.60 |
| 6" | \$944.00 | \$1,935.20 |
| 8" | \$1,510.40 | \$3,096.32 |
| Monthly Volume Charge | | |
| All Meter Sizes | \$2.44/CCF | \$5.00/CCF |
| Economic Development | N/A | \$3.42 |

WASTEWATER RATES*

| Meter Size | Inside City Limits | Outside City Limits |
|---------------------------------|--------------------|---------------------|
| Monthly Base Charge | | |
| 5/8" | \$17.26 | \$35.38 |
| 1" | \$43.15 | \$88.46 |
| 1.5" | \$86.30 | \$176.92 |
| 2" | \$138.08 | \$283.06 |
| 3" | \$258.90 | \$530.75 |
| 4" | \$431.50 | \$884.58 |
| 6" | \$863.00 | \$1,769.15 |
| 8" | \$1,380.80 | \$2,830.64 |
| 10" | \$1,984.90 | \$4,069.05 |
| Monthly Volume Charge | | |
| All Meter Sizes | \$4.50/CCF | \$9.23/CCF |
| Monthly Flat Rate Charge | | |
| All Meter Sizes | \$53.26/CCF | \$109.18/CCF |

*All customers billed through Davidson Water Inc. for City Wastewater Service will be charged a monthly administrative charge of \$1.50 per service.

No charge for initial meter turn-on. Subsequent meter turn-ons, made for seasonal water usage or other such circumstances, will require a charge of \$40.00 for restoration of service.

GLOSSARY OF TERMS

ADA: The commonly used acronym for the Americans with Disabilities Act.

ADOPTED BUDGET: Term used to describe revenues and expenditures for the upcoming year beginning July 1 as adopted by the City Council.

AMENDMENT: An ordinance or resolution that is adopted by City Council during the fiscal year to change the original budget appropriations or estimated revenues.

APPROPRIATION: A budgeted expenditure authorization granted by City Council to incur obligations.

ASSESSED VALUATION: A value established by Davidson County for property in the corporate limits. The value is then used as a basis for levying property taxes at the adopted tax rate.

BALANCED BUDGET: Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is a requirement that the budget submitted to the City Council be balanced.

BENCHMARKS: Comparisons of a department's effectiveness or efficiency.

BOND REFERENDUM: An election in which citizens vote on whether the City will be allowed to issue debt in the form of interest-bearing bonds.

BUDGET: A comprehensive financial plan of operation for a specified period of time that matches all planned revenues and expenditures with various municipal services.

BUDGET CALENDAR: The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budget.

BUDGET DOCUMENT: The official written statement prepared by the City staff reflecting the decisions made by the City Council in their deliberations.

BUDGET MESSAGE: A general discussion of the budget which provides the City Council and the public with a general summary of the most important aspects of the budget changes from previous fiscal years, City Council goals, and the views and recommendations of the City Manager.

BUDGET ORDINANCE: The schedule of revenues and expenditures for the upcoming fiscal year by fund, which is adopted by the City Council each year.

CAPITAL CONSTRUCTION PROJECTS: Major construction for items such as buildings, parks, streets, bridges, utility distribution systems, etc.

CAPITAL IMPROVEMENTS PROGRAM (CIP): The annually updated plan or schedule of project expenditures for public facilities and infrastructure (buildings, roads, etc.), with estimated project costs, sources of funding, and timing of work over a five year period.

CAPITAL OUTLAY: Any asset which is tangible in nature and has a useful life longer than two years and which meets the following criteria in regard to value. Buildings, other improvements,

machinery and equipment purchased by the City, which individually amount to a value of \$5,000 or greater are capital. Normal maintenance expenditures and expenditures for software are not capital.

CCF: Acronym for one hundred cubic feet, a measurement used for water consumption which equates to approximately 750 gallons.

DEBT SERVICE: The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

DEPARTMENT: A major administrative division of the City that indicates overall management responsibility for an operation or a group of related operations within a functional area.

DT: Acronym for Dekatherm, a measurement used for natural gas energy usage; the quantity of heat energy that is equivalent to one million Btu (British thermal unit). One Btu is the amount of heat required to raise the temperature of one pound of water one degree at 60 degrees Fahrenheit.

ENCUMBRANCE ACCOUNTING: The system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

FISCAL YEAR: The time period beginning on July 1 of a calendar year and ending on June 30 of the following calendar year. Budgeting is carried out on a fiscal year schedule for local governments in North Carolina.

FUNCTION: A group of related programs crossing organization (departmental) boundaries and aimed at accomplishing a broad goal or major service. Functions include General Government, Public Safety, Highways and Streets, Sanitation, Culture and Recreation, Economic Development, Debt Service and Other Financing Uses.

FUND BALANCE: Amounts shown as fund balance represent monies which remain unspent after all budgeted expenditures have been made. North Carolina general statutes dictate that a portion of fund balance is not available for appropriation in the following fiscal year.

GAAP: Acronym for Generally Accepted Accounting Principles, which are the conventions, rules, and procedures necessary to describe accepted accounting practices at a particular time.

GENERAL OBLIGATION (G.O.) BONDS: Debt issued by the City, repayment of which is backed by full taxing power of the City.

GFOA: Acronym for Government Finance Officers Association.

GOAL: A statement of broad direction, purpose or intent based on the needs of the community.

INSTALLMENT FINANCE: Method of financing used for acquisition of equipment or improvements to property. The title to the property transfers to the City at the end of the lease.

INTERFUND TRANSFERS: Amounts transferred from one fund to another..

INVESTMENT EARNINGS: Revenue earned on investments with a third party. The City uses a pooled cash system, in that cash is aggregated or pooled from all funds and invested in total. The investment earnings are then allocated back to the individual funds based on the average daily cash balance in each respective fund.

KWh: An acronym that stands for kilowatt-hour. A kilowatt-hour is a measurement of electric energy usage.

MGD: Acronym for one million gallons per day.

NCDOT: Acronym for North Carolina Department of Transportation.

OBJECTIVE: A statement of specific direction, purpose or intent to be accomplished by staff.

OTHER FINANCING SOURCE: Increase in current financial resources that is reported separately from the revenues to avoid distorting revenue trends. The use of other financing sources category is limited to items so classified by GAAP, such as transfers from other funds or debt proceeds.

OTHER FINANCING USE: Decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the other financing uses category is limited to items so classified by GAAP, such as transfers to other funds.

PAY AND CLASSIFICATION PLAN OR STUDY: An inventory of positions and the worth of each position to an organization which is then assigned to classes requiring knowledge, skills, responsibilities, and duties similar enough to be assigned the same salary level.

POWELL BILL: Funding from state-shared gasoline tax, which is restricted for use on maintenance of local streets and roads.

PROPERTY TAX RATE: The rate at which real and personal property in the City is taxed in order to produce revenues sufficient to conduct necessary governmental activities.

PROPERTY TAXES (AD VALOREM TAXES): Taxes paid by those owning property in the City. These taxes are based on assessed valuation.

REVENUE: Income received from various sources used to finance government services.

REVENUE BONDS: Bonds payable from a specific source of revenue or user fees that do not pledge the full faith and credit of the City.

