

CITY OF LEXINGTON



Annual Budget for Fiscal Year 2024-25



CITY OF LEXINGTON NORTH CAROLINA

2024-25 BUDGET

For the Fiscal Year Ending June 30, 2025



MAYOR AND CITY COUNCIL

Jason Hayes, Mayor

Dr. Keith Curry – Ward 1
Jim Myers – Ward 2
Matt Welborn – Ward 3

John Burke – Ward 4
Garrett Holloway – Ward 5
Tommy Black – Ward 6

Becky Klass – At Large
Joe Watkins, Mayor Pro Tem – At Large

CITY OFFICIALS

Johnnie F. Taylor – City Manager
Nicholas A. Geis – Assistant City Manager
Kathy M. Whitman – Interim 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 13, 2024

Dear Mayor Hayes and City Council,

As City Manager, I am honored to present the proposed 2024-25 fiscal budget to you. This budget, meticulously crafted by the provisions of North Carolina General Statutes 159-11, the Local Government Budget and Fiscal Control Act, is not just a financial document but a powerful tool that will shape the future of our city. It is a testament to our commitment to the strategic goals identified in the Strategic Retreat (Infrastructure, Economic and Neighborhood Vitality, and Public Safety), and your role in adopting a balanced budget, as mandated by N.C.G.S 159, is crucial in this process. The budget must be adopted no later than July 1st of each year. I am confident that our city will continue to thrive and prosper with your support.

The annual budget, a cornerstone of city governance, is a product of our dedicated staff's efforts and a testament to the collaborative spirit of our engaged residents and esteemed Council. It serves as a strategic roadmap, outlining the most efficient use of funds to advance our city's governance in alignment with key focus areas identified in the Strategic Retreat. Your invaluable contributions have made this budget a true reflection of our shared vision for the city, and I look forward to our continued collaboration in its adoption and implementation. This collaborative effort underscores our shared responsibility in shaping the city's future.

The proposed 2024-25 budget is meticulously balanced, with no recommended tax rate increase. The tax rate remains at \$.65 per \$100 of assessed valuation. Each penny on the tax rate generates approximately \$185,000 to support the city's services. The estimated tax base for 2024-25 is \$1.857 billion dollars based on a 97% tax collection rate. This careful balance, Mayor Hayes, City Council members, and city staff, is a testament to our commitment to financial responsibility and prudence, considering the community's continued growth and the need to avoid unnecessarily burdening our residents. It underscores the importance of staff's creative implementation of more effective and efficient strategies to maintain exceptional service levels. As a result of the increased population and continued growth, the costs of providing service continue to grow aggressively.

The City of Lexington's budget comprises several funds, each with its unique role and contribution. These include the General Fund, Controlled Substance Fund, Special Tax District Fund, Electric Fund, Waste/Wastewater Fund, Natural Gas Fund, Stormwater Fund, and Golf Fund. Of all the funds, the General Fund accounts for many of the city's programs and services, and revenue is generated from a diverse range of sources such as ad valorem taxes, sales tax, occupancy tax, user fees, transfers from utility enterprises, borrowing proceeds, sales, services, and investments.

Due to economic pressures and other unavoidable costs, this budget represents a 10.4% increase over the previous year's budget. The major cost drivers of this budget are personnel costs, retirement increases, infrastructure maintenance, equipment replacements, and the inflationary

impact of rising costs for all materials. This budget message will provide further context regarding the economic outlook, budget strategy/focus, key priorities, and financial position entering the 2024-25 fiscal year.

BUDGET PROCESS

While the budget process is a year-long process, the formal budget process began in December last year, with departments working to develop operation budgets, including capital needs.

During January, fleet management and departments collaborated to create or update multi-year vehicle replacement plans. Departments also receive information from Finance and work to develop staffing requests.

In February, the city manager and staff had a two-day strategic retreat with the city council to determine priorities, discuss the state of the community, and communicate the various challenges. Following the retreat, departments were required to provide all information for Finance to prepare for department budget creation sessions and the annual budget reviews with the Finance Director, Human Resources Director, and City Manager.

The City Manager met with the City Council in April to present a proposed balanced budget and receive questions or suggestions from the Council. After responding to the Council's questions, the budget was balanced considering all recommendations, and the budget message was completed. The budget was presented to the Council, and a public hearing was requested.

ECONOMIC UPDATE AND BUDGET OUTLOOK

Understanding the economic landscape in which our city operates and the measures we are taking to ensure our fiscal health is essential. According to Wells Fargo economist, the U.S. economy continues to be resilient, with the GDP outlook projected to be about 2.5% growth. The unemployment rate continues to hover around 3.8 %, which indicates a strong labor market. Data suggests that an ample labor supply has positively affected supply and demand to bring more balance, with average hourly earnings up 4.1% over the previous year. Given inflation data based on the PCE deflator, the tool used by the Feds to measure inflation, the decline to the preferred 2% inflation mark has stalled. The inflation rate will likely delay any monetary easing of interest rates until Q3.

The world's national and state economies impact Lexington, NC. Therefore, it is crucial to work with our partners with expertise in economics so that these indicators can be continually evaluated as the city strives to meet the fiscal challenges faced by all municipalities dynamically. Despite many economic challenges throughout the nation, Lexington continues to benefit from solid growth in residential housing development, commercial development, and new business upstarts. The attractiveness of the I-85 industrial corridor permits quick access to the larger cities of Greensboro, High-Point, Winston-Salem, and Charlotte, providing a prime location for all types of growth that will benefit the tax base.

Residential Housing

Several residential developments have been approved and are under construction into the 2024-25 fiscal year. The total value of residential construction over the past two years has reached \$35

million. Approximately 1,000 single-family homes have been approved for construction in Lexington.

Commercial Development

In 2023, the City of Lexington and other municipalities began working as members of the newly formed Economic Development Commission (EDC). Since July 2023, the EDC has received \$13.5 billion in RFIs from potential companies, with the possibility of 11,000 additional jobs within Davidson County.

In 2022, Nucor announced the construction of a new mill facility on U.S. Highway 64. Nucor will be responsible for approximately 200 jobs and will be a heavy user of Natural Gas. As a result of the increased need for natural gas capacity at Nucor, the City has pursued and received a grant from the U.S. Department of Commerce for \$1.345 million to cover a debottleneck project for the Natural Gas Utility system. The project involves upgrading 8,000 feet of 6-inch steel pipe to accommodate gas demand and provide capacity for other projects. Nucor has agreed to provide funding for the remainder of the project. Currently, more potential projects are interested in placement along the U.S. 64 segment that would impact capacity and revenue.

Siemens Mobility announced its plans to construct and operate a facility to build passenger cars within the corporate limits of Lexington. The estimated impact on the state economy is \$1.6 billion, coupled with a \$220 million investment and the promise of 500 jobs. During the 2023-24 fiscal year, City staff completed an incentive and utility relocation agreement. Currently, Siemens projects that the plant will begin operation during this fiscal year.

The Samet Corporation petitioned for voluntary annexation in 2021 and created the NC 85 Center. The NC 85 Samet Site has received multiple inquiries from companies looking for locations along the corridor. The anticipated tax base at the site will grow exponentially as the park is fully occupied. Currently, the staff is seeking grant funding to assist with completing the installation of water, wastewater, and natural gas infrastructure.

New Industrial Growth/Expansion

As the City enters the 2024-25 fiscal year, two new companies have committed to operating within Lexington's corporate limits, and two existing manufacturing companies are expanding their Lexington operations.

Divert Inc. is an impact technology company that employs advanced technologies to eliminate wasted food. In the last quarter of 2023, Divert Inc. began its commitment to the community by investing \$25,000 to consider the project's feasibility. Divert has over 5,600 customer locations across the U.S. to reduce the impact of wasted food and has a customer base that includes five Fortune 100 companies. The facility will be constructed in the Lexington Business Park.

Project Owl has committed to bringing a food processing operation to Lexington. The financial investment is \$53.5 million, with 105 full-time jobs and an average hourly wage above the county average. Project Owl will acquire and retrofit a vacant building for its operations.

Project Fibroline is expanding its operations in Lexington, North Carolina. It will invest \$260,000 and create at least 12 new full-time jobs.

Project Millwork is a local manufacturing company planning to expand its facilities in Lexington, NC. The company plans to invest \$5 million and create 27 new full-time jobs.

Key Initiatives

Much consideration was given to the city's needs and the critical focus areas mentioned in the strategic retreat. Factors, including the supply chain, inflationary markers, the continued struggle to recruit and retain premier workforce talent, and fiscal health, were considered in preparing the 2024-25 budget. The budget does not address every city's needs but focuses on priorities that are obtainable with existing resources.

Several old and new initiatives are focus areas for this fiscal year. They are:

- **(Additional Infrastructure Funding)** The City of Lexington has 126 miles of city-maintained streets. Pavement Condition Ratings indicate that many streets have an unacceptable rating. According to recent consultant feedback, the city has a backlog of \$17 million in resurfacing needs. The traditional methods utilized to address resurfacing are inadequate to address the needs, so more innovative approaches must be considered to provide solutions. The 2024-25 work plan appropriates an additional \$100,000 to the resurfacing budget of \$1 million. Based on this, Staff will work with a consultant to implement new resurfacing techniques to increase the number of street miles resurfaced annually. Staff will evaluate the new approaches at the end of the resurfacing season to determine their efficacy.
- **(Improved Code Enforcement)** As the community grows, more enforcement becomes necessary to provide residents with a high-quality community free of blight and other nuisances, such as litter and other unsightly items. The budget recommends an additional code enforcement officer to provide greater enforcement across the city. Staff is developing a new approach to identifying vacant properties and giving first responders advanced knowledge of whether the property they are approaching is vacant. The new approach to vacant properties also involves more collaboration with the county to have properties removed faster when they are not brought up to acceptable standards.
- **(Organizational Advancement Emphasis)** The DEI position was reclassified to an organizational advancement administrator. The position reclassification does not reflect an organizational shift from pursuing DEI. Continued training will ensure the organization's commitment to a welcoming and equitable workplace for all employees. The Organizational Advancement Administrator will have an expanded focus on researching and recommending policies and practices that assure equity internally and externally when working for or doing business with the City of Lexington.
- **(Economic Development Enhancements)** The City will create a Recruitment, Retention, and Expansion (RRE) team to support businesses already in the community. This internal team will increase constant communication with existing businesses and aid with permitting, zoning, engineering, and other technical needs for firms desiring to expand within Lexington.

- **(City Centre Building)** The City Centre building now serves customers and provides a modern yet friendly customer service experience. The location serves as a meeting space for staff and other corporate and business partners, allowing for more efficient workflow with most administrative staff. During the 2024-25 fiscal year, Council meetings will be moved to the City Centre, and all meetings will be in video and audio format.
- **(Marketing and Communication)** As the City of Lexington continues to grow as a vibrant North Carolina City, it is essential for the city's media profile to increase. Most of the population relies on social media, the Internet, and other modern sources for information. The City of Lexington is taking a two-pronged approach to address the dissemination of information. The marketing communications manager will oversee the website to ensure that it meets the community's and staff's needs while managing the flow of information with all media venues and the public. Greater emphasis will be placed on video for recruitment, public information, and city marketing. The marketing and communications manager will also work with the city manager and staff to create podcasts and engage more with social media sites. Secondly, the City of Lexington has four utilities that provide crucial services and rely on a customer base to generate revenues for their support. The formation of a Utilities Communications workgroup will allow a specific focus on communicating the services provided by the City of Lexington to educate existing customers and recruit new customers.
- **(Advanced Metering Infrastructure (AMI))** The water and wastewater division will continue replacing all water meters with new, more advanced ones. The latest ultrasonic meters provide a higher level of sensitivity and are more accurate. The meters will allow staff to access each meter in real time. The new meters will provide our customers with a higher level of service by giving utility staff alerts when the meter detects high flows, continuous flows, zero flows, or activities that could point to tampering. The ability to detect problems early should mitigate the number of high-water bill complaints from customers.
- **(Creation of City Legal Team)** Over the past 18 months, the city has seen a tremendous uptick in economic development and other business needs, resulting in more legal services. Due to the city's increasing demands and the need for more legal counsel, this budget proposes hiring a full-time city attorney and paralegal to ensure that all City departments can receive immediate support as policies, practices, and agreements are formulated.

GRANT AND CAPITAL PROJECTS

The city must adopt a project ordinance for grants and capital projects extending beyond one fiscal year. This document includes a project ordinance summary that provides information on the City's current authorized project ordinances. The City of Lexington will continue to progress with the existing grant and capital projects and pursue new grant opportunities to minimize the financial impact of other unfunded capital needs in 2024-25.

Build/Depot District

In September 2020, the City of Lexington was notified of becoming the recipient of the \$25 million BUILD grant provided by the United States Department of Transportation (USDOT). The grant provided funding for a multi-modal transportation center with passenger rail. The location of the center amid the Depot district will create a vibrant location for visitors and residents of Lexington, NC. Several agencies, including USDOT, NCDOT, and NCRR, are working to ensure the progress is completed. City staff has made significant progress with getting all the interagency agreements moving forward and is working to cover the \$16 million project overage by pursuing additional funding through the RAISE grant later in the 2024 calendar year.

Cotton Grove/Fairview Drive Project

Staff is working with the NCDOT and private developers Deep River Partners to widen portions of Cotton Grove Road and Fairview Drive and add an additional left turn lane on Plaza Parkway. Deep River's interest is a future Sheetz to be located adjacent to Zaxby's on Cotton Grove Road. The City of Lexington will be responsible for the project's upfront cost and will be reimbursed by NCDOT and Deep River. The city and Deep River are currently finalizing an agreement for their financial portion of the project. The City and NCDOT have a development agreement prepared to present to the City Council.

Creekside Parkway Project

Staff is working with the NCDOT to develop Creekside Parkway and continues to acquire the right-of-way for the project. The Creekside Parkway corridor is North of Brown Street and will serve as a new entrance to Siemens mobility due to the closing of Brown Street at Old Lindwood Road. Construction will begin in this fiscal year.

Biosolids Facility

On February 23, 2023, in NC, the City of Lexington was awarded as a recipient of the Wastewater Treatment Plant Solids Handling Improvements Project. The estimated costs of the project could reach \$30 million. This project will replace outdated equipment at the current facility with a new facility that will house thermal drying equipment, sludge pumps, and biosolids silos. Staff will be working to move forward, seeking additional funding opportunities to complete the project.

Golf Course Renovation

The City Council approved a Greens Renovation project to change the Bent Grass to Bermuda on the Golf course. This will improve the playing experience and lower the costs associated with overtime required to maintain the golf course. Funding has been appropriated in 2024-25 to complete the project.

BRIC Grant

The City of Lexington applied for the BRICC 2022 grant and has been notified by the State that it will be awarded. The grant funding will pay for the planning and engineering to relocate the Kimberly Clark Pump Station and determine the feasibility of consolidating three additional pump

stations into the Kimberly Clark Facility. The grant is in the sub-award contracting phase with the State, and the city will receive instructions on the next phase of the process.

West Lexington Tap

The 57-year-old West Lexington Tap Station needs repair and renovation to ensure that natural gas services are safely and efficiently distributed to all customers. Its role in the natural gas distribution system cannot be minimized. During this fiscal year, Senator Thom Tillis has designated congressionally designated spending in the amount of \$600,000 for the City of Lexington to utilize towards the project.

Water Treatment Rehabilitation Improvements

The existing waste treatment facility needs rehabilitation. There are several components involved in the process. Improvements are needed at Water Treatment Plants 1 & 2, which include, improvements to raw water, finished water, chemical storage, and residuals. Staff will continue to seed funding for this project and will submit a project ordinance to the City Council for adoption once funds are identified.

Safer Grant

During the 2023-24 fiscal year, the Fire Department received the Safer Grant in the amount of \$5.4 million to support the salaries of 18 firefighters for three years. 18 Firefighters have been added, and all the necessary apparatus has been acquired. The increase in the number of Firefighters will improve response times and position the department to elevate its ISO rating from 2 to 1. During the 2024-25 fiscal year, the staff will work to solidify an ISO rating of 1.

Thriving Communities Grant

The U.S. Department of Transportation has selected the City of Lexington as one of fifty-two communities in the country to participate in the Thriving Communities program. This program will focus on establishing improved transportation options within the community. The city will work with ABT associates to receive technical assistance, planning, and the necessary support to compete for federal aid and produce quality infrastructure projects. The city will also collaborate with Davidson County Transportation and the High Point Metropolitan Planning Organization to create success as the community progresses.

Underrepresented Communities Grant

The National Register awarded the City of Lexington a \$26,000 grant to conduct a survey and inventory of the Lincoln Park Neighborhood. As a result of the survey, Lincoln Park will submit to become listed on the National Register, a list of historic places considered worthy of reservation. During the 2024-25 fiscal year, the Business Community and Development Department will submit an RFP to acquire a company to perform the survey.

Transco Interconnect and Distribution Pipeline Project

Due to industrial expansion, plans have been made to create a third tap into the Williams Transcontinental Gas Pipeline. The anticipated cost of this project may potentially reach \$15

million. In the 2023-24 fiscal year, the Council created a project ordinance to provide \$2 million to handle some of the preliminary costs associated with the project.

VEHICLE AND EQUIPMENT NEEDS

The city must fund appropriate amounts to adhere to vehicle and equipment replacement schedules. Failure to adhere to an adequate replacement schedule impacts the organization financially due to increased maintenance costs and service delivery. Post-COVID, the supply chain is more restrictive, creating a scenario where many vehicles have multi-year turnaround times from the manufacturers.

The city maintains a Vehicle and Equipment Replacement Plan as a tool to plan for future capital outlay needs and utilizes a combination of “direct payment” for vehicle acquisition or financing to provide a consistent amount of funds to budget yearly. The net outlays in the General Fund under this plan for 2024-25 are expected to be \$1,466,505, including \$48,000 for debt service on vehicles and equipment.

This budget document provides a Capital Outlay Plan summary.

EMPLOYEE BENEFITS

As with many organizations, inflation costs, recruitment and retention, and increased retirement rates continue to be challenging. To be competitive in the market and to create new classification schedules, the city completed a comprehensive classification and market study that looked at all of our full-time positions and pay ranges and then compared this with both the public and private sectors. Additionally, the Department of Labor announced its final ruling that updates and revises section 13(a)(1) of the Fair Labor Standards Act that extends overtime protections. Specifically, the exemption from minimum wage and overtime pay requirements increases the standard salary level to \$43,888 per year effective July 1, 2024, and this increases to \$58,656 per year effective January 1, 2025. This budget proposes to move to three new pay plans effective January 1, 2025, that include pay plans for general employees, certified fire personnel, and sworn police personnel. Implementing the new pay plans to be competitive in the market and compliant with the new regulations will increase the cost of our expenditures as we will need to bring employees up to the minimum of the new grades.

The new pay plans will allow us to be competitive in the job market, review our salary structure each year, and potentially adjust each year based on market trend factors. This would allow us to align our pay scales with the prevailing market rates, which helps to attract and retain talent. We would move to complete comprehensive compensation studies every three years due to economic factors and what is considered the “hot jobs.” However, compensation studies for police would be conducted every two years due to constant changes in the market and difficulty in recruiting. The city will be moving away from conducting market pay studies on only certain positions every three to five years. This allows us to ensure that we have equity in our pay practices and that positions are aligned appropriately based on the market.

This proposed budget includes funding for merit increases, which are paid for performance, and longevity pay, which rewards employees who have three years or more of continuous city service. The City’s merit plan is funded at a cost of \$583,580. Continuing to fund merits reinforces to our

employees that their work is valued and allows for continuous movement within the pay ranges, which helps retention.

Longevity payments, funded at \$403,038 in the proposed budget, are a mechanism for retaining our current employees. Longevity pay is a percentage of the gross salary paid to eligible tenured employees in December. The percentage ranges from 0 to 2.5% based on years of service.

Effective July 1, 2024, the Local Governmental Employees Retirement System included increases to the employer contribution rates as follows: General employees' rate increases to 13.64%, which is an increase of 0.75%, and sworn law enforcement employees' rate increases to 15.04%, which is a 1% increase. This mandated contribution has a \$302,160 cost impact, which averages out to about a 10% overall increase from last year.

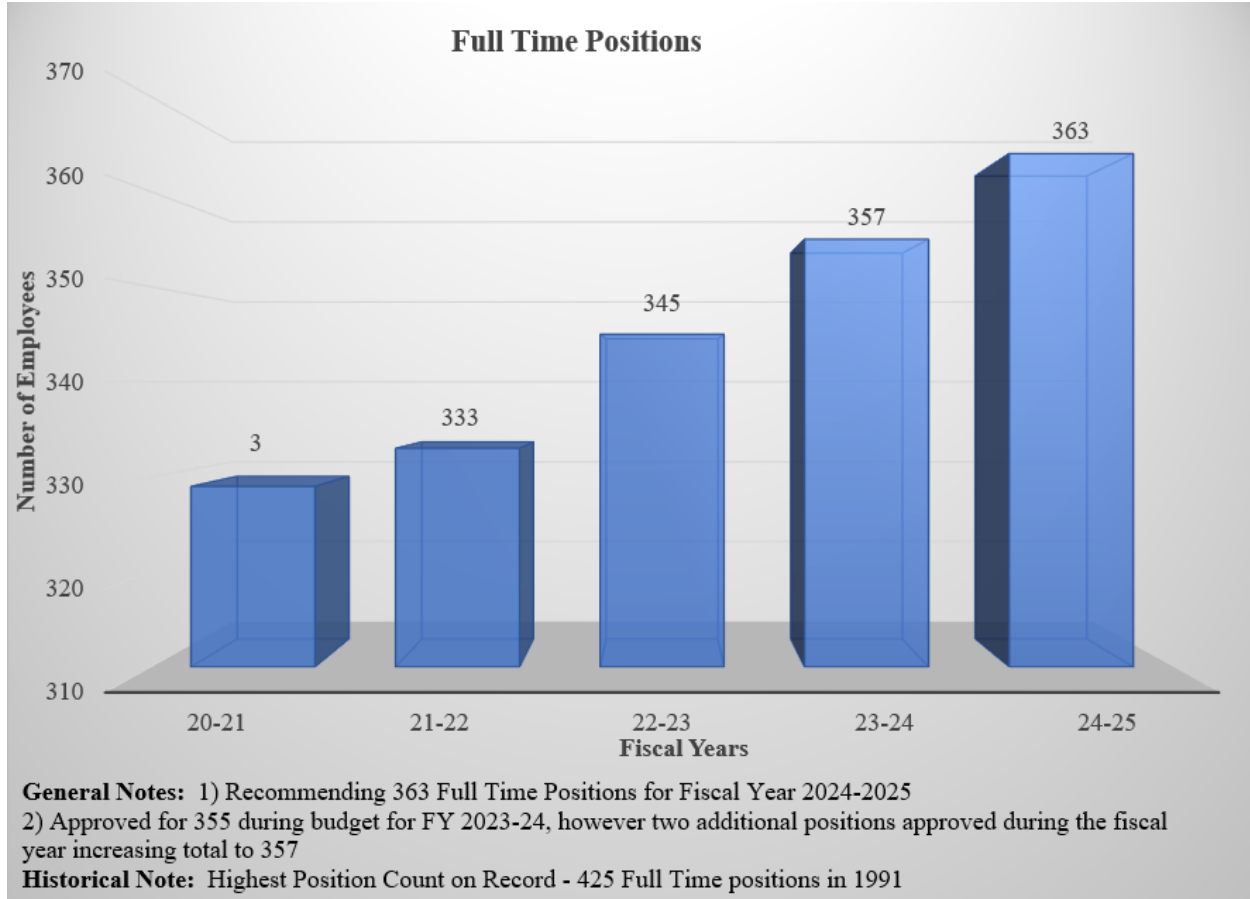
The city strives to be a premier workplace by offering diverse benefits to our employees that focus on their physical, mental, emotional, and financial well-being. The city implemented a new Employee Assistance Program to support our employees' mental health this fiscal year. We also introduced a new medical and dental provider this fiscal year, and our budgetary rates decreased by 3%. Accident insurance and critical illness insurance were also introduced this fiscal year and are completely employee-paid, allowing us to have diversity in our benefit offerings while offering the benefits employees have stated are essential to them. In the fiscal Year 2024-25, we will offer a new vision plan to employees that will be employee and employer-paid and that will also continue to support our employees' health while keeping our benefits package competitive to attract and retain employees.

ORGANIZATIONAL CHANGES

The proposed budget includes several organizational change requests. This budget includes a proposal to create two new departments due to continued economic growth, and they are as follows: An Engineering Services Department is needed due to the continued growth of various new developments. Having this department will allow more clarity and better customer service for developers and engineers for projects, plan reviews, and numerous other functions. No additional full-time employees will be needed as this is simply a reorganization in which four staff members will move from the Public Services Administration to the Engineering Services Department. The Legal Department is also needed due to various business needs, increased economic development, and policies, procedures, contracts, and agreements guidance.

The budget also includes renaming the Marketing Department to the Communications Department. This will be in line with the initiative mentioned regarding communicating and educating customers about our electric, gas, and water utilities and focusing on recruiting new customers. The proposed budget includes the addition of six full-time positions. The following three positions needed are due to the continued increase in new residential neighborhoods, small businesses, and corporations in Lexington: (1) Code Enforcement Officer, (1) City Attorney, and (1) Paralegal. Additionally, (3) Natural Gas Apprentice positions are needed due to a new Pipeline and Hazardous Materials Safety Administration (PHMSA) mandate regulating leak detection and repair for natural gas gathering, transmission, and distribution systems. In essence, the new regulation is more stringent, which means that more leaks will be documented, and repair schedules will be accelerated to meet the new standards that will require a full-time crew to be compliant with the new regulation.

The full-time position count will increase from 357 to 363 for the fiscal year 2024-25.

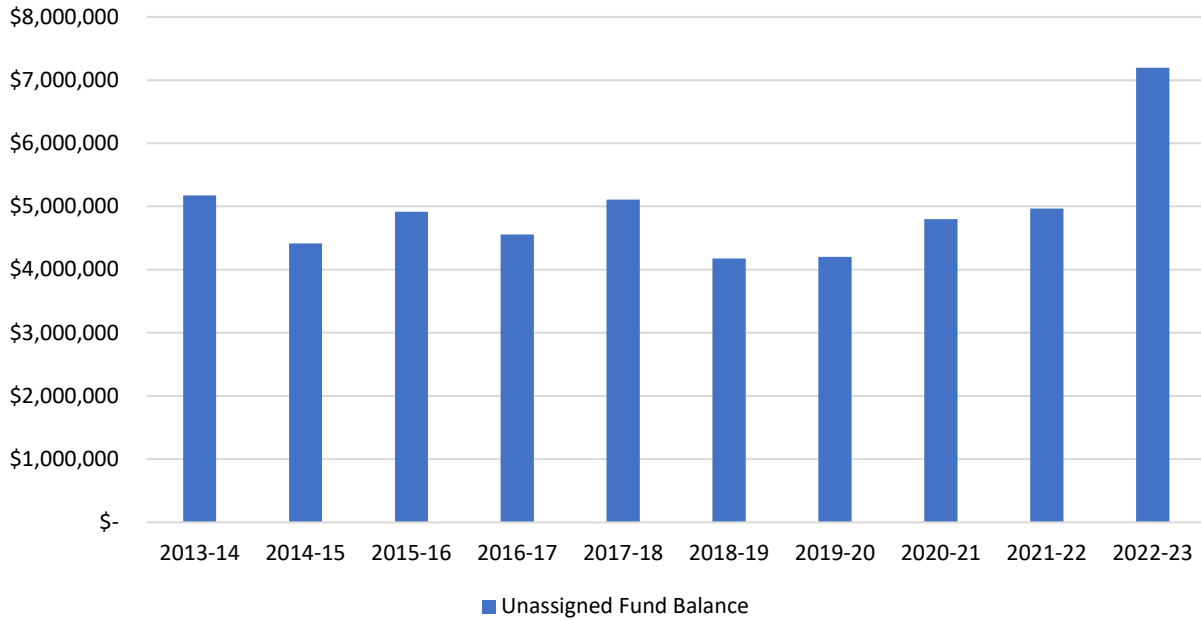


TRANSFERS BETWEEN CITY FUNDS

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 \$1,168,103. The Electric Fund transfer remains the same in the proposed budget for 2024-25 at \$1.2 million, while the Natural Gas Fund transfer is budgeted at \$1.2 million, a \$31,897 increase. The budgeted transfer amounts for fiscal year 2024-25 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 \$390,000 to support golf course maintenance and operational needs, which includes a \$10,000 decrease from the current year.

General Fund Balance at Fiscal Year End

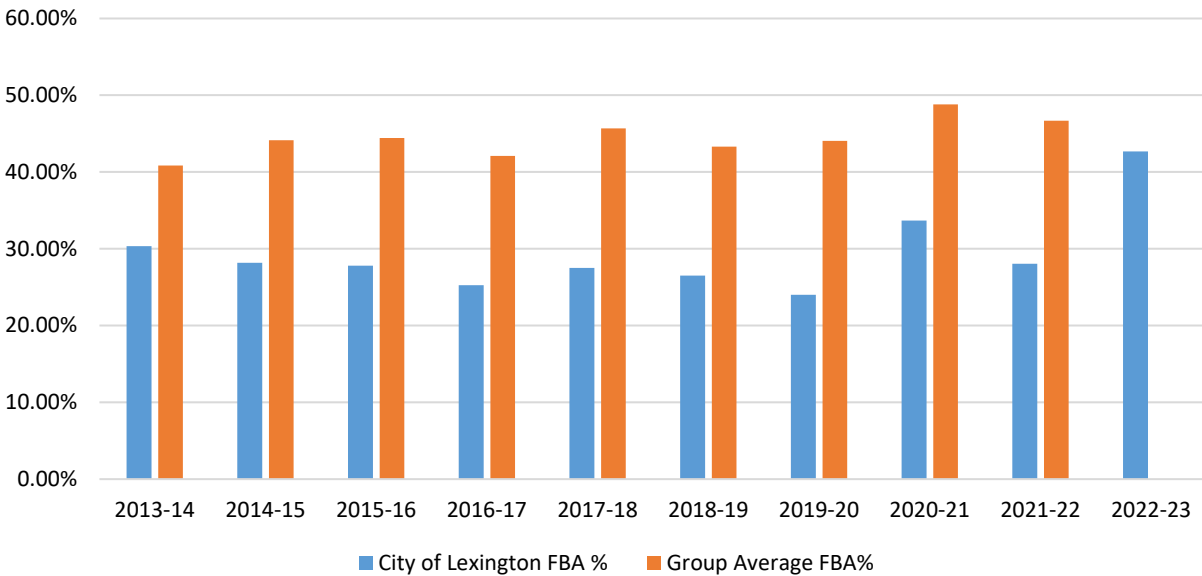


Note – Fund Balances for fiscal years 2014-15 through 2020-21 have been restated from amounts previously presented in annual financial reports based on action taken by City Council on February 28, 2022, adopting *Resolution No. 25-22 – Resolution Approving the Reclassification of Payment in Lieu of Taxes 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 06/30/2023 – 42.67%; Group Average FBA% at 06/30/2022 – 46.70%

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 \$10.98 million at 6/30/2024. Average fund balance available for appropriation was 46.70% for municipalities with electric systems and populations between 10,000 and 49,999 at 6/30/2022 (the most recent data published by the Local Government Commission).

The proposed 2024-25 budget is balanced with \$2,983,299 in fund balance, an increase of \$813,299 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 slightly 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 to handle the volume of economic development activity, attract and retain critical workforce, all while mitigating rising inflation and unprecedented supply chain challenges. It is important to note that despite relying on \$2.98 million to balance this budget, ongoing budget monitoring should 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 2024-25. To address the needs of present day, historical inflation and supply chain impacts, and extraordinary economic development growth activity including major industrial locations 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.

Water and Wastewater Rates:

With the cost recovery ratio too low, a 13% increase is recommended for water rates and a 14% increase is recommended for 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.

The recommended 13% water and 14% 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 \$12.77 per month. It should be noted that the City of Lexington’s utility rates remain cost-competitive; whereas a customer’s water bill is 99.8% of the statewide average and the wastewater bill is 6.7% above the statewide average.

Other utility rates remain essentially unchanged for fiscal year 2024-25.

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.)

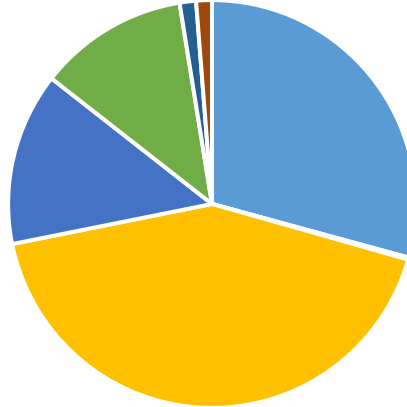
	<u>Monthly Impact</u>	<u>Annual Impact</u>
Property Tax (no change)	\$ -	\$ -
Electric (aggregate 20% rate relief)	-	-
Water	5.19	62.28
Wastewater	<u>7.58</u>	<u>90.96</u>
Net (excluding Natural Gas)	\$ 12.77	\$ 153.24
Natural Gas	<u>-</u>	<u>-</u>
Net (including Natural Gas)	<u>\$ 12.77</u>	<u>\$ 153.24</u>

Additionally, in conjunction with this proposed annual budget for fiscal year 2024-25, 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 183-212 of this document.

BUDGET SUMMARY AND COMPARISON

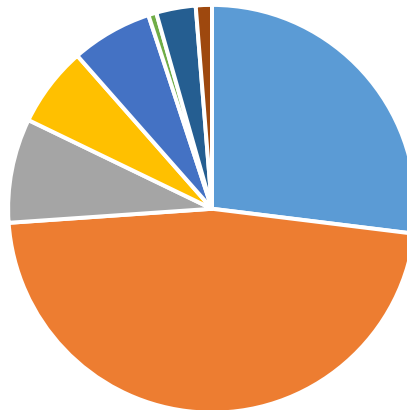
In summary, the proposed annual budget for fiscal year 2024-25 totals \$131,215,101 as follows.

2024-25 Annual Budget By Fund - \$131,215,101



- General Fund - \$38,359,026
- Controlled Substance Fund - \$131,775
- Special Tax District Fund - \$87,000
- Electric Fund - \$55,697,176
- Water and Wastewater Fund - \$18,002,505
- Natural Gas Fund - \$15,594,207
- Stormwater Fund - \$1,704,647
- Golf Fund - \$1,638,765

2024-25 General Fund Annual Budget - \$38,359,026



- General Government - \$10,339,302
- Public Safety - \$18,008,931
- Highways and Streets - \$3,168,623
- Sanitation - \$2,436,502
- Culture and Recreation - \$2,468,121
- Economic and Physical Development - \$246,440
- Debt Service - \$1,201,107
- Transfers to Other Funds - \$490,000

A comparison of the proposed fiscal year 2024-25 budget versus the current fiscal year 2023-24 budget is outlined in the table below.

**CITY OF LEXINGTON
BUDGET COMPARISON**

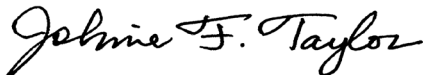
Fund	2023-24 Budget	2024-25 Budget
General Fund	\$ 35,665,556	\$ 38,359,026
Controlled Substance	73,997	131,775
Special Tax District	86,000	87,000
Electric Fund	46,857,747	55,697,176
Water/Wastewater Fund	17,401,179	18,002,505
Natural Gas Fund	15,670,249	15,594,207
Stormwater Fund	1,611,300	1,704,647
Golf Fund	1,445,574	1,638,765
Total City Budget	\$ 118,811,602	\$ 131,215,101

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.

In conclusion, the budget is hereby formally presented and on file as of May 28, 2024. The public notice for the annual budget public hearing date is duly advertised and set for June 10, 2024, at 6:00 p.m. After holding the public hearing and if there are no changes, I recommend the fiscal year 2024-25 City Annual Budget for adoption by Lexington City Council.

Respectfully submitted,



Johnnie F. Taylor
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 18.74 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 50.5% female and 49.5% male with a median age of 38.6 years old. The North Carolina median age is 39.1. The population distribution by race is as follows: African American – 32.6%, Asian – 3.6%, White – 43.7%, Hispanic – 17.5% and two or more races – 2.6%. The most recent population estimates made by the NC State Demographer puts Lexington's population at 20,010.

The median household income is \$36,868. The February 2024 unemployment rate for Davidson County was 3.6% which is slightly more than the State of North Carolina rate of 3.5%.

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 has signed an agreement with the North Carolina Railroad and the North Carolina Department of Transportation to construct a passenger rail station in the Lexington's Depot District. The \$37 million project is expected to be completed no later than October 2027.

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 4 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-Davie 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 200,000 visitors experience Lexington firsthand 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. Numerous 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. The Barbecue Festival will celebrate their 40th anniversary in October of 2024.

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 a city-wide festival.

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, 2023

<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 LLC	Healthcare Products	\$ 112,610,615	1	\$ 731,968	6.25%
Moran Foods Inc.	Food Distributor	25,026,455	2	162,671	1.39%
Wal-Mart	Retail	21,398,428	3	139,088	1.19%
Masterbrand Cabinets Inc.	Wood Kitchen Cabinets	16,747,013	4	108,854	0.93%
Vitacost.com Inc.	Online Retail	13,362,223	5	86,854	0.74%
MPS HRL LLC dba Lexington Cartons	Printing	12,607,935	6	81,951	0.70%
Arneg Holdings USA Inc.	Refrigeration Equipment	9,333,653	7	60,668	0.52%
Windstream Communications Inc.	Communications	8,287,349	8	53,867	0.46%
Childress Winery LLC	Viniculture	8,078,003	9	52,507	0.45%
Carter Lumber of the South Inc	Retail Building Materials	6,865,082	10	44,622	0.38%
Total		<u>\$ 234,316,756</u>		<u>\$ 1,523,050</u>	<u>13.01%</u>

Schedule of Top Ten Electric Customers for Fiscal Year Ended June 30, 2023

Customer	Type of Business	Consumption (kWh)	Amount Billed	Percent of Total Operating Revenue
City of Lexington	Government	7,652,820	\$ 1,276,878	2.85%
Davidson County Schools	Public School System	6,340,721	836,276	1.87%
Lexington Medical Center	Hospital	7,881,257	756,486	1.69%
Davidson County	Government	4,567,921	525,941	1.17%
Lexington City Schools	Public School System	4,615,464	523,043	1.17%
Food Lion	Grocery Store Chain	5,751,870	521,517	1.16%
Cardinal Container	Corrugated Fiber Boxes	5,046,179	442,460	0.99%
Paris Food Corp	Frozen Fruit and Vegetables	2,713,283	234,106	0.52%
Wal-Mart	Retail	4,022,662	214,630	0.48%
The NC Moulding Company	Custom Moulding Manufacturer	1,412,678	211,142	0.47%
		<u>50,004,855</u>	<u>\$ 5,542,479</u>	<u>12.37%</u>

Schedule of Top Ten Water Customers for Fiscal Year Ended June 30, 2023

Customer	Type of Business	Consumption (CCF)	Amount Billed	Percent of Total Operating Revenue
Electric Glass Fiber America	Glass Products	171,561	\$ 620,697	4.80%
Halyard North Carolina	Healthcare Products	40,708	119,423	0.92%
City of Lexington	Government	31,215	111,084	0.86%
Parkdale Mills, Inc.	Textiles	32,515	90,245	0.70%
Lexington Medical Center	Hospital	17,901	61,260	0.47%
Davidson County	Government	13,996	60,532	0.47%
Cardinal Container	Corrugated Fiber Boxes	7,834	51,857	0.40%
NC Department of Public Safety	Prison	18,295	49,376	0.38%
Lexington City Schools	Public School System	6,077	47,887	0.37%
Terrace Lanes Association	Residential Complex	9,829	27,438	0.21%
		<u>349,931</u>	<u>\$ 1,239,799</u>	<u>9.58%</u>

Schedule of Top Ten Wastewater Customers for Fiscal Year Ended June 30, 2023

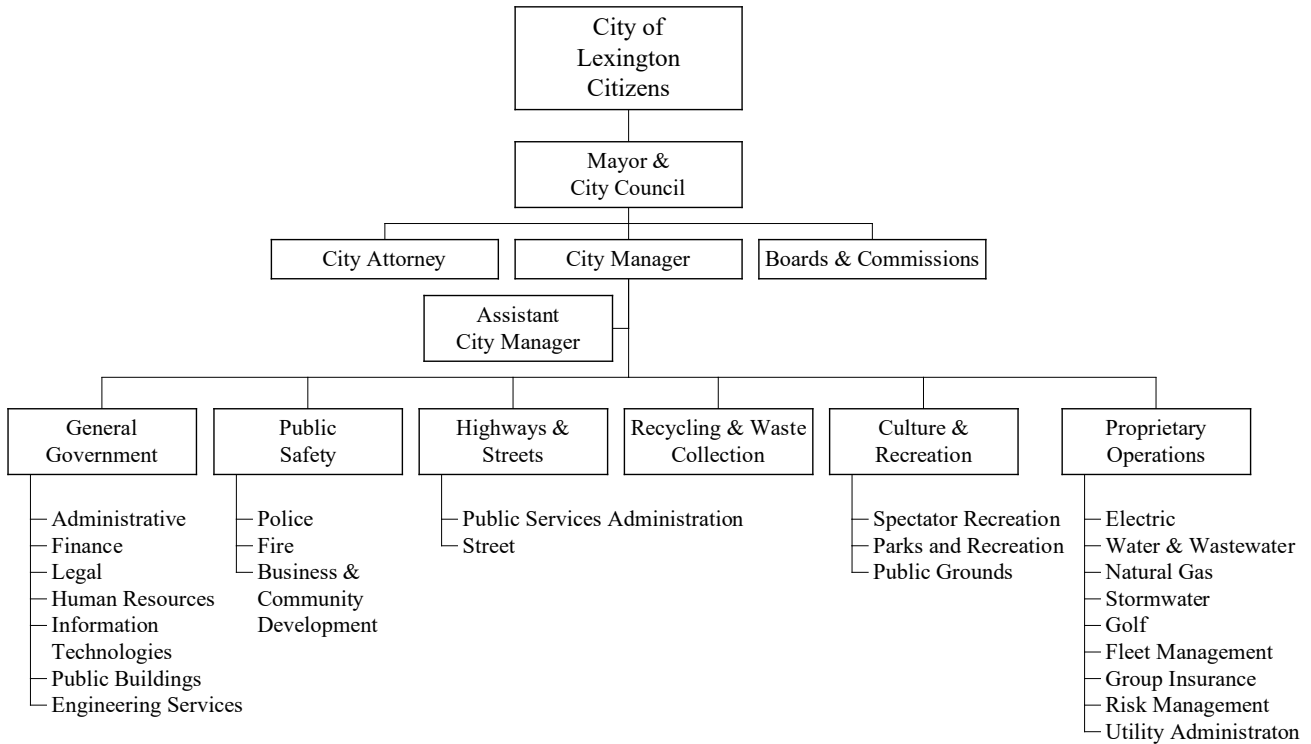
Customer	Type of Business	Consumption (CCF)	Amount Billed	Percent of Total Operating Revenue
Davidson County Schools	Public School System	20,355	\$ 334,063	2.58%
Atrium Companies Inc.	Vinyl Windows & Doors	12,307	119,742	0.93%
Lexington Medical Center	Hospital	35,633	96,246	0.74%
Davidson County	Government	14,423	92,438	0.71%
Halyard North Carolina	Healthcare Products	15,255	87,230	0.67%
NC Department of Public Safety	Prison	18,295	86,263	0.64%
Cardinal Container	Corrugated Fiber Boxes	7,759	82,967	0.45%
Brookstone Rest Home	Residential Care	6,112	58,343	0.45%
ASCO Power Technologies	Electric Equipment	4,612	48,282	0.37%
Terrace Lanes Association	Residential Complex	9,829	47,255	0.37%
		<u>144,580</u>	<u>\$ 1,052,829</u>	<u>7.91%</u>

Schedule of Top Ten Natural Gas Customers for Fiscal Year Ended June 30, 2023

Customer	Type of Business	Consumption (DT)	Amount Billed	Percent of Total Operating Revenue
Egger Wood Products	Particleboard Manufacturer	716,674	\$ 661,502	4.57%
Electric Glass Fiber America	Glass Products	572,014	571,187	3.94%
Matcor Metal Fabrication	Machine Tools	50,162	460,188	3.18%
Kurz Transfer Products LP	Stamping Technology	47,125	454,954	3.14%
Hanes Construction Company	Paving	35,153	358,934	2.48%
Lexington Medical Center	Hospital	36,506	339,953	2.35%
Wilderness, NC	Hardwood Products	29,579	323,130	2.23%
Kepley Frank Hardwood Company	Hardwood Products	24,927	249,527	1.72%
Halyard North Carolina	Healthcare Products	116,916	244,736	1.69%
J T Russell and Sons	Paving	26,474	244,438	1.69%
		<u>1,655,530</u>	<u>\$ 3,908,549</u>	<u>26.99%</u>



City of Lexington, North Carolina Organizational Chart

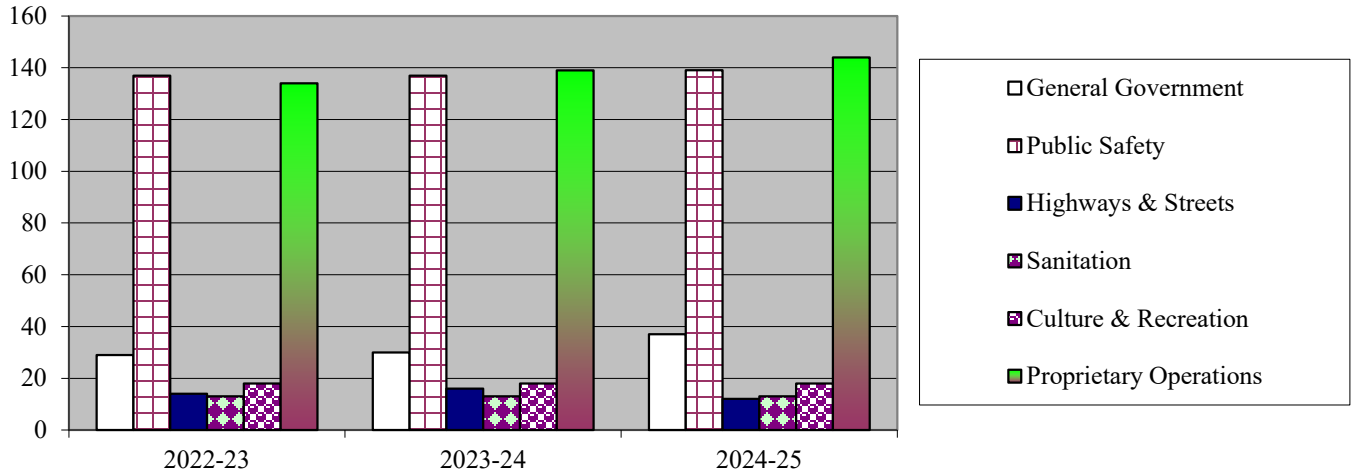


List of Principal Officials

May 13, 2024

City Manager	Johnnie F. Taylor
Assistant City Manager	Nicholas A. Geis
City Clerk	Emily M. Jackson
City Attorney	Stephen C. Holton
Interim Finance Director	Kathy M. Whitman
Human Resources Director	Kemberly V. Ewing
Information Technologies Director	Thomas E. Spencer
Engineering Services Director	Tyler B. Kemo
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	Dylan B. Dawson
Utility Services Director	Tracey L. White

CITY OF LEXINGTON
PERSONNEL POSITIONS



Function	2022-23 Budgeted Full Time	2023-24 Budgeted Full Time	2024-25 Budgeted Full Time
General Government			
Administrative	6	6	6
Finance	10	10	10
Legal	0	0	2
Human Resources	5	5	6
Information Technologies	6	6	6
Public Buildings	2	3	3
Engineering Services	0	0	4
Public Safety			
Police	72	72	73
Fire	53	53	53
Business & Community Development	12	12	13
Highways & Streets			
Public Services Administration	5	7	3
Street	9	9	9
Sanitation			
Recycling & Waste Collection	13	13	13
Culture & Recreation			
Parks & Recreation	6	6	6
Public Grounds	12	12	12

Function	2022-23 Budgeted Full Time	2023-24 Budgeted Full Time	2024-25 Budgeted Full Time
Proprietary Operations			
Water & Wastewater	48	51	51
Natural Gas	24	24	27
Stormwater	5	6	6
Golf	8	7	8
Fleet Management	7	8	8
Group Insurance	1	0	0
Risk Management	2	2	2
Utility Administration	39	41	42
Total	345	353	363

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 draft recommended budget is prepared and presented to City Council at budget work sessions. City Council has the opportunity to suggest changes to the City Manager's recommended budget prior to the final recommended budget being prepared, which ultimately becomes City Council's budget and policy statement for the upcoming fiscal year. Once the recommended budget is in its final form and submitted to City Council, a public hearing on the budget is scheduled and notice is published for the 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 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

January 8	Budget calendar is presented to City Council
January 8	Department Leaders receive budget preparation information
January 22	Letters are issued to local partner agencies indicating due dates and needed information in order to request grant funding from the City
February 12-13	City Council Summit
February 5	Personnel requests are due from Department Leaders
February 12	Revenue budgets and fee change requests are due from Department Leaders
February 19	Partner agency grant requests are due to the City
February 19	Expenditure budget requests, program objectives, performance measures, and organizational charts are due from Department Leaders
March 18-22	Budget Creation meetings with Department Leaders and budget team
March 25 -April 5	Budget team reviews and balances the proposed budget
April 8-24	City Manager's draft recommended budget is prepared
April 25	Budget work session with City Council and budget team
May 1	Budget is balanced
May 2-8	City Manager's final recommended budget is prepared
May 30	Notice for public hearing is published
June 10	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 Annual Comprehensive 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 ordinance is adopted for the General, Controlled Substance, Special Tax District, Electric, Water and Wastewater, Natural Gas, Stormwater, and Golf funds. Annual budgetary ordinances are also adopted for Capital Reserve funds for Governmental, Electric, Water and Wastewater, Natural Gas, and Fleet Management and for Rate Stabilization funds for Electric and Natural Gas. Annual financial plans are adopted for the Fleet Management, 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 2024-25 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 and Engineering 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

	<u>Special Revenue Funds</u>		
	<u>General Fund</u>	<u>Controlled Substance</u>	<u>Special Tax District</u>
Beginning Estimated Fund Balance Available for Appropriation/Net Position	\$ 10,981,918	\$ 353,268	\$ -
Estimated Revenues:			
Ad Valorem Taxes	12,109,000	-	87,000
Other Taxes	914,130	-	-
Unrestricted Intergovernmental	10,779,083	-	-
Restricted Intergovernmental	935,395	-	-
Permits and Fees	590,238	-	-
Sales and Services	2,042,403	-	-
Administrative Charges	3,303,478	-	-
Investment Earnings	820,000	-	-
Miscellaneous	47,000	-	-
Other Operating	-	-	-
Other Nonoperating	-	-	-
Total Estimated Revenues	<u>31,540,727</u>	<u>-</u>	<u>87,000</u>
Appropriations:			
General Government	10,339,302	-	-
Public Safety	18,008,931	131,775	-
Highways and Streets	3,168,623	-	-
Sanitation	2,436,502	-	-
Culture and Recreation	2,468,121	-	-
Economic Development	246,440	-	87,000
Enterprise - Purchases for Resale	-	-	-
Enterprise - Other	-	-	-
Enterprise - Administrative Charges	-	-	-
Debt Service:			
Principal Retirement	1,075,190	-	-
Interest and Fees	125,917	-	-
Total Appropriations	<u>37,869,026</u>	<u>131,775</u>	<u>87,000</u>

City of Lexington, North Carolina
Total Budget Summary

Enterprise Funds					2024-25
Electric Fund	Water & Wastewater Fund	Natural Gas Fund	Stormwater Fund	Golf Fund	Total Budget
\$ 57,983,457	\$ 37,466,253	\$ 32,533,283	\$ 744,727	\$ 1,280,541	\$ 141,343,447
-	-	-	-	-	12,196,000
-	-	-	-	-	914,130
-	784	2,222	-	-	10,782,089
378,000	-	-	-	-	1,313,395
-	-	-	-	-	590,238
45,746,176	17,397,721	14,591,489	-	908,765	80,686,554
-	-	-	-	-	3,303,478
660,000	235,000	162,000	11,300	38,000	1,926,300
-	-	-	-	-	47,000
8,903,000	369,000	176,302	1,636,850	-	11,085,152
10,000	-	5,000	-	2,000	17,000
<u>55,697,176</u>	<u>18,002,505</u>	<u>14,937,013</u>	<u>1,648,150</u>	<u>948,765</u>	<u>122,861,336</u>
-	-	-	-	-	10,339,302
-	-	-	-	-	18,140,706
-	-	-	-	-	3,168,623
-	-	-	-	-	2,436,502
-	-	-	-	-	2,468,121
-	-	-	-	-	333,440
25,365,243	-	6,467,691	-	-	31,832,934
16,709,521	13,702,663	5,406,492	1,109,947	1,543,531	38,472,154
3,843,851	2,632,693	2,366,288	594,700	27,201	9,464,733
348,042	651,698	146,999	-	55,366	2,277,295
55,725	71,678	6,737	-	12,667	272,724
<u>46,322,382</u>	<u>17,058,732</u>	<u>14,394,207</u>	<u>1,704,647</u>	<u>1,638,765</u>	<u>119,206,534</u>

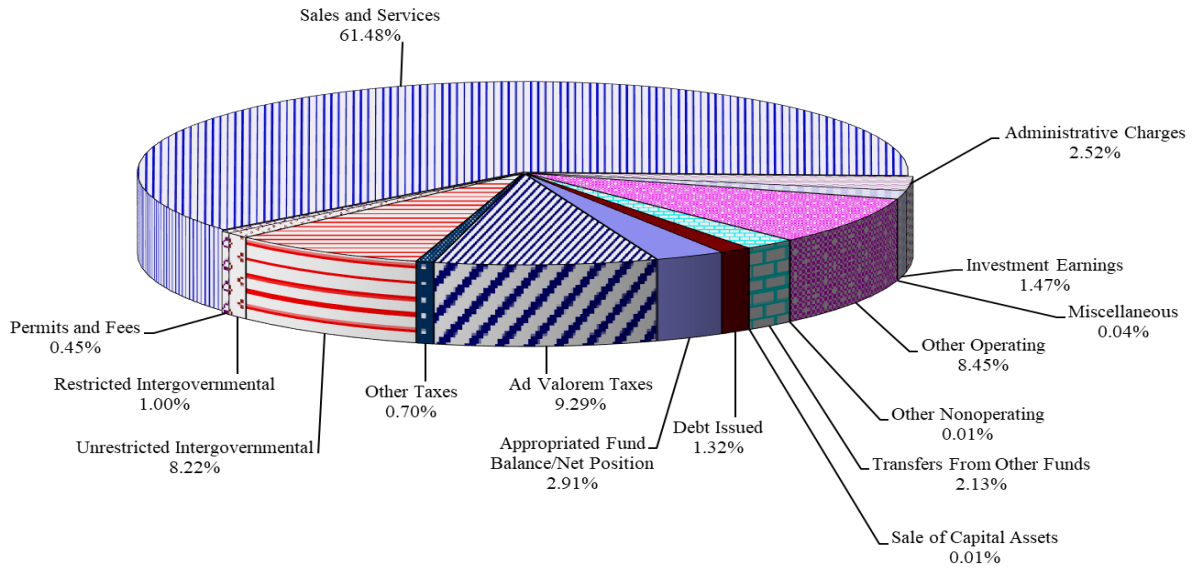
City of Lexington, North Carolina
Total Budget Summary

	<u>Special Revenue Funds</u>		
	<u>General Fund</u>	<u>Controlled Substance</u>	<u>Special Tax District</u>
Other Financing Sources (Uses):			
Transfers From Other Funds:			
General Fund	-	-	-
Governmental Capital Reserve Fund	-	-	-
Special revenue funds:			
Controlled substance tax distribution	-	-	-
Public safety grant	-	-	-
Special taxing district	-	-	-
General capital projects fund	-	-	-
Electric Fund	1,200,000	-	-
Electric Rate Stabilization Fund	-	-	-
Water & sewer fund	-	-	-
Water & Wastewater Capital Reserve Fund	-	-	-
Natural Gas Fund	1,200,000	-	-
Natural Gas Rate Stabilization Fund	-	-	-
Transfers to Other Funds:			
General Fund	-	-	-
Governmental Capital Reserve Fund	(100,000)	-	-
Electric Capital Reserve Fund	-	-	-
Electric Rate Stabilization Fund	-	-	-
Water & Wastewater Projects Fund	-	-	-
Water & Wastewater Capital Reserve Fund	-	-	-
Natural Gas Capital Reserve Fund	-	-	-
Golf Fund	(390,000)	-	-
Sale of Capital Assets	3,000	-	-
Installment Purchase Debt Issued	1,432,000	-	-
Addition to Fund Balance/Net Position	-	-	-
Total Other Financing Sources (Uses)	<u>3,345,000</u>	<u>-</u>	<u>-</u>
 Budgeted Increase (Decrease) in Fund Balance/Net Position	 <u>(2,983,299)</u>	 <u>(131,775)</u>	 <u>-</u>
 Ending Estimated Fund Balance Available for Appropriation/Net Position	 <u>\$ 7,998,619</u>	 <u>\$ 221,493</u>	 <u>\$ -</u>

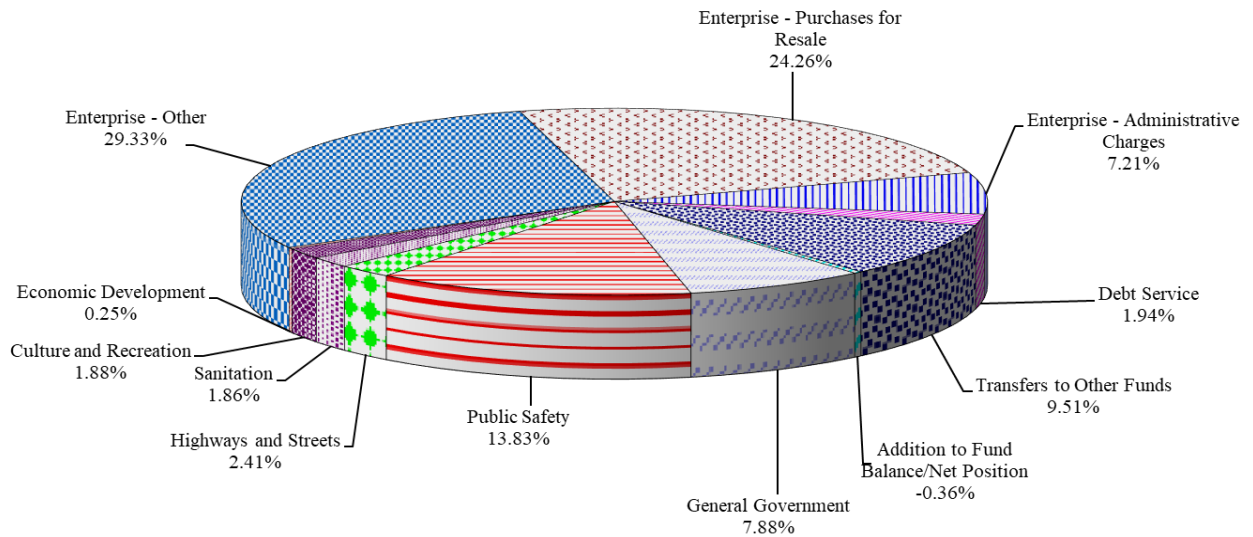
City of Lexington, North Carolina
Total Budget Summary

Enterprise Funds					2024-25
Electric Fund	Water & Wastewater Fund	Natural Gas Fund	Stormwater Fund	Golf Fund	Total Budget
-	-	-	-	390,000	390,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,200,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,200,000
-	-	-	-	-	-
(1,200,000)	-	(1,200,000)	-	-	(2,400,000)
-	-	-	-	-	(100,000)
(7,541,000)	-	-	-	-	(7,541,000)
(1,100,000)	-	-	-	-	(1,100,000)
-	-	-	-	-	-
-	(943,773)	-	-	-	(943,773)
-	-	-	-	-	-
-	-	-	-	-	(390,000)
-	-	15,000	-	-	18,000
-	-	-	-	300,000	1,732,000
466,206	-	-	-	-	466,206
(9,374,794)	(943,773)	(1,185,000)	-	690,000	(7,468,567)
-	-	(642,194)	(56,497)	-	(3,813,765)
<u>\$ 57,983,457</u>	<u>\$ 37,466,253</u>	<u>\$ 31,891,089</u>	<u>\$ 688,230</u>	<u>\$ 1,280,541</u>	<u>\$ 137,529,682</u>

CITY ESTIMATED REVENUES BY TYPE (Total Budget)



CITY APPROPRIATIONS BY TYPE (Total Budget)



CITY OF LEXINGTON
MAJOR REVENUE ASSUMPTIONS FOR FISCAL YEAR 2024-25

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 \$1.857 billion for fiscal year 2024-25, a decrease from the previous year. A 97% collection rate was used in deriving the budget for property taxes, based on the fiscal year 2023-24 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 2023 property tax receivable balance projected as of June 30, 2024.

Interest on Delinquent Ad Valorem Property Taxes – Based on historical trends and adjusted for the amount outstanding of the 2023 property tax receivable balance projected as of June 30, 2024.

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 -2% (\$12,900) decrease for fiscal year 2024-25 under prior year budgeted revenue.

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 2024-25 compared to 2023-24 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 2024-25 is projected to decrease 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 2024-25 is projected to increase by approximately 22.4% (\$142,600) from the 2023-24 budgeted revenue based on information provided by the NCLM and historical local collection trends.

Permits and Fees:

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

Sales and Services:

Recycling and Waste Collection – Based on existing user charges 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 2024-25 and estimated interest rates. Interest rates have increased significantly post COVID-19. The City has budgeted a slight decrease of \$820,000 as compared to the fiscal year 2023-24 revenue budget.

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 2023-24. 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 \$1,200,000 from the Natural Gas Fund to the General Fund to balance the budget. This represents an increase of \$31,897 as compared to fiscal year 2023-24. 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 \$2,983,299 in fund balance in order to balance the fiscal year 2024-25 budget. This is an increase of \$813,299 as compared to the fiscal year 2023-24 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. In fiscal year 2023-24, the governmental capital reserve subfund transferred a total of \$300,000 to the General Fund to outfit 18 Fire personnel funded through a SAFER Grant program. The General Fund will reimburse the governmental capital reserve subfund \$100,000 over a three-year period. The City has budgeted to transfer \$100,000 to the governmental capital reserve subfund for this purpose. 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 increase slightly to \$43.8 million for fiscal year 2024-25. A 97% collection rate was used in deriving the budget for property taxes, based on the fiscal year 2023-24 estimated collection rate. The property tax rate for the Special Tax District will remain at \$.20 per \$100 of assessed valuation for fiscal year 2024-25.

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.

No changes in rates for residential and commercial classes are recommended for 2024-25. Changes in basic facilities charges, street and area lighting services, peak management rates, load reduction riders, and renewable energy portfolio standard riders are being recommended for 2024-25.

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 was completed and presented to City Council in October 2022. For fiscal year 2024-25, the study recommended a 13% increase in rates is needed for water and a 14% increase in rates is needed for wastewater. For the 2024-25 budget adoption, water and wastewater revenues are based on these proposed increases in base and volume rate charges for water and wastewater. The July 1, 2024, increase of 13% for the monthly water and an increase of 14% in wastewater base and volume rate changes is projected to generate approximately \$2,050,000 in revenues. Consumption for water and wastewater is budgeted with no expected increase overall consumption for all customer classes. For 2024-25, \$943,773 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 100 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 cost of gas component is budgeted at \$4.00 per dekatherm next budget year, compared to \$4.50 budgeted in fiscal year 2023-24.

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 2024-25 revenue budget is estimated based on a rate of \$5.00 per equivalent residential unit per month (\$60.00 per year). The average statewide rate from July 1, 2021, is \$4.85 per equivalent residential unit per month (\$58.20 per year). No changes in rates are recommended for fiscal year 2024-25.

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. For 2024-25, the City has budgeted a \$40,000 decrease in Golf Course revenue due to a greens conversion from Bent Grass to Champion Bermuda, which will require a course closure in June, July, and August of 2024. The General Fund subsidy to the Golf Fund has been budgeted at \$390,000 for 2024-25, a decrease of \$10,000 from 2023-24.

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, 2024

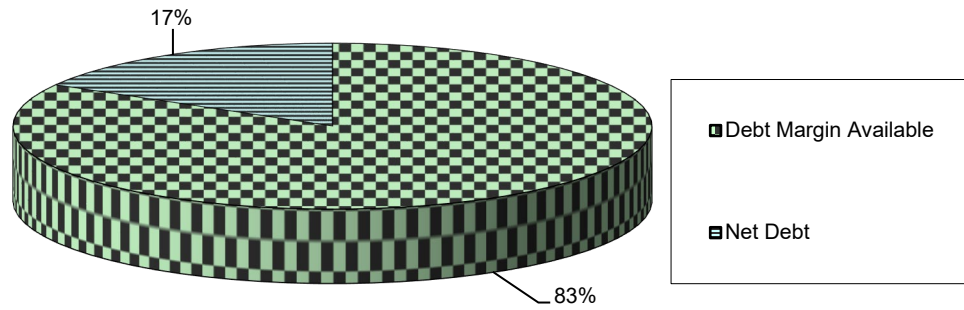
Fund	Installment Purchase
General Fund	\$ 4,175,976
Electric Fund	2,286,767
Water & Wastewater Fund	4,204,320
Natural Gas Fund	146,998
Utility Administration Fund	<u>14,091,717</u>
Total	<u>\$ 24,905,778</u>

LEGAL DEBT MARGIN AS OF JUNE 30, 2024

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	\$ 1,862,000,000
Debt Limit (8 percent of total assessed value)	<u>148,960,000</u>
Debt Applicable to Limitation (Gross Debt):	
Authorized and Outstanding G.O. Bonded Debt	-
Installment Purchase	24,905,778
Statutory Deductions:	
G.O. Bonds	<u>-</u>
Total Debt Applicable to Limitation (Net Debt)	<u>24,905,778</u>
Legal Debt Margin Available	<u>\$ 124,054,222</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, 2024.



DEBT SERVICE BUDGET FOR FISCAL YEAR 2024-25

Fund	Installment Purchase	
	Principal	Interest
General Fund	\$ 1,041,190	\$ 111,917
Electric Fund	348,042	55,725
Water & Wastewater Fund	651,698	71,678
Natural Gas Fund	146,999	6,737
Golf Fund	55,366	12,667
Utility Administration	996,512	432,234
Total	\$ 3,239,807	\$ 690,958

PROPOSED DEBT

The City of Lexington currently anticipates issuing short-term debt in FY 2024-25 as follows:

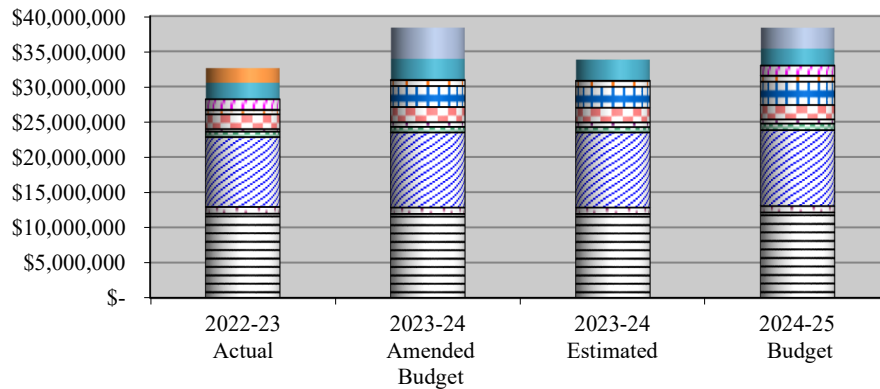
- 1) \$1,102,000 for the purchase of a Fire Pumper Truck for Fire at an interest rate of 5.50% or less with a repayment period of 7 years.
- 2) \$330,000 for the purchase of an Armored Vehicle for Police at an interest rate of 5.50% or less with a repayment period of 4 years.
- 3) \$300,000 for the purchase of Golf Cart Fleet for Golf at an interest rate of 5.50% or less with a repayment period of 4 years.

In addition to this short-term debt, the City of Lexington is 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.



GENERAL FUND REVENUE SUMMARY

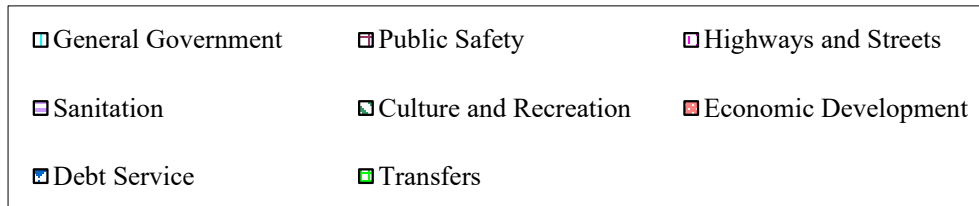
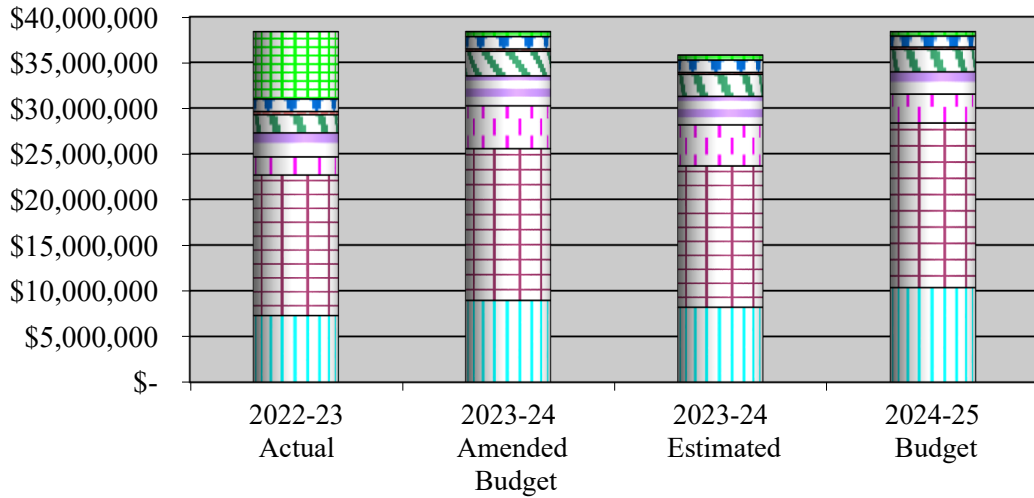
Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Ad Valorem Taxes	\$ 11,937,529	\$ 11,902,000	\$ 11,902,000	\$ 12,109,000
Other Taxes	959,025	907,680	907,680	914,130
Unrestricted Intergovernmental	9,916,202	10,664,391	10,664,391	10,779,083
Restricted Intergovernmental	774,331	792,395	757,700	935,395
Permits and Fees	359,879	672,388	670,388	590,238
Sales and Services	2,095,323	2,145,679	2,075,256	2,042,403
Administrative Charges	-	2,978,209	2,978,209	3,303,478
Investment Earnings	601,496	824,234	820,000	820,000
Miscellaneous	53,265	40,400	41,044	47,000
Debt Proceeds	1,497,094	-	-	1,432,000
Transfers	2,345,372	3,003,103	3,003,103	2,400,000
Sale of Capital Assets	2,079,728	3,000	8,500	3,000
Fund Balance Appropriated	-	4,429,511	-	2,983,299
Total	\$ 32,619,244	\$ 38,362,990	\$ 33,828,271	\$ 38,359,026



■ 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	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
General Government	\$ 7,280,358	\$ 8,943,002	\$ 8,192,994	\$ 10,339,302
Public Safety	15,370,687	16,594,302	15,451,493	18,008,931
Highways and Streets	1,987,200	4,696,119	4,498,039	3,168,623
Sanitation	2,627,372	3,275,514	3,123,956	2,436,502
Culture and Recreation	1,993,247	2,702,038	2,414,907	2,468,121
Economic Development	343,706	247,871	208,590	246,440
Debt Service	1,376,083	1,353,530	1,353,530	1,201,107
Transfers	7,379,712	550,614	550,614	490,000
Total	\$ 38,358,365	\$ 38,362,990	\$ 35,794,123	\$ 38,359,026



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

2024-25 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 20-21	FY 21-22	FY 22-23
# 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	45%	44%	43%
Assessed valuation	\$1.64 Billion	\$1.80 Billion	\$1.80 Billion

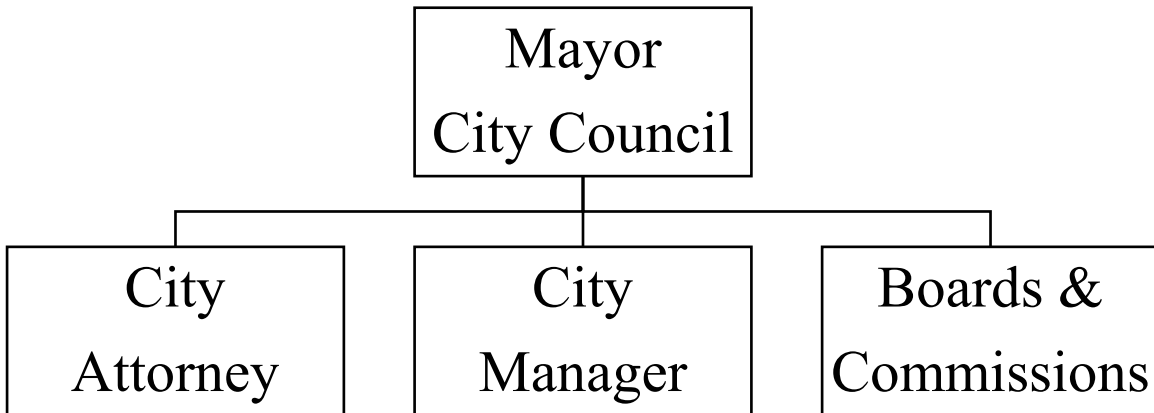
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 92,794	\$ 133,167	\$ 83,190	\$ 146,734
Operations	108,426	210,400	216,558	122,252
Capital Outlay	-	87,193	87,193	-
Total	\$ 201,220	\$ 430,760	\$ 386,941	\$ 268,986

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 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 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

2024-25 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
- To pursue new technology innovations that will improve organizational efficiency and effectiveness
- To envision and incorporate the strategic plan for Lexington

**CITY ADMINISTRATION DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of employees in department	5	6	6
Population	19,632	19,650	20,010
Total original city budget	\$103.3 Million	\$110.9 Million	\$118.8 Million
Available fund balance as % of expenditures	41.99%	28.14%	48.92%

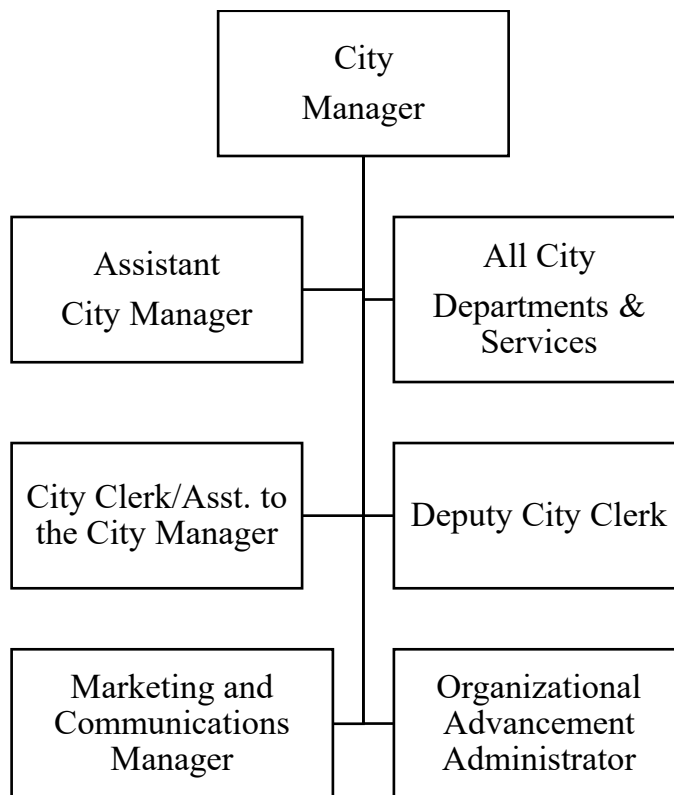
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 732,399	\$ 820,623	\$ 788,434	\$ 912,286
Operations	87,020	99,091	61,957	65,750
Capital Outlay	7,477	-	-	-
Total	\$ 826,896	\$ 919,714	\$ 850,391	\$ 978,036

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	6	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.

2024-25 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 20-21	FY 21-22	FY 22-23
Grants to agencies budget	\$280,975	\$298,975	\$298,975
Contingency budget	\$0	\$0	\$0
Property tax collection fees - real property	\$6.36 per bill	\$6.70 per bill	\$7.31 per bill
# of tax bills	10,760	10,819	11,039
General Government expenditures	\$6,027,122	\$6,880,387	\$7,280,358
Public Safety expenditures	\$12,507,067	\$12,610,865	\$15,370,687
Hwy & Street expenditures	\$1,436,044	\$2,487,961	\$1,987,200
Sanitation expenditures	\$2,137,074	\$2,479,007	\$2,627,372
Culture & Recreation expenditures	\$1,592,884	\$2,312,081	\$1,993,247
Economic and Physical Development expenditures	\$484,700	\$423,578	\$343,706
Debt Service expenditures	\$1,097,798	\$1,798,043	\$1,376,083
Transfers	\$801,802	\$548,351	\$7,379,712

**GENERAL ADMINISTRATION DEPARTMENT
GENERAL FUND**

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 420,530	\$ 462,453	\$ 420,265	\$ 541,043
Operations	2,697,034	2,845,022	2,896,866	3,318,243
Total	\$ 3,117,564	\$ 3,307,475	\$ 3,317,131	\$ 3,859,286

**GRANTS TO AGENCIES
FOR FISCAL YEAR 2024-25**

AGENCIES	AMOUNT BUDGETED FY 23-24	AMOUNT REQUESTED FY 24-25	AMOUNT BUDGETED FY 24-25
Partner Agencies			
Arts Davidson County	\$ -	\$ 60,000	\$ -
Davidson County Economic Development Commission ⁽¹⁾	40,000	-	-
Davidson County Transportation Fund	45,000	45,000	45,000
Edward C. Smith Civic Center of Lexington	60,000	70,000	60,000
Home Solutions of Davidson County	60,000	60,000	60,000
Lexington Human Relations Commission	12,000	12,000	12,000
Miscellaneous Grant Requests	-	-	20,000
Neighborhood Revitalization Funds (City Council)	6,975	6,975	6,975
Neighborhood Revitalization Funds (Youth Council/Lexington Academy) ⁽²⁾	2,025	2,025	2,025
Uptown Lexington ⁽¹⁾	75,000	75,000	75,000
TOTAL	\$ 301,000	\$ 331,000	\$ 281,000

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

CITY MANAGER'S COMMENTS:

⁽¹⁾ Economic development initiatives.

⁽²⁾ Reinstate NRF to Pre-COVID 19 levels of \$9k to allow for reinstatement of Youth Council or continuation of Lexington Academy.

**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, Annual Comprehensive Financial Report (ACFR) preparation, cost accounting, debt management, five-year financial planning, grants financial management, internal audit, payroll and purchasing.

2024-25 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 2024-25 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 ACFR 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 20-21	FY 21-22	FY 22-23
# of dept. employees	9	10	10
ACFR on website	Yes	Yes	Yes
Budget on website	Yes	Yes	Yes
Who compiles ACFR?	Finance	Finance	Finance
# AP checks processed/year	3,054	3,205	3,329
# of JEs processed	790	806	844
Rate of return on investments	0.05%	1.30%	3.43%
# of purchase orders/year	918	1,034	1,106
# of property auctions using GovDeals	46	40	40
\$ value of property auctions using GovDeals	\$211,570	\$266,354	\$363,945
Purchasing Card Rebate	\$50,430	\$51,982	\$55,693
Receive ACFR award	Yes	Yes	Yes
Receive budget award	No	No	No

**FINANCE DEPARTMENT
GENERAL FUND**

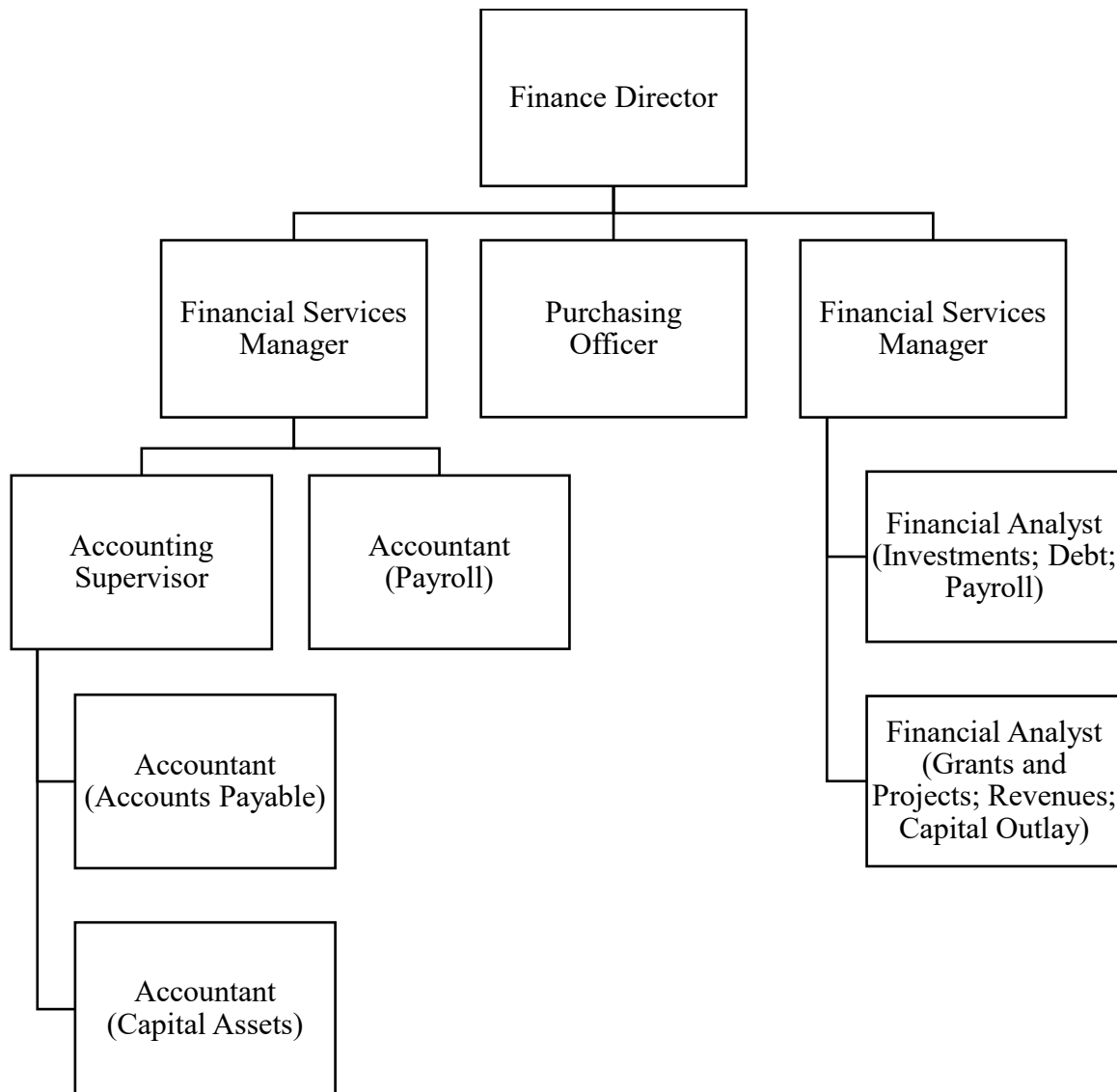
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 835,418	\$ 1,234,772	\$ 1,107,925	\$ 1,259,981
Operations	86,408	107,218	71,793	101,413
Capital Outlay	-	1,394	-	7,200
Total	\$ 921,826	\$ 1,343,384	\$ 1,179,718	\$ 1,368,594

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	10	10	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.

2024-25 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 20-21	FY 21-22	FY 22-23
Staff attorney	No	No	No
# of legal advisors	1	1	1
City attorney expenditures	\$31,259	\$77,803	\$53,728
Benefits provided	No	No	No

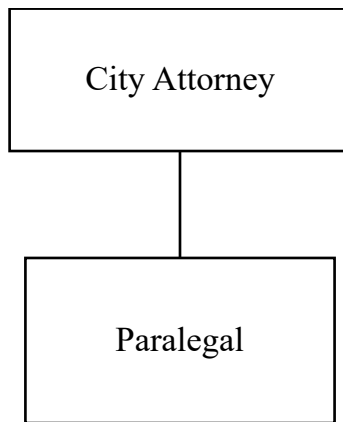
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ -	\$ -	\$ -	\$ 197,154
Operations	53,728	60,500	50,000	36,459
Total	\$ 53,728	\$ 60,500	\$ 50,000	\$ 233,613

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	0	0	2	2



City of Lexington Legal



**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).

2024-25 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 Workplace 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 20-21	FY 21-22	FY 22-23
# of dept. employees	3.00	3.00	3.00
# of full time City employees	329	336	345
# of part time City employees	42	31	35
# of full time employees per HR staff member	109	112	115
# of part time employees per HR staff member	117	117	121
Voluntary turnover	9.12%	10.71%	9.86%
Involuntary turnover	0.30%	0.89%	1.45%
Retirement	3.65%	2.38%	4.93%
Turnover rate	13.07%	13.99%	16.23%

**HUMAN RESOURCES DEPARTMENT
GENERAL FUND**

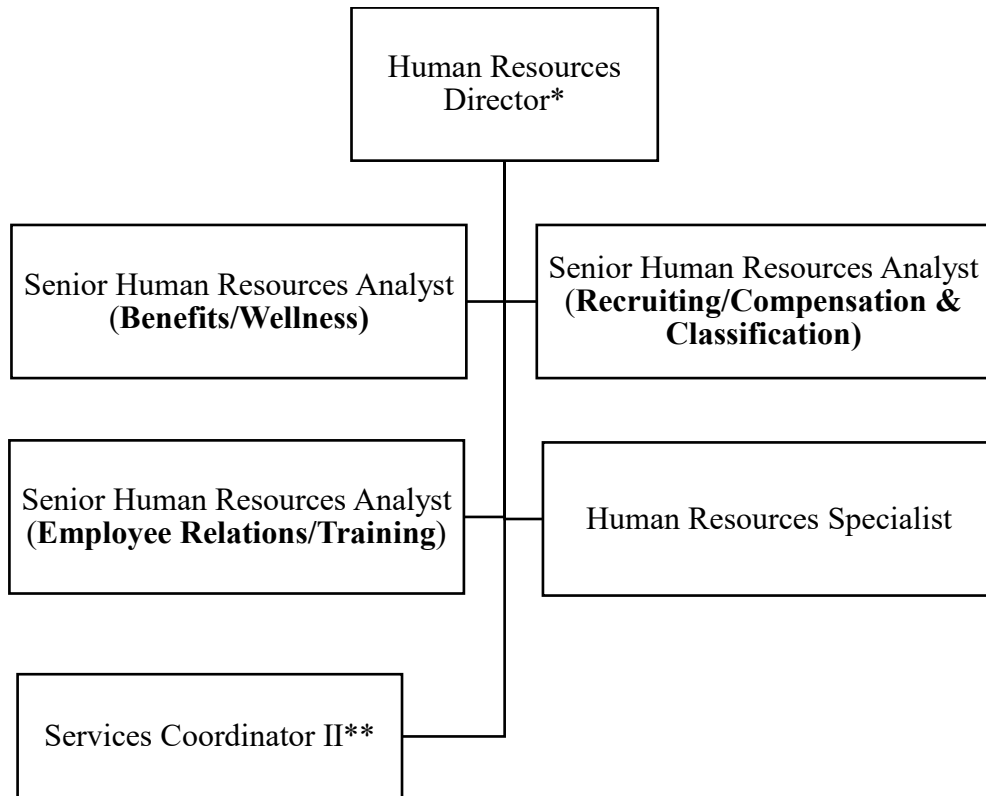
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 331,323	\$ 571,834	\$ 496,976	\$ 667,833
Operations	152,142	302,177	291,722	267,356
Total	\$ 483,465	\$ 874,011	\$ 788,698	\$ 935,189

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	5	5	6	6



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.

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 365, Customer Information System, Geographic Information System, ERP HR/Financial, Police/Fire systems, Permitting etc. 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.

2024-25 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.
- Coordinate Enterprise ERP (HR/Finance system) upgrades and new feature releases
- Continued expansion of Laserfiche (document imaging) to other departments
- Maintain a 10-year IT plan.
- Lead steering committee and business process review of city systems, suggesting improvements to city wide applications
- Complete CityView enhancements.
- Research and assist with deployment of new GPS tracking system
- Assess insurance needs and make recommendations for appropriate levels of coverage.
- Deploy new PCs, laptops, phones, iPads and monitors via rotation schedule.
- Enhance and streamline electronic storage and archiving capabilities.
- Continue to promote city-wide intranet to improve communication and efficiency for all city departments.
- Enhance reliability, speed, efficiency, and security for the entire network infrastructure, including fiber and Wi-Fi evaluation.
- Plan Fiber networking extensions
- Install City Centre networking equipment and support department relocations city wide. Train users on new technology provided.
- Setup new council chambers and provide for streaming capabilities
- Update virtual server environment

**INFORMATION TECHNOLOGIES DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# Of full-time employees on staff	5	5	6
# Of servers supported	120	86	87
# Of PCs and laptops supported	296	307	294
# of cameras supported	NA	NA	198
# of phones/iPads/other devices	NA	NA	310
# Of servers supported per employee	24	15	15
# Of PCs/laptops supported per employee	61	52	49
# Of patrol cars with computers/printers	83	61	64
Routine PC/laptop replacement schedule	Laptops/Desktops	Laptops/Desktops	Laptops/Desktops
Disaster recovery plan in place	Yes	Yes	Yes
Average # of website hits/month	24,330	20,778	22,031
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
Average # of tickets per day	37	33	30

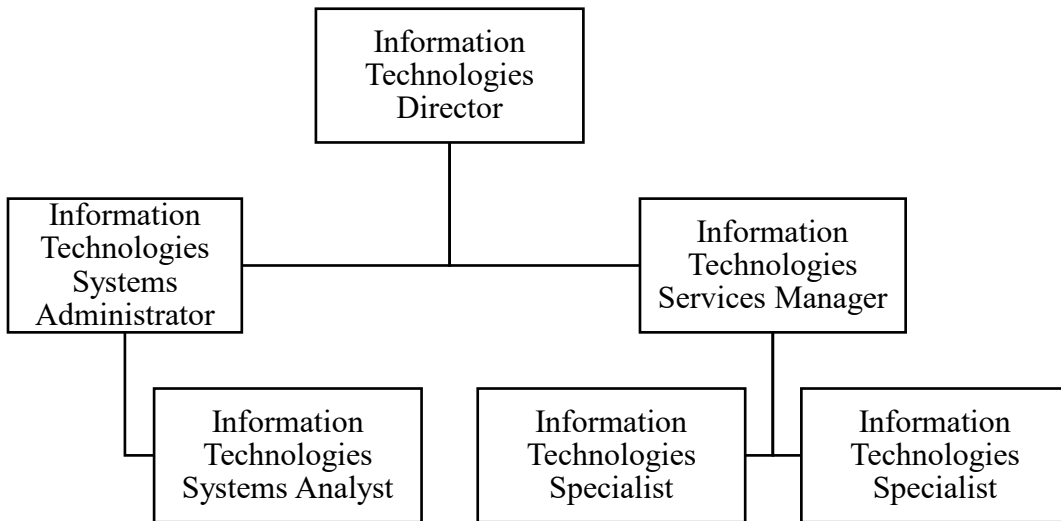
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 594,697	\$ 671,046	\$ 667,771	\$ 709,128
Operations	721,262	845,133	501,359	873,066
Capital Outlay	-	22,695	22,695	-
Total	\$ 1,315,959	\$ 1,538,874	\$ 1,191,825	\$ 1,582,194

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	6	6	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.

2024-25 Objectives:

- Assist with other departments and agencies in the revitalization of the Depot area.
- Provide maintenance and custodial support services to employee occupied buildings,
- Provide support for new City Centre building
- Systematic replacement of outdated HVAC Units
- Provide support to the Parks and Recreation Department in the development of recreation center.

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of building maintenance employees	1	1	1
# of custodians	3FT	1FT	1FT
In-house or contracted custodians	In-house/Contract combination	In-house/Contract combination	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**

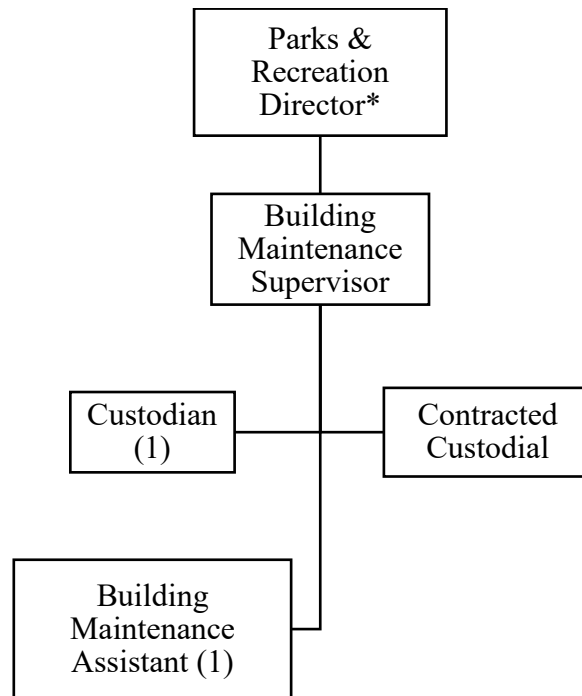
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2022-23 Estimated	2024-25 Budget
Personnel	\$ 162,548	\$ 215,399	\$ 201,050	\$ 282,235
Operations	197,152	252,885	249,935	258,380
Total	\$ 359,700	\$ 468,284	\$ 450,985	\$ 540,615

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	2	3	3	3



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.

**ENGINEERING SERVICES DEPARTMENT
GENERAL FUND**

Statement of Department’s Purpose:

The Engineering Services Department provides engineering, technical and contract management assistance to all city departments. It is the Engineering Department’s responsibility to schedule, design, prepare specifications, acquire permits, secure rights-of-way, and easements, advertise, bid and manage capital improvement projects as directed and approved by the City Council and the City Manager. Other engineering responsibilities include plan and permit review, obtaining and holding applicable permits and bonds as well as encroachment agreements, and observing the construction of new public infrastructure related to development and municipal projects to ensure compliance with local, state, and federal regulations.

Departmental Functions:

Development plan and permit review and approval, building permit review, design and construction management for city transportation, stormwater and utility projects, pavement and sidewalk asset management (including management of yearly resurfacing and sidewalk projects and contracts), NC Department of Transportation (NCDOT) coordination, plat review for recordation in Davidson County, manage the city’s FEMA and NFIP/CRS compliance, Powell Bill statement & map certification, provide engineering and technical support to all other city departments, construction inspection of all development and municipal projects, coordinate with other departments on economic development projects, draft design plans and exhibits for other departments as needed.

2024-25 Objectives:

- **Increase participation in the CRS program**
- **Obtain grants for acquisition of properties in the floodplain**
- **Increase utility coordination**
- **Begin creation of Local Erosion Control Program for implementation in FY25-26**
- **Create Erosion Control Design Manual**
- **Begin plan for at-grade rail crossing elimination at Prospect and 15th Ave**
- **Create street resurfacing CIP Plan**
- **Begin planning Right-of-Way Reclamation program with Utility Departments**

Performance Measures Summary:

Measures	FY 22-23
# of Employees	1
# of Permits Issued	45
# of Plans Approved	15
Average Plan Review Time	3 weeks
Lane Miles of Resurfacing	0.3

**ENGINEERING SERVICES DEPARTMENT
GENERAL FUND**

Budget Summary:

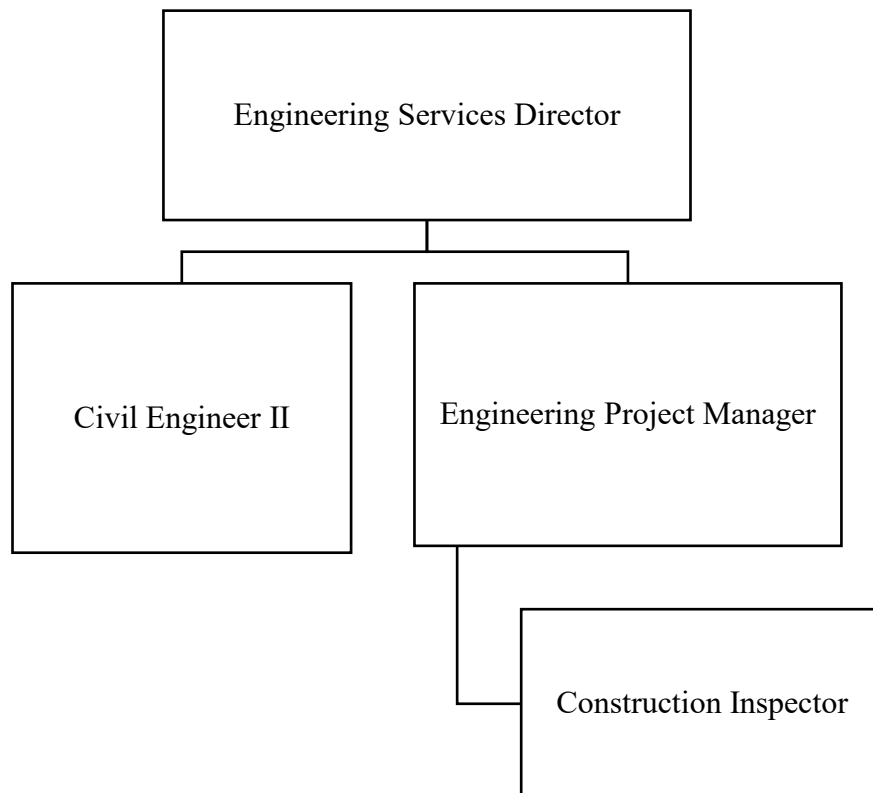
Expenditure Summary	2022-23 Actual ⁽¹⁾	2023-24 Amended Budget ⁽¹⁾	2023-24 Estimated ⁽¹⁾	2024-25 Budget
Personnel	\$ -	\$ -	\$ -	\$ 472,432
Operations	-	-	-	100,357
Total	\$ -	\$ -	\$ -	\$ 572,789

Personnel Positions	2022-23 ⁽¹⁾ Authorized	2023-24 ⁽¹⁾ Authorized	2024-25 Authorized	2024-25 Funded
Full Time	0	0	4	4

⁽¹⁾ Due to City reorganization in fiscal year 2024-25, the Engineering Services Department was added as a functioning City department.



City of Lexington Engineering



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, preventative patrols, canine searches, and tracking.

2024-25 Objectives:

- Provide the most ethical, fair, efficient, cost effective and objective service to the residents of and visitors to the City 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.
- Manage staffing shortages in a manner to minimize service impacts while also focusing on prevention and investigation of violent crime

**POLICE DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of sworn officers	62	62	62
# of civilian personnel (full time)	10	10	11
Population per sworn officer	317	317	317
# of calls for service/year	50,690	48,366	46,966
# of calls per officer/year	818	780	757
# of traffic citations issued/year	1,849	1,851	1,746
# of K-9s	3	3	3
# of neighborhood watch meetings/year	40	40	0

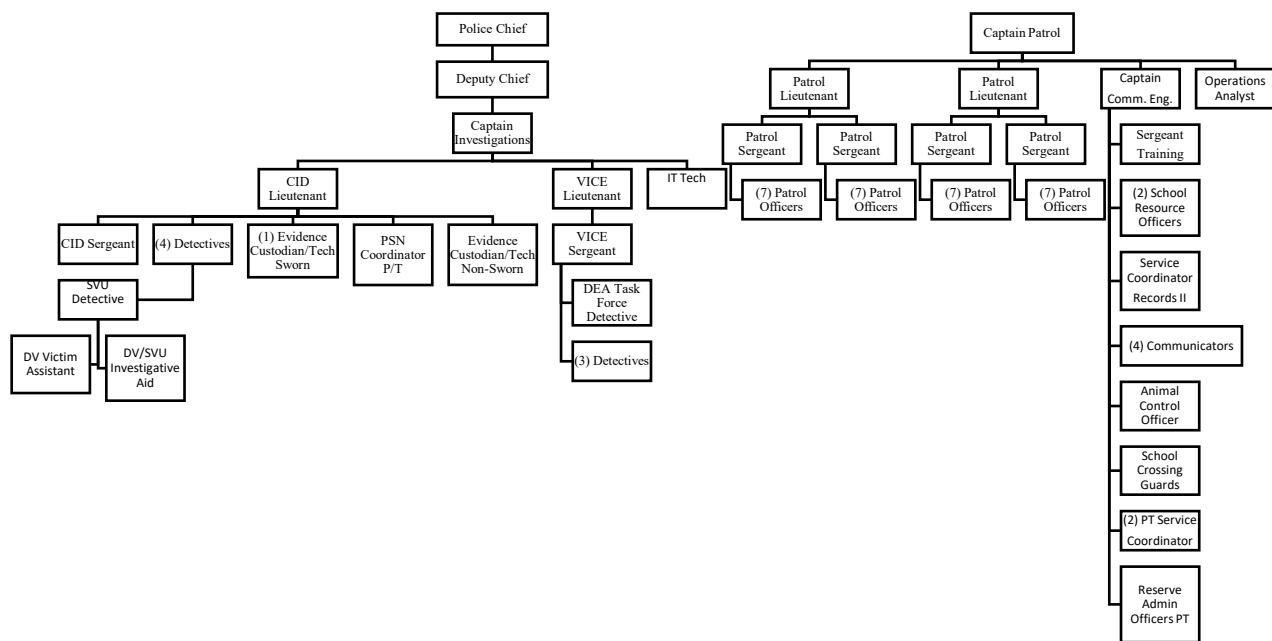
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 5,968,949	\$ 7,108,042	\$ 6,335,700	\$ 7,247,200
Operations	1,106,999	1,050,409	1,025,641	1,157,270
Capital Outlay	347,306	677,184	672,419	330,000
Total	\$ 7,423,254	\$ 8,835,635	\$ 8,033,760	\$ 8,734,470

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	72	73	73	73



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 concerning fire safety, fire prevention inspections, readiness training in rescue, hazardous materials, DHS natural disasters safety and wellness and physical fitness.

2024-25 Objectives:

- Manage risk, improve operational safety
- Improve employee health and wellness
- Improve readiness for natural disasters
- Assure continued dependability and serviceability of the department fleet
- Implement service delivery per NFPA 1710 and OSHA 1910.134
- Develop a plan of action using the resource deployment study for locating and constructing fire stations and training facilities.

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of firefighters	45	45	45
# of admin personnel	8	8	8
# of certified fire inspectors	18	17	25
# of calls for service/year	1,210	1,531	1,736
# of stations	4	4	4
Date newest station placed into service	2020	2020	2020
PPC insurance rating	2	2	2
\$ value of fire loss	\$423,085	\$613,060	\$936,330
# of public education programs/year	36	46	69

**FIRE DEPARTMENT
GENERAL FUND**

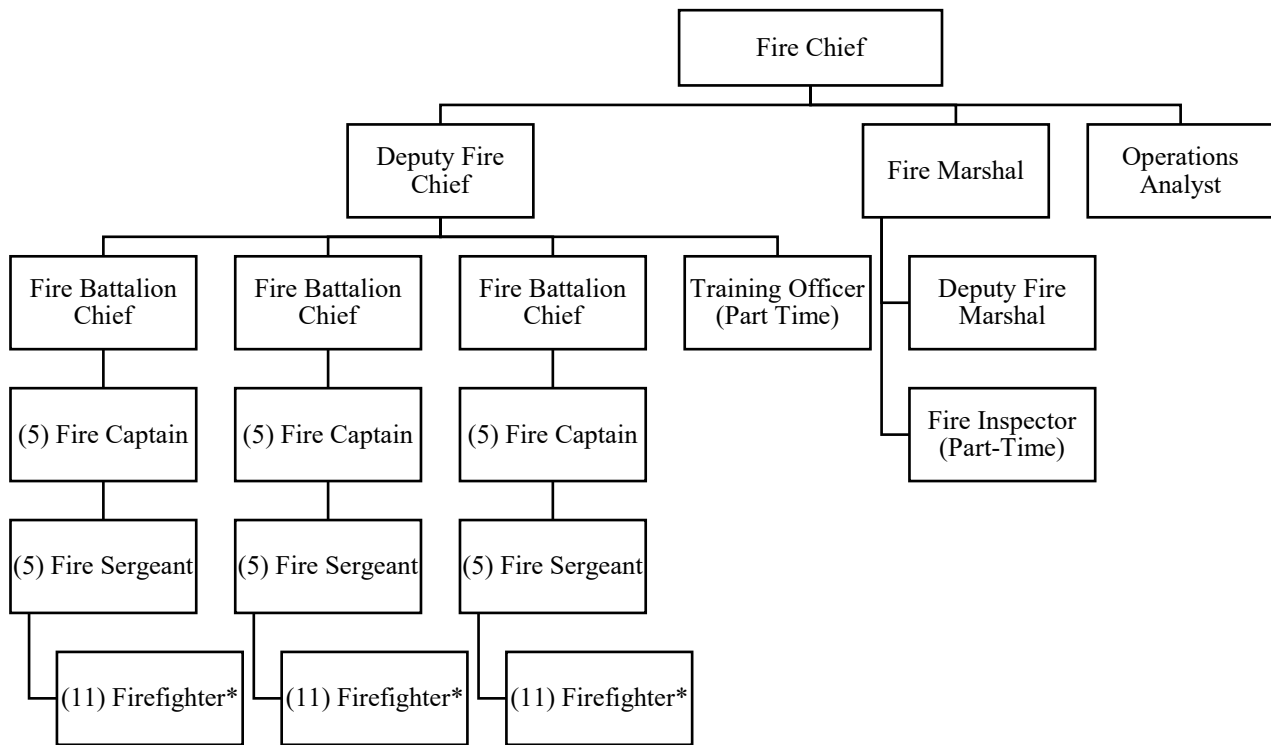
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 4,567,419	\$ 5,112,573	\$ 4,871,000	\$ 5,435,433
Operations	646,136	1,035,873	1,027,378	867,755
Capital Outlay	1,507,076	8,500	8,500	1,108,500
Total	\$ 6,720,631	\$ 6,156,946	\$ 5,906,878	\$ 7,411,688

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	53	53	53	53



City of Lexington Fire



*(18) Firefighters fund through SAFER (Staffing for Adequate Fire and Emergency Response) Grant Project.

**BUSINESS AND COMMUNITY DEVELOPMENT DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

- ❑ Protect and improve the community through enforcement of the Unified Development Ordinance, State Building Code, Permitting and Development Review standards, Minimum Housing Code and Nuisance Ordinances.
- ❑ Ensure quality development is balanced with growth by maintaining regulations to remain relevant and in line with community expectations.
- ❑ Facilitate an efficient and thorough plan review process for development.
- ❑ Guide housing development to promote creative options.
- ❑ Work with partner agencies and interested citizens to accomplish community betterment.
- ❑ Provide data, reference, and educational information on various planning and community issues.
- ❑ Provide support to City Admin for economic development and a variety of City-wide initiatives.

Departmental Functions:

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

2024-25 Objectives:

Department and Team

- Expand CityView functionality with Public Services for permitting and standardization of review
- Implement individual career development plans
- Transition to City Center while avoiding interruptions in service

Building & Code Enforcement

- Enforce State Building Code and Unified Development Ordinance
- Administer Lien Program for cost recovery
- Administer Blight Removal Program
- Continuing Education/Training for certificates

Planning

- Refine development plan review. Serve as portal for development services plan review and permitting
- Expand planning GIS database
- Staff Planning Board / BOA / HPC
- Liaison to regional planning initiatives
- 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
- Facilitate Redevelopment Projects and support Economic Development
- 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 20-21	FY 21-22	FY 22-23
# of dept. employees	9	11	12
# of residential reconnect inspections/year	1,297	1,649	1,796
# of building inspections/year	3,367	4,592	5,052
# of housing units	9,142	9,212	9,266
% of rental housing units	63.00%	77.00%	68.00%
# of nuisance complaints/year	2,145	2,586	2,407
\$ value of new residential construction	\$14.2 Million	\$29 Million	\$135 Million
\$ value of new commercial construction	\$13 Million	\$31 Million	\$21 Million

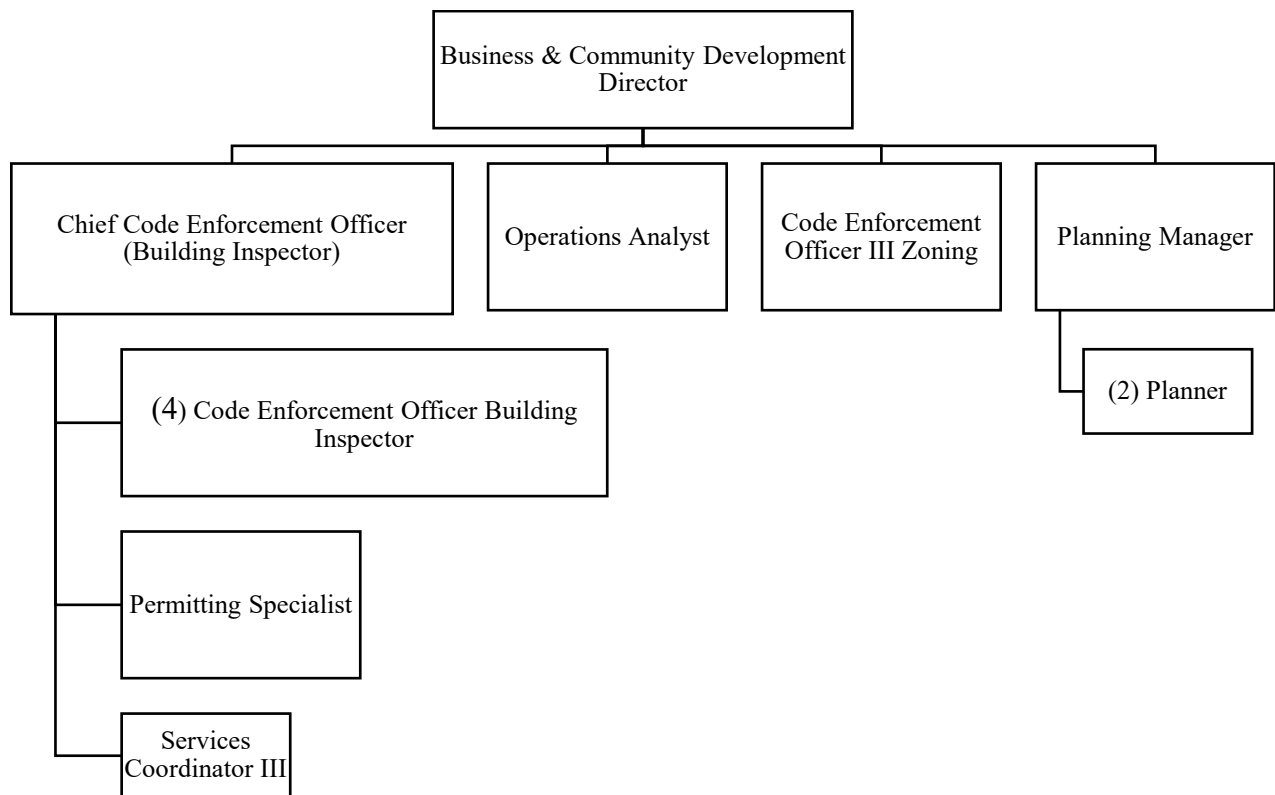
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 935,619	\$ 1,344,918	\$ 1,283,500	\$ 1,486,776
Operations	245,456	252,603	223,155	341,492
Capital Outlay	45,727	4,200	4,200	34,505
Total	\$ 1,226,802	\$ 1,601,721	\$ 1,510,855	\$ 1,862,773

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	11	12	13	13
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.

2024-25 Objectives:

- Deliver effective customer support to city residents, businesses, and other external customers.
- Provide administrative support services to Public Services departments (internal customers).
- Develop CityWorks work order system for Public Services departments.
- Analyze and monitor budgets and expenditures for cost savings.
- Coordinate updates for Public Services website communication.
- Comprehensive review of Fleet Management internal services and Street/Stormwater purchasing procedures.
- Provide administrative support for special events.

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget ⁽¹⁾
Personnel	\$ 479,037	\$ 742,854	\$ 692,800	\$ 365,599
Operations	56,559	113,255	108,865	50,451
Capital Outlay	25,326	34,475	31,662	-
Total	\$ 560,922	\$ 890,584	\$ 833,327	\$ 416,050

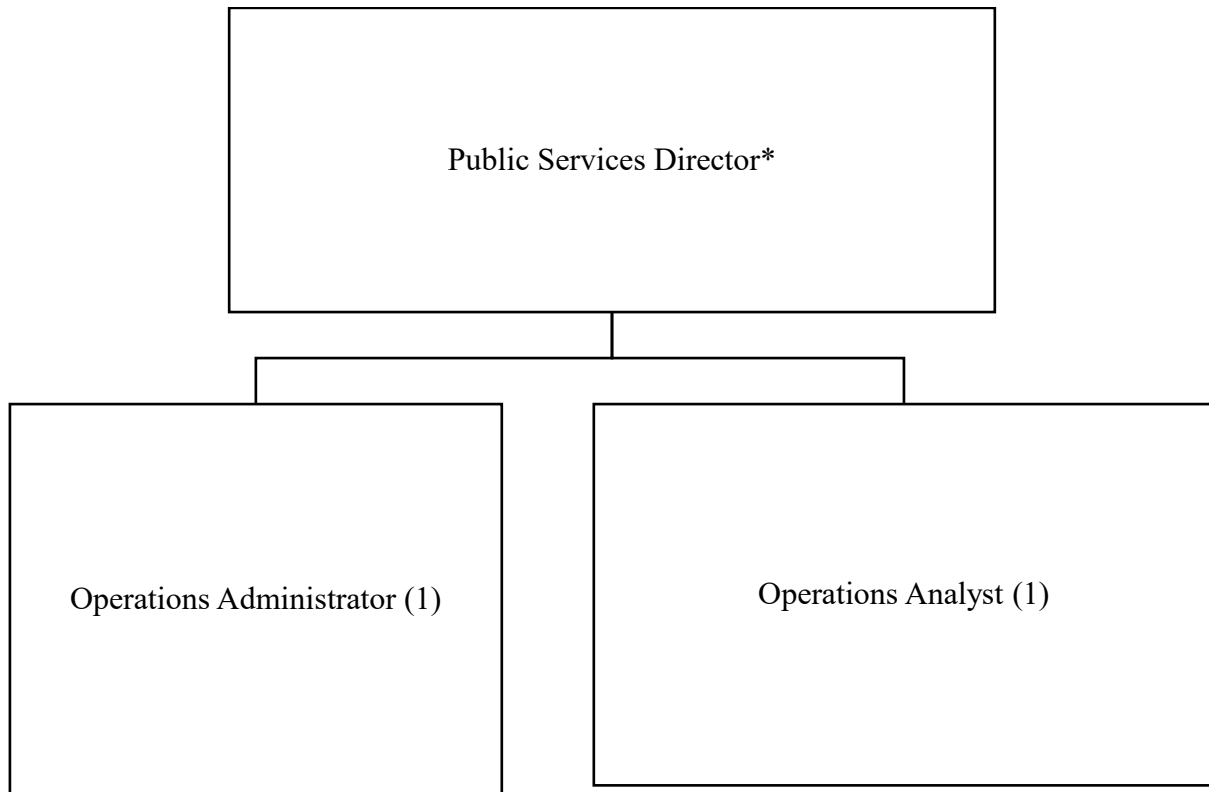
Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized ⁽¹⁾	2024-25 Funded ⁽¹⁾
Full Time	5	7	3	3

⁽¹⁾ Due to City reorganization in fiscal year 2024-25, positions were transferred to the Engineering Services Department.



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 snow and ice 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.

2024-25 Objectives:

- Develop comprehensive street markings program, including condition assessment and restoration plan.
- Continue pavement maintenance program with resurfacing and surface treatments to maximize service life on City streets.
- Continue sidewalk replacement and repair program throughout the City, targeting trip hazards and ensuring ADA compliance.
- Implement construction standards for utility cuts to improve compaction and ride quality.
- Work with the High Point Metropolitan Planning Organization to identify transportation needs in and around the City.
- Work with Davidson County on a Federal Grant to improve seating and shelters at City bus stops.
- Perform inspections and complete necessary repairs to City-owned bridges.

**STREET DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of dept. employees	11	10	9
Street miles	125.6	125.6	125.6
Miles per employee	11	13	14
Tons of asphalt used on City streets	652	888	537
Feet of sidewalk replaced/repared per year	721	556	1,883

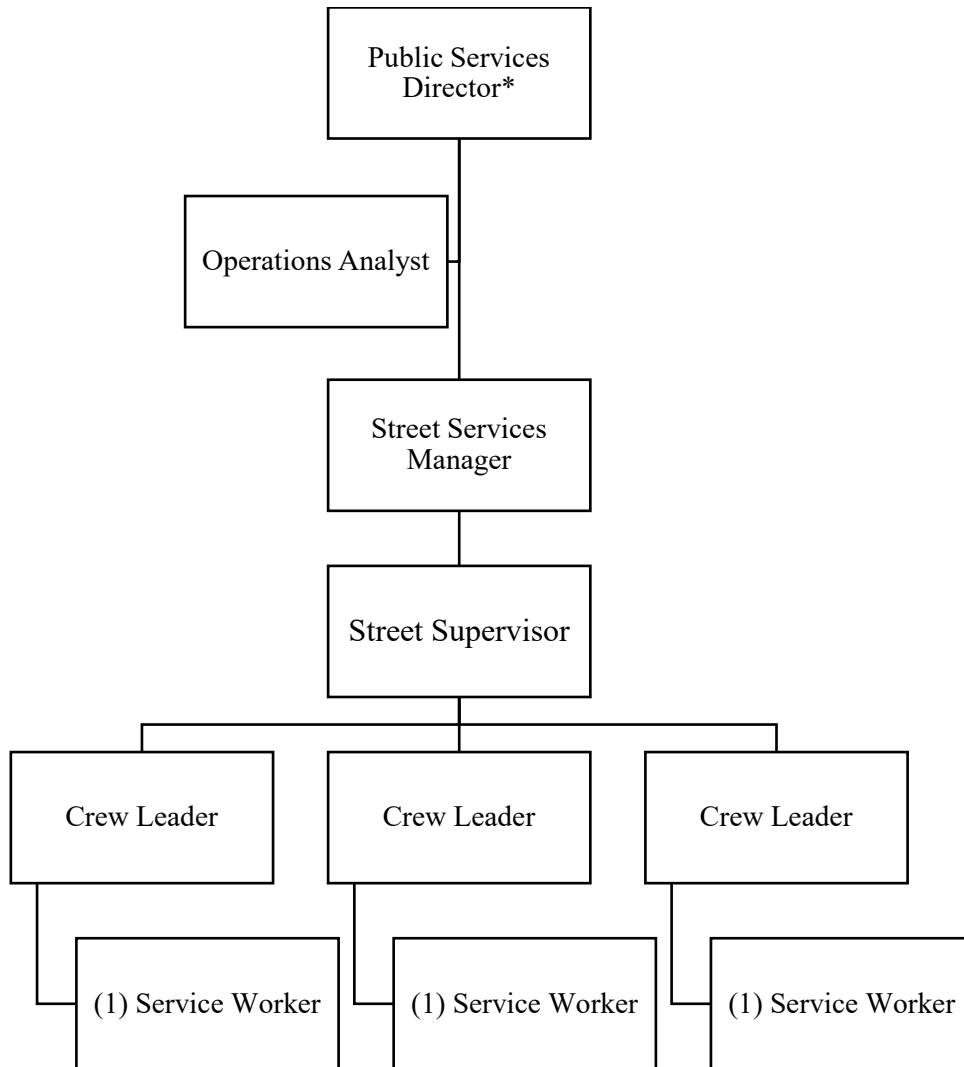
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 592,421	\$ 692,223	\$ 651,000	\$ 766,122
Operations	588,433	3,037,997	2,951,397	1,986,451
Capital Outlay	245,424	75,315	62,315	-
Total	\$ 1,426,278	\$ 3,805,535	\$ 3,664,712	\$ 2,752,573

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	9	9	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.)

2024-25 Objectives:

- Continue customer education efforts regarding waste collection and recycling services and additional recycling mandates utilizing the City's website and other digital platforms.
- Enforce roll outs being left curbside.
- Provide additional staff training with a focus on efficient routes and customer satisfaction.
- Provide expanded recycling opportunities Uptown during special events.
- Improve route efficiencies and seek other cost-effective measures through the use of new technologies.

**RECYCLING AND WASTE COLLECTION DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of dept. employees	13	13	13
# of residences	8,711	8,063	9,626
Tons of garbage collected/year (residential)	8,726	8,843	8,694
Tons of recycling/year (residential)	1,045	991	1,017
% 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 \$67 Recycling	\$36.00 Garbage \$67.00 Recycling \$24.00 Yard Waste	\$36.00 Garbage \$67.00 Recycling \$26.00 Yard Waste
Ratio of revenues to expenditures	1 to 1.70	1 to 1.56	1 to 1.59

Budget Summary:

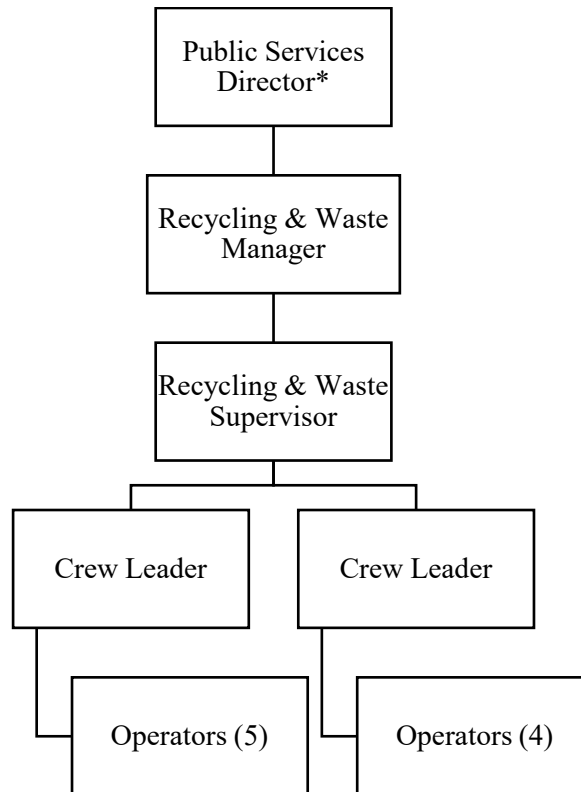
Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 772,180	\$ 1,032,860	\$ 928,800	\$ 1,062,621
Operations	1,354,218	1,387,973	1,290,475	1,373,881
Capital Outlay	500,974	854,681	904,681	-
Total	\$ 2,627,372	\$ 3,275,514	\$ 3,123,956	\$ 2,436,502

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 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	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Operations	\$ 86,502	\$ 101,537	\$ 101,537	\$ 100,650
Capital Outlay	-	200,000	198,178	-
Total	\$ 86,502	\$ 301,537	\$ 299,715	\$ 100,650

**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.

2024-25 Objectives:

- Increase awareness of parks and recreation in Lexington
- Expand recreational opportunities for residents of Lexington
- Develop plans for Community Recreation Center
- Begin systematic replacement of park amenities such as basketball goals, trashcans, and benches to address outdated equipment in older parks
- Continue systematic playground replacement plan to address outdated equipment
- Hold successful Multicultural Festival
- Partner with YMCA for aquatics program, youth basketball, and youth soccer

Performance Measures Summary:

Measures	FY 20-21*	FY 21-22	FY 22-23
# of dept. employees (FT)	6	6	6
Expenditures per capita	\$35	\$47	\$42
# of sports registrants/year	165	228	316
# of program participants/yr	358	813	1,430
# of ballfield/shelter rentals	369	457	519
# of indoor room rentals	NA	NA	49
# pool admissions	4,901	11,708	8,158
# of youth recreation centers	0	0	0
# of skate/BMX parks	1	1	1
# of pools/splashpads	2	2	2
# of parks	21	21	21

*Programs and facilities impacted during COVID19:

- Baseball season limited registrations in FY 20-21
- Basketball season canceled FY20-21
- Spring youth programs limited programs during FY 20-21
- Summer camp participant numbers restricted in FY20-21
- Pool impacting admissions in FY20-

**PARKS & RECREATION DEPARTMENT
GENERAL FUND**

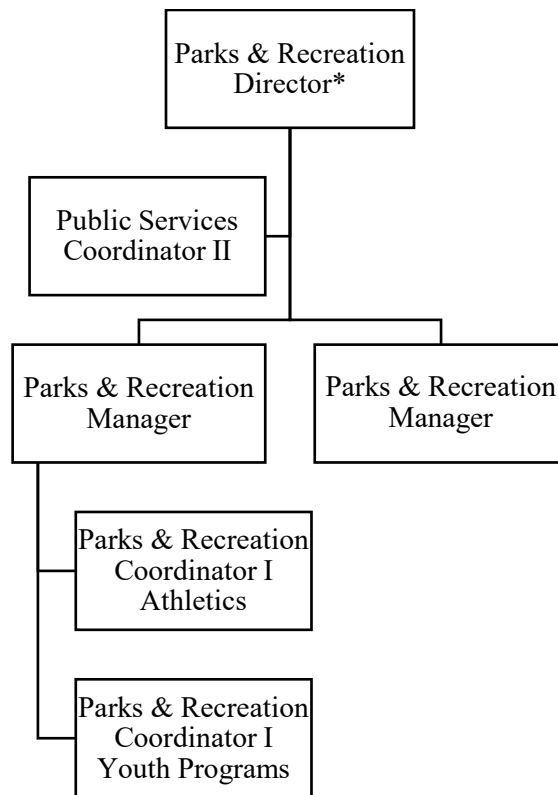
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 453,220	\$ 662,887	\$ 485,300	\$ 726,891
Operations	351,323	449,405	449,876	451,400
Capital Outlay	42,604	85,000	42,626	-
Total	\$ 847,147	\$ 1,197,292	\$ 977,802	\$ 1,178,291

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 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, rights-of-way, and landscaping throughout the city.

2024-25 Objectives:

- Provide cemetery services in an efficient and courteous manner
- Provide support to the Parks and Recreation Department in the development of recreation center
- Improve park facilities by performing seasonal projects and replacing outdated amenities as resources allow
- 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 20-21	FY 21-22	FY 22-23
# of dept. employees	12	12	12
# of cemeteries	4	4	4
# of burials/year	80	91	62
# 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	\$1,524	\$1,618	\$1,729

**PUBLIC GROUNDS DEPARTMENT
GENERAL FUND**

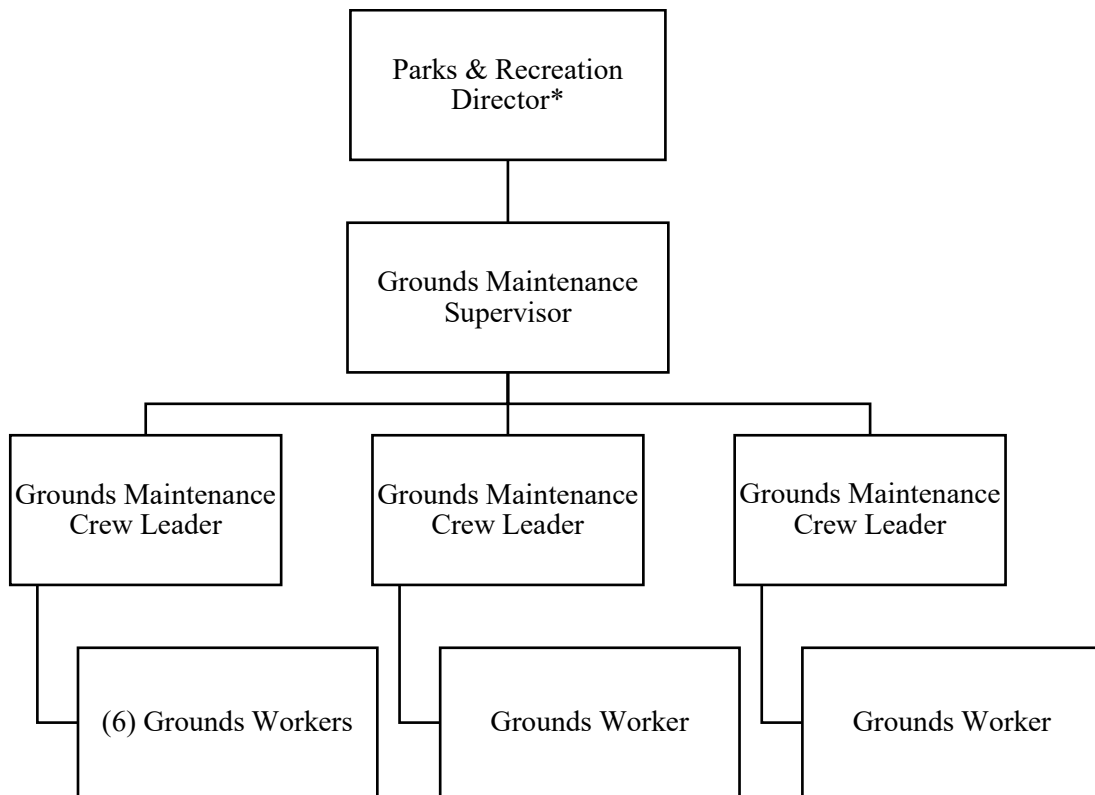
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 640,417	\$ 908,525	\$ 844,600	\$ 932,546
Operations	240,386	249,184	252,450	256,634
Capital Outlay	178,795	45,500	241,000	-
Total	\$ 1,059,598	\$ 1,203,209	\$ 1,338,050	\$ 1,189,180

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 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 to promote continued economic development and growth within the City of Lexington, to diversify and increase the tax base and create or maintain jobs.

2024-25 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 20-21	FY 21-22	FY 22-23
Economic Development Expenditures	\$484,700	\$423,578	\$343,706

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 129,090	\$ -	\$ -	\$ -
Operations	214,616	247,871	208,590	246,440
Total	\$ 343,706	\$ 247,871	\$ 208,590	\$ 246,440

**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 20-21	FY 21-22	FY 22-23
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	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Debt Service	\$ 1,376,083	\$ 1,353,530	\$ 1,353,530	\$ 1,201,107
Total	\$ 1,376,083	\$ 1,353,530	\$ 1,353,530	\$ 1,201,107

Schedule of New General Fund Installment Finance and Bonded Debt:

Installment Finance:

Item	Purchase Price	Years Financed	Interest Rate	Debt Service Payment
Police Armored Vehicle & Equipment	<u>\$ 328,000</u>	4	5.50%	<u>\$ 48,000</u>
Total	<u>\$ 328,000</u>			<u>\$ 48,000</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.

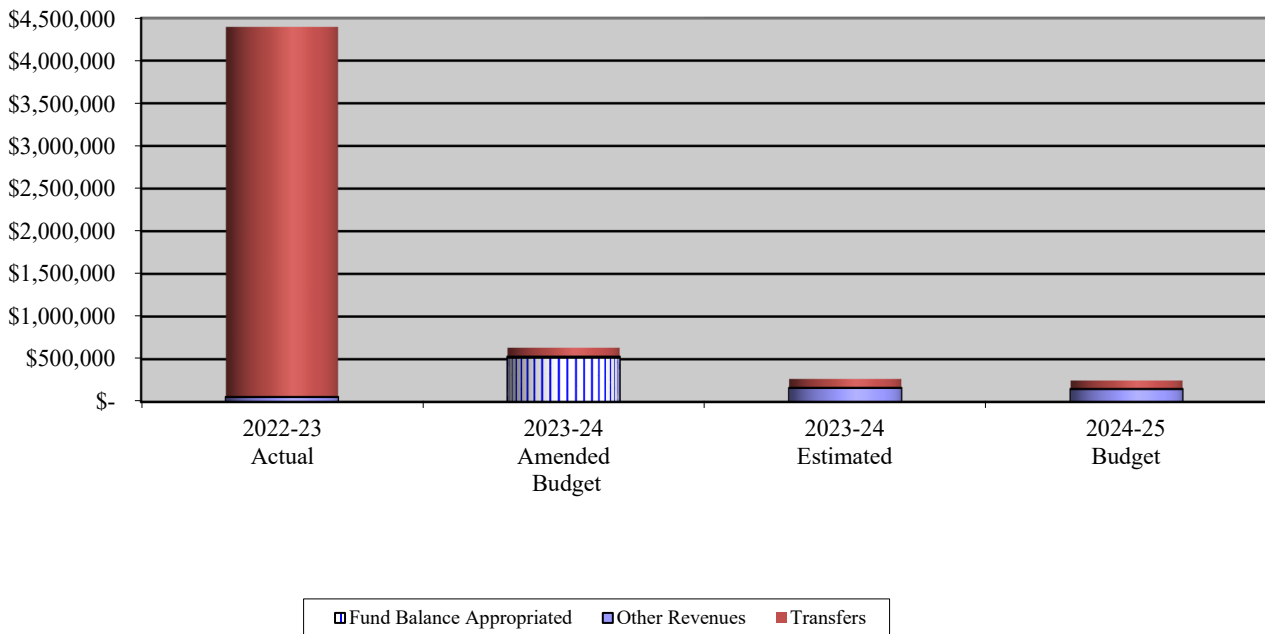
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Transfer to Governmental Capital Reserve Fund	\$ 4,339,427	\$ 105,614	\$ 105,614	\$ 100,000
Transfer to Grant Projects Fund	10,407	45,000	45,000	-
Transfer to BUILD Grant Project Fund	2,400,000	-	-	-
Transfer to General Capital Projects Fund	179,878	-	-	-
Transfer to Golf Fund	450,000	400,000	400,000	390,000
Total	\$ 7,379,712	\$ 550,614	\$ 550,614	\$ 490,000



**GOVERNMENTAL CAPITAL RESERVE FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Other Revenues	\$ 56,573	\$ 11,800	\$ 163,000	\$ 150,000
Transfers	4,339,427	105,614	105,614	100,000
Fund Balance Appropriated	-	517,586	-	-
Total	\$ 4,396,000	\$ 635,000	\$ 268,614	\$ 250,000



**GOVERNMENTAL CAPITAL RESERVE DEPARTMENT
GOVERNMENTAL FUND**

Statement of Department's Purpose:

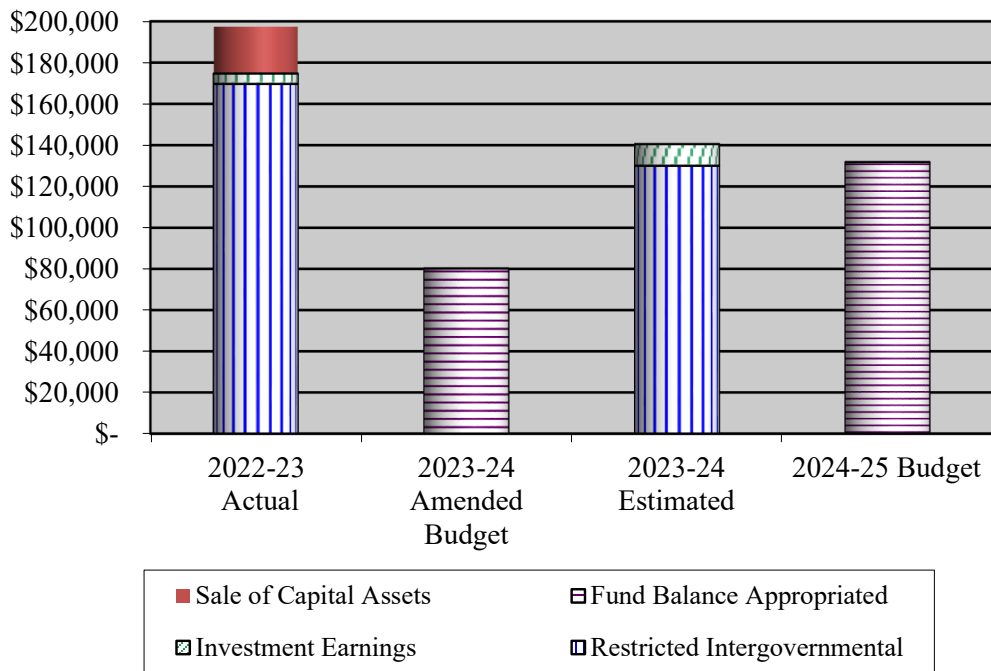
The Governmental Capital Reserve Sub-fund was established to accumulate resources set aside for ADA (Americans with Disabilities Act of 1990) compliance funding for governmental assets.

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Transfer to General Fund	\$ -	\$ 635,000	\$ 635,000	\$ -
Addition to Fund Balance	\$ -	\$ -	\$ -	\$ 250,000
Total	\$ -	\$ 635,000	\$ 635,000	\$ 250,000

**CONTROLLED SUBSTANCE FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Restricted Intergovernmental	\$ 169,637	\$ -	\$ 130,000	\$ -
Investment Earnings	5,025	-	10,500	-
Sale of Capital Assets	22,688	-	-	-
Fund Balance Appropriated	-	80,221	-	131,775
Total	\$ 197,350	\$ 80,221	\$ 140,500	\$ 131,775



**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.

2024-25 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:

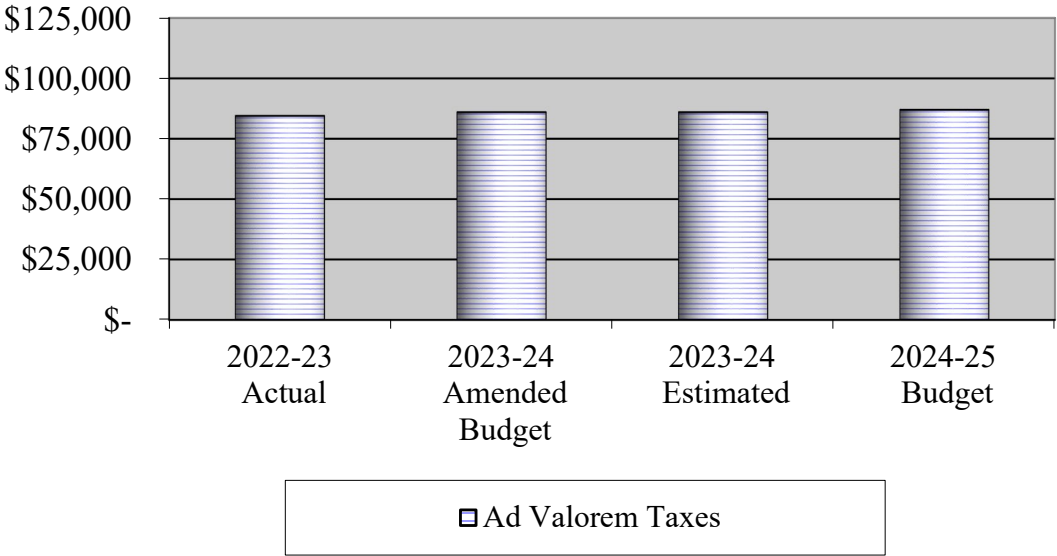
Measures	FY 20-21	FY 21-22	FY 22-23
Revenue received from Federal Forfeitures of Assets	\$14,373	\$22,865	\$149,593
Revenue received from State Forfeitures of Assets	\$18,965	\$38,330	\$20,044

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Operations	\$ 33,513	\$ 59,221	\$ 45,027	\$ 99,700
Capital Outlay	30,681	21,000	19,026	32,075
Total	\$ 64,194	\$ 80,221	\$ 64,053	\$ 131,775

**SPECIAL TAX DISTRICT FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Ad Valorem Taxes	\$ 84,454	\$ 86,000	\$ 86,000	\$ 87,000
Total	\$ 84,454	\$ 86,000	\$ 86,000	\$ 87,000



**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:

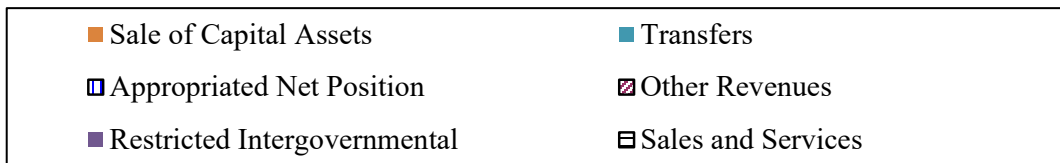
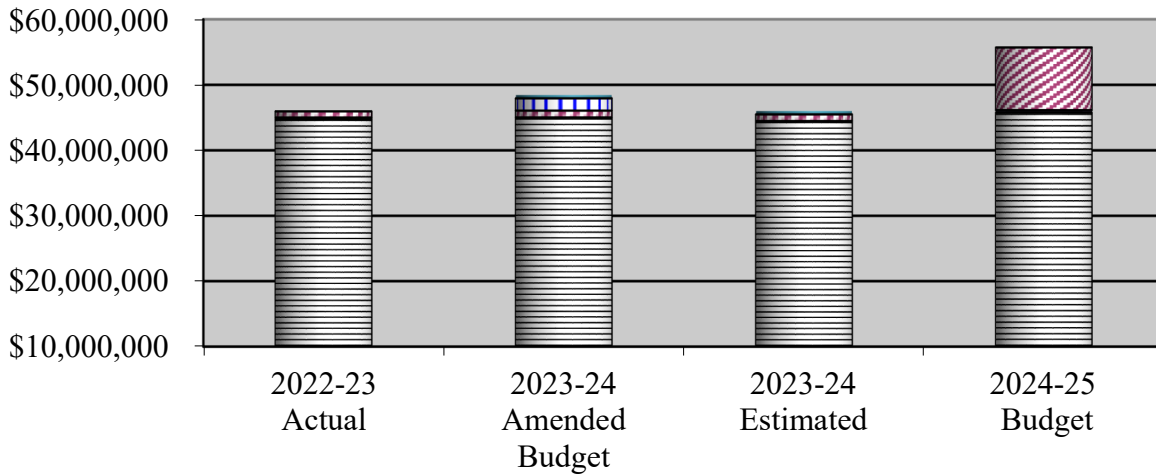
Measures	FY 20-21	FY 21-22	FY 22-23
Current tax rate	0.20	0.20	0.20
Payment to Uptown Lexington, Inc.	\$96,524	\$92,372	\$82,965

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Operations	\$ 82,965	\$ 86,000	\$ 86,000	\$ 87,000
Total	\$ 82,965	\$ 86,000	\$ 86,000	\$ 87,000

**ELECTRIC FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Restricted Intergovernmental	\$ 204,994	\$ -	\$ -	\$ 378,000
Sales and Services	44,789,015	45,014,342	44,459,750	45,746,176
Other Revenues	949,989	1,036,900	1,025,365	9,573,000
Transfers	-	500,000	500,000	-
Sale of Capital Assets	141,000	-	-	-
Appropriated Net Position	-	1,883,266	-	-
Total	\$ 46,084,998	\$ 48,434,508	\$ 45,985,115	\$ 55,697,176



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 1,398 miles of distribution line and 21,023 electric meters
- Maintenance and installation of street and area lights
- Maintain SCADA system, 11 electric substations and 3 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

2024-25 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
- Finalize construction of power delivery to Siemens Mobility site
- Support construction needs and requirements for the Siemens Mobility project
- Rebuild 44kV transmission lines along Martin Luther King Jr. Boulevard from Biesecker Road to N. Talbert Boulevard
- Pursue new technology that will improve organizational efficiency
- Work with engineering consultant to develop/renew our 5-Year System Improvement Study
- Maintain a strong working relationship with Davidson County Economic Development
- 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

**ELECTRIC DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of dept. employees	24	24	24
Miles of line	1,313	1,326	1,338
Miles of line/employee	55	55	56
# of customers	19,467	19,382	19,762
# of customers/employee	811	808	823
% of system loss	5.21%	5.64%	3.44%
# of breaker outages/year	36	41	17

Budget Summary:

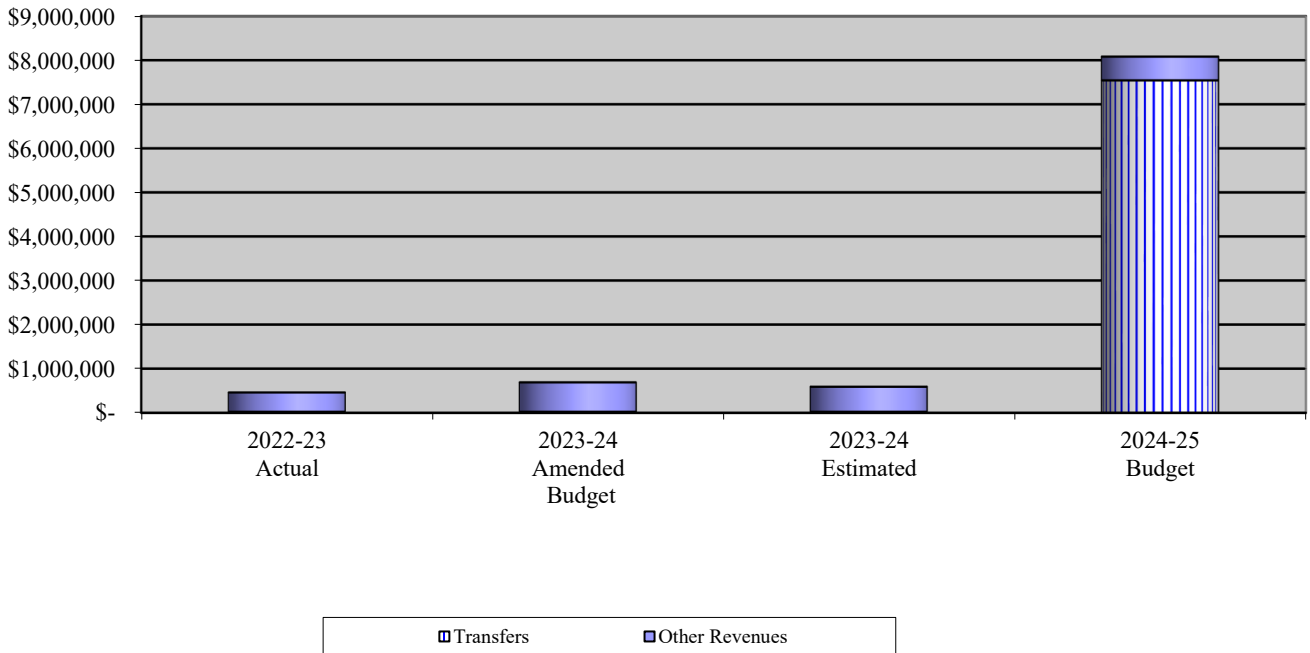
Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 66,270	\$ 62,539	\$ 61,069	\$ 74,376
Operations	14,305,715	18,449,540	16,928,478	19,086,314
Power Purchases	28,067,499	27,638,608	27,638,608	25,365,243
Debt Service	573,978	409,321	409,321	403,767
Capital Outlay	487,287	653,736	655,639	460,270
Transfer to General Fund	1,200,000	1,200,000	1,200,000	1,200,000
Transfer to Electric Capital Reserve Fund	20,764	20,764	20,764	7,541,000
Transfer to Electric Rate Stabilization Fund	-	-	-	1,100,000
Addition to Net Position	-	-	-	466,206
Total	\$ 44,721,513	\$ 48,434,508	\$ 46,913,879	\$ 55,697,176

Personnel Positions	2022-23 Authorized*	2023-24 Authorized*	2024-25 Authorized*	2024-25 Funded*
Full Time	0	0	0	0

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

**ELECTRIC CAPITAL RESERVE FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Other Revenues	\$ 437,170	\$ 667,000	\$ 567,000	\$ 540,000
Transfers	20,764	20,764	20,764	7,541,000
Total	\$ 457,934	\$ 687,764	\$ 587,764	\$ 8,081,000



**ELECTRIC CAPITAL RESERVE
ENTERPRISE FUND**

Statement of Department's Purpose:

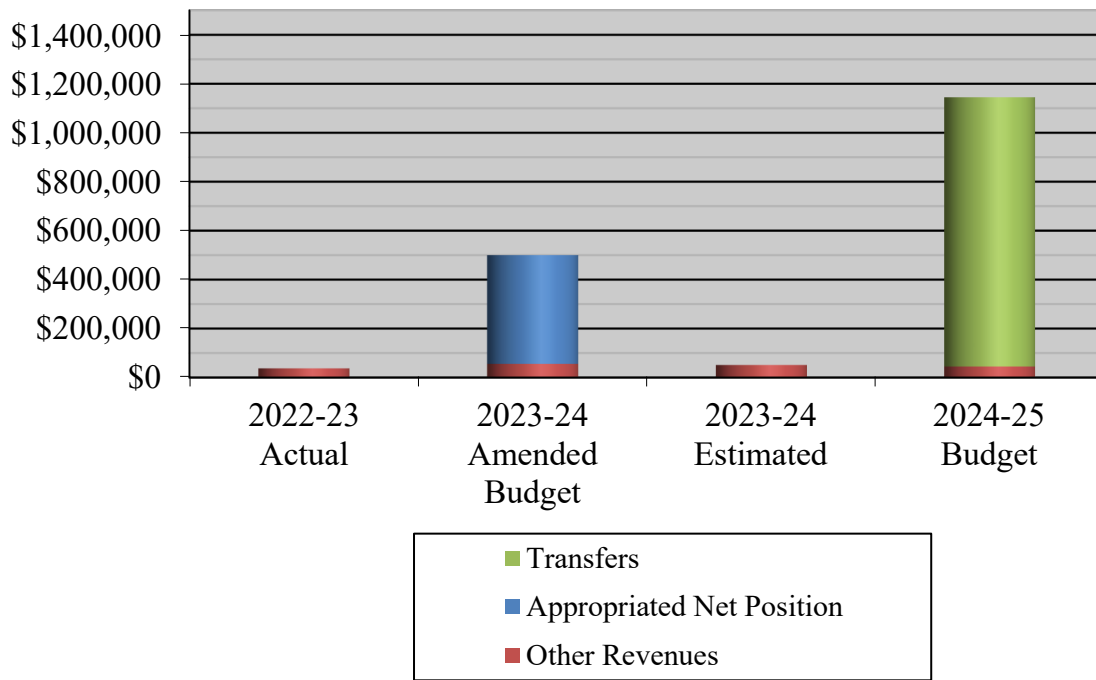
The Electric Capital Reserve Sub-fund provides for the accumulation of financial resources for future capital project and equipment needs in the Electric utility.

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Addition to Net Position	\$ -	\$ 687,764	\$ -	\$ 8,081,000
Total	\$ -	\$ 687,764	\$ -	\$ 8,081,000

**ELECTRIC RATE STABILIZATION FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Other Revenues	\$ 37,400	\$ 55,600	\$ 51,000	\$ 45,000
Transfers	-	-	-	1,100,000
Appropriated Net Position	-	444,400	-	-
Total	\$ 37,400	\$ 500,000	\$ 51,000	\$ 1,145,000



**ELECTRIC RATE STABILIZATION
ENTERPRISE FUND**

Statement of Department's Purpose:

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

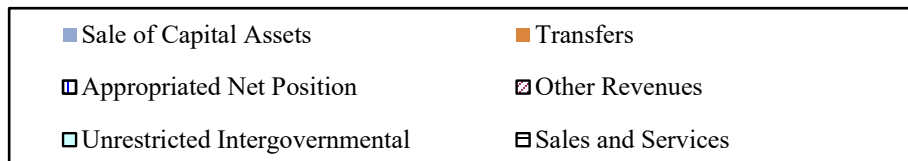
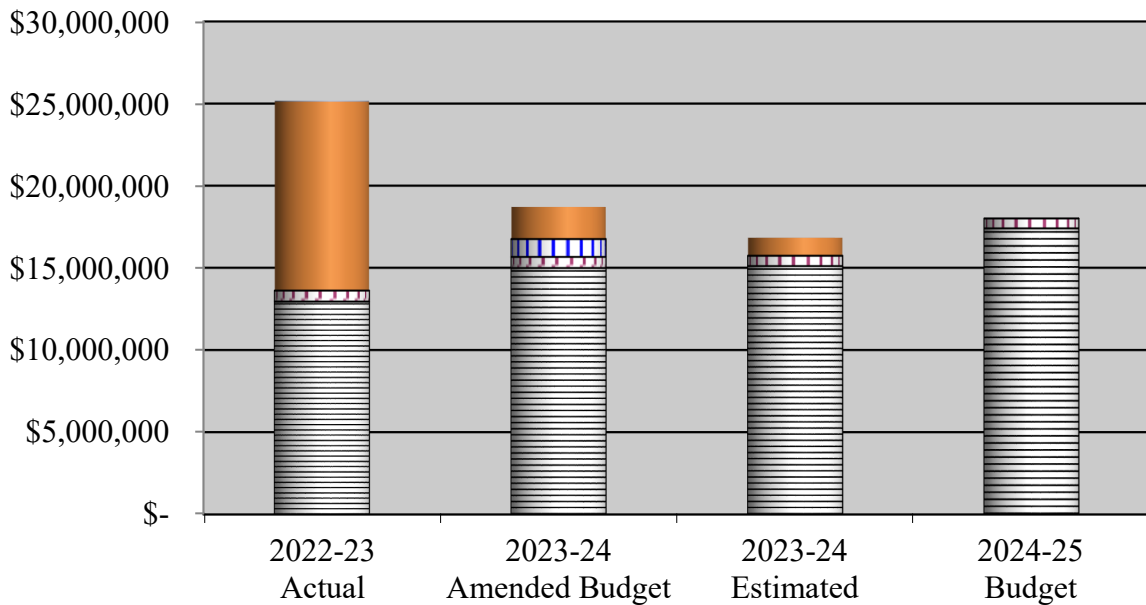
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Transfer to Electric	\$ -	\$ 500,000	\$ -	\$ -
Addition to Net Position	\$ -	\$ -	\$ -	\$ 1,145,000
Total	\$ -	\$ 500,000	\$ -	\$ 1,145,000



**WATER & WASTEWATER FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Unrestricted Intergovernmental	\$ 2,780	\$ 1,797	\$ 1,797	\$ 784
Sales and Services	12,941,890	14,983,301	15,099,000	17,397,721
Other Revenues	666,556	673,900	630,000	604,000
Transfers	11,508,482	1,957,340	1,100,000	-
Sale of Capital Assets	51,728	-	913	-
Appropriated Net Position	-	1,088,666	-	-
Total	\$ 25,171,436	\$ 18,705,004	\$ 16,831,710	\$ 18,002,505



**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.

2024-25 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 20-21	FY 21-22	FY 22-23
# of administrative employees for water & wastewater	3	3	2
# of water customers	8,585	8,495	8,672
# of wastewater customers	8,816	8,809	9,226

Budget Summary:

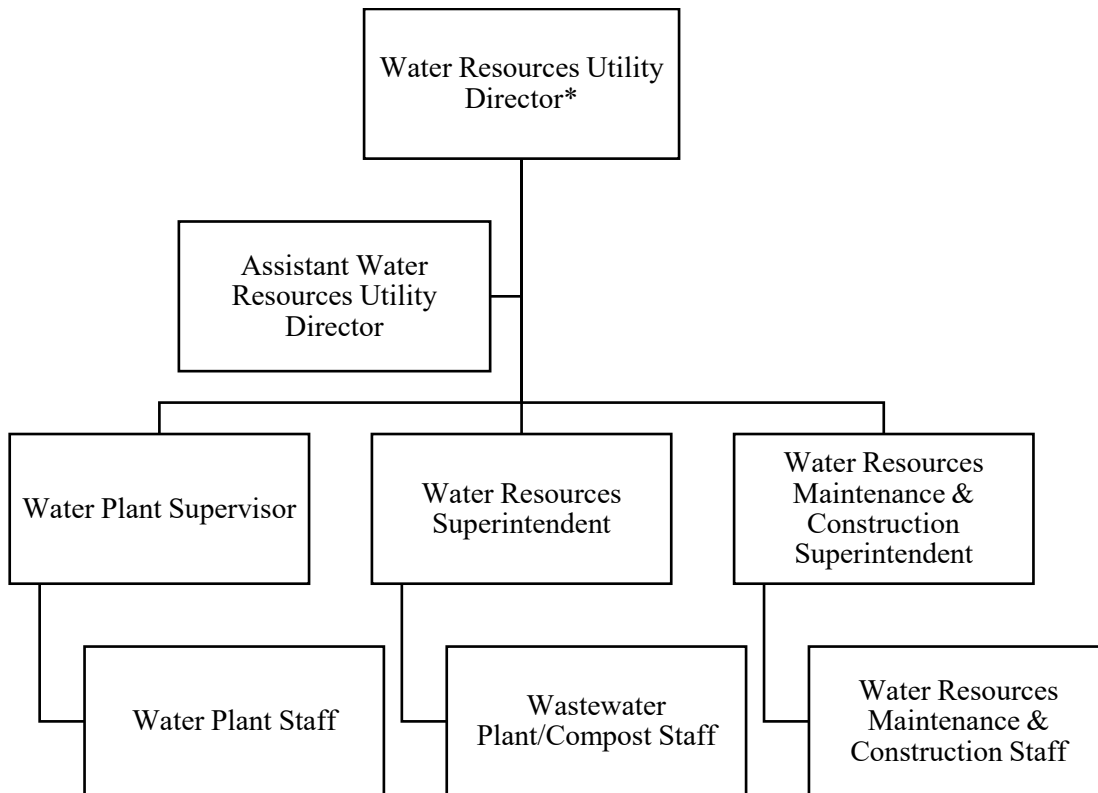
Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 488,912	\$ 346,783	\$ 357,219	\$ 348,474
Operations	2,286,927	2,463,673	2,431,063	2,678,769
Debt Service	725,480	724,451	724,451	723,376
Capital Outlay	23,756	-	-	-
Transfer to Water and Wastewater Projects Fund	-	156,000	156,000	-
Transfer to Water and Wastewater Capital Reserve Fund	11,271,841	233,938	233,938	943,773
Total	\$ 14,796,916	\$ 3,924,845	\$ 3,902,671	\$ 4,694,392

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	4	2	2	2



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

2024-25 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 20-21	FY 21-22	FY 22-23
# of water plant employees	11	12	14
# of water plants	2	2	2
Design plant capacity (mgd)	9.4	9.4	9.4
Residential water bill (3 CCF usage)	\$21.27	\$23.40	\$26.20
Residential water bill (10 CCF usage)	\$35.13	\$38.66	\$43.28

**WATER PLANT DEPARTMENT
ENTERPRISE FUND**

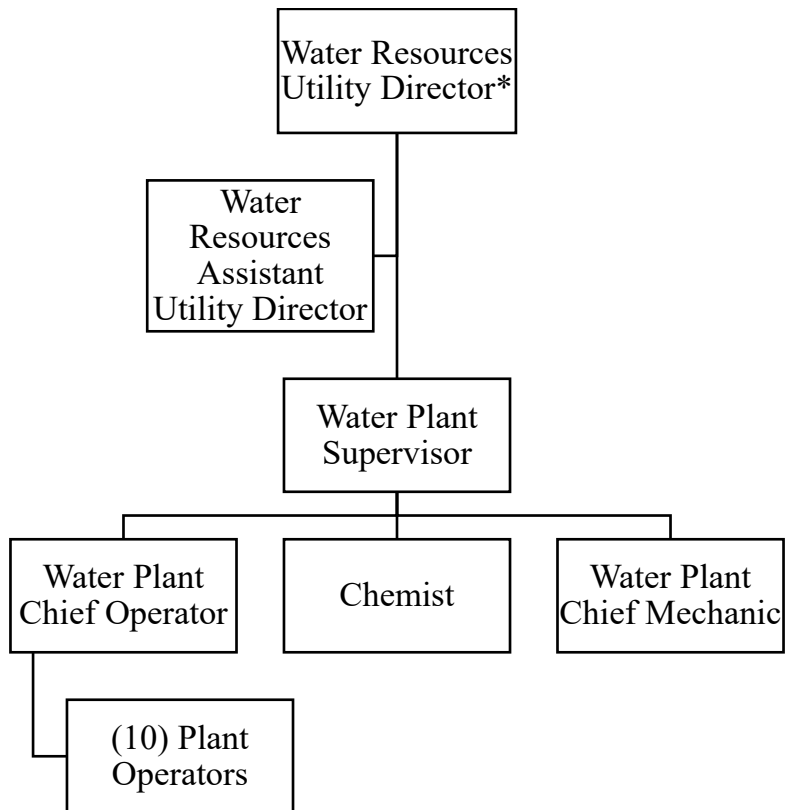
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 1,092,785	\$ 1,339,768	\$ 1,197,200	\$ 1,374,166
Operations	1,219,644	2,406,973	1,657,316	2,025,756
Capital Outlay	-	7,300	7,300	-
Total	\$ 2,312,429	\$ 3,754,041	\$ 2,861,816	\$ 3,399,922

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	12	14	14	14



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 and 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

2024-25 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 20-21	FY 21-22	FY 22-23
# of wastewater treatment plant employees	16	16	18
# of wastewater plants	1	1	1
Plant capacity (mgd)	6.5	6.5	6.5
Residential sewer bill (3 CCF usage)	\$24.96	\$27.47	\$30.76
Residential sewer bill (10 CCF usage)	\$50.51	\$55.61	\$62.26

**WASTEWATER TREATMENT PLANT DEPARTMENT
ENTERPRISE FUND**

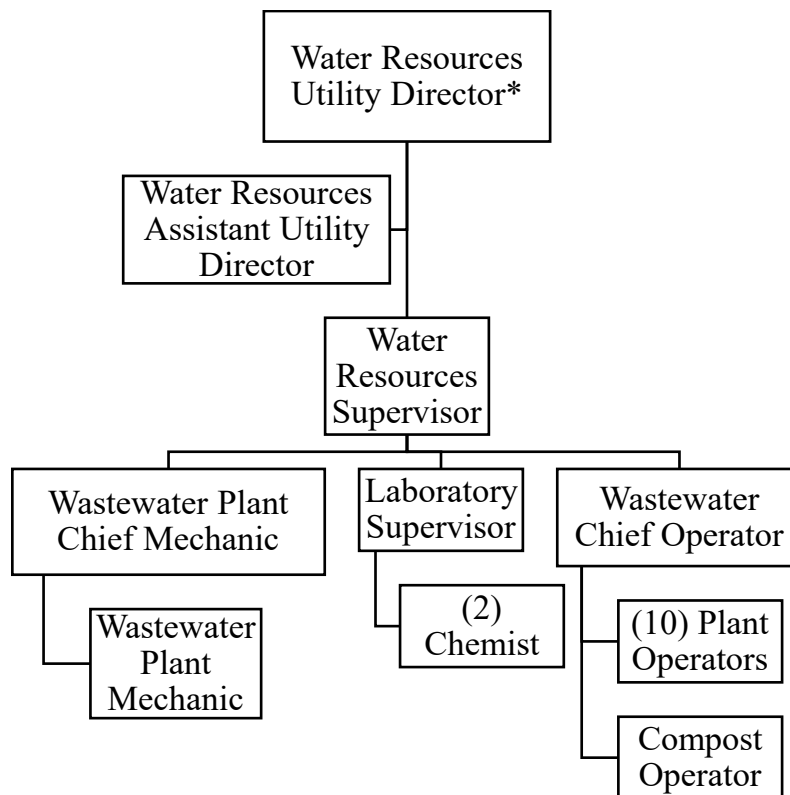
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2023-24 Budget
Personnel	\$ 1,370,337	\$ 1,696,432	\$ 1,579,300	\$ 1,710,926
Operations	2,064,640	4,368,109	2,922,086	3,613,222
Capital Outlay	77,000	151,000	151,000	-
Total	\$ 3,511,977	\$ 6,215,541	\$ 4,652,386	\$ 5,324,148

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	16	18	18	18



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).

2024-25 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 20-21	FY 21-22	FY 22-23
# of water & wastewater maintenance & construction employees	15	15	17
Water miles	192.9	192.9	193.0
Wastewater miles	216.0	225.0	225.0
Annual water sales (millions of gallons)	737	752	732
Annual water production (millions of gallons)	1,023	1,021	979
% system loss	28%	26%	25%

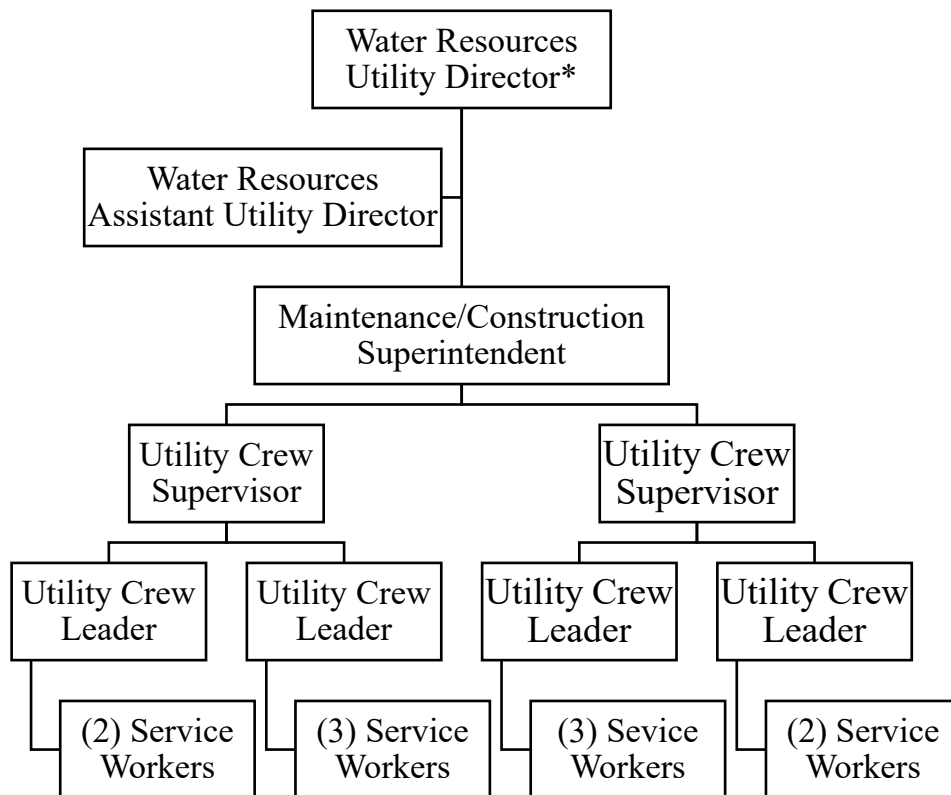
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 1,332,399	\$ 1,607,517	\$ 1,482,700	\$ 1,671,050
Operations	1,426,382	2,712,851	1,942,426	2,692,058
Capital Outlay	84,727	490,209	497,293	220,935
Total	\$ 2,843,508	\$ 4,810,577	\$ 3,922,419	\$ 4,584,043

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	17	17	17	17



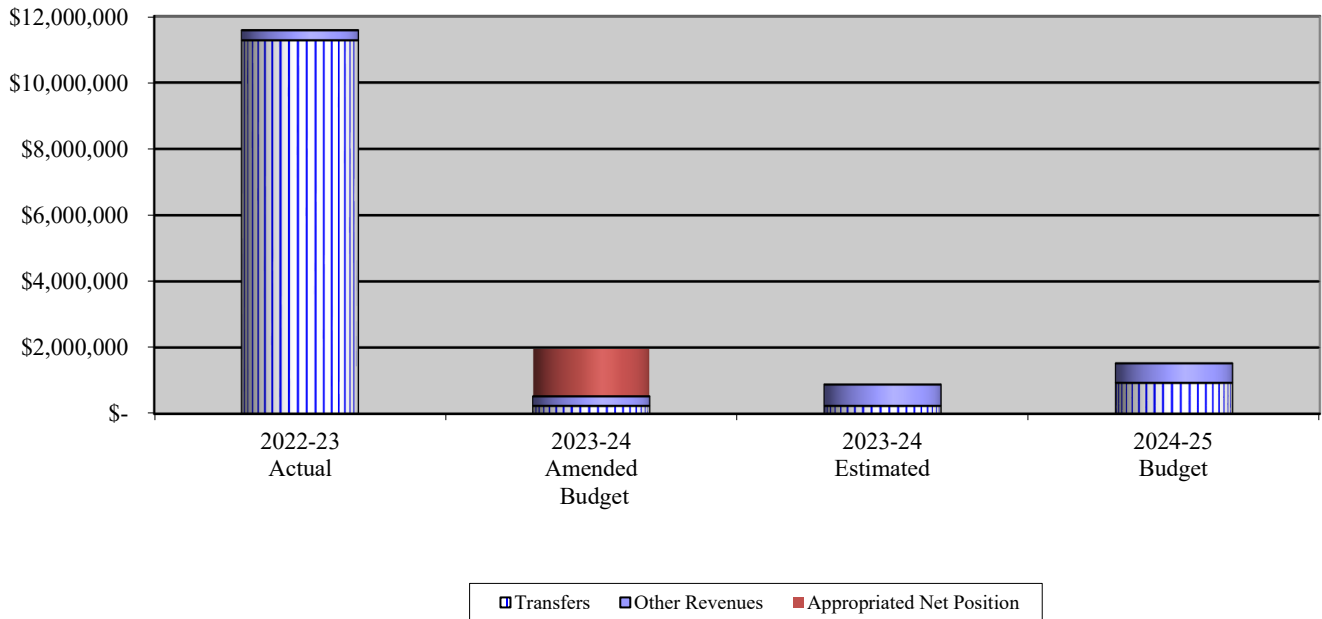
City of Lexington Water Resources Maintenance & Construction



*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	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Other Revenues	\$ 303,072	\$ 289,600	\$ 646,000	\$ 590,000
Transfers	11,271,841	233,938	233,938	930,773
Appropriated Net Position	-	1,433,802	-	-
Total	\$ 11,574,913	\$ 1,957,340	\$ 879,938	\$ 1,520,773



**WATER & WASTEWATER CAPITAL RESERVE
ENTERPRISE FUND**

Statement of Department's Purpose:

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

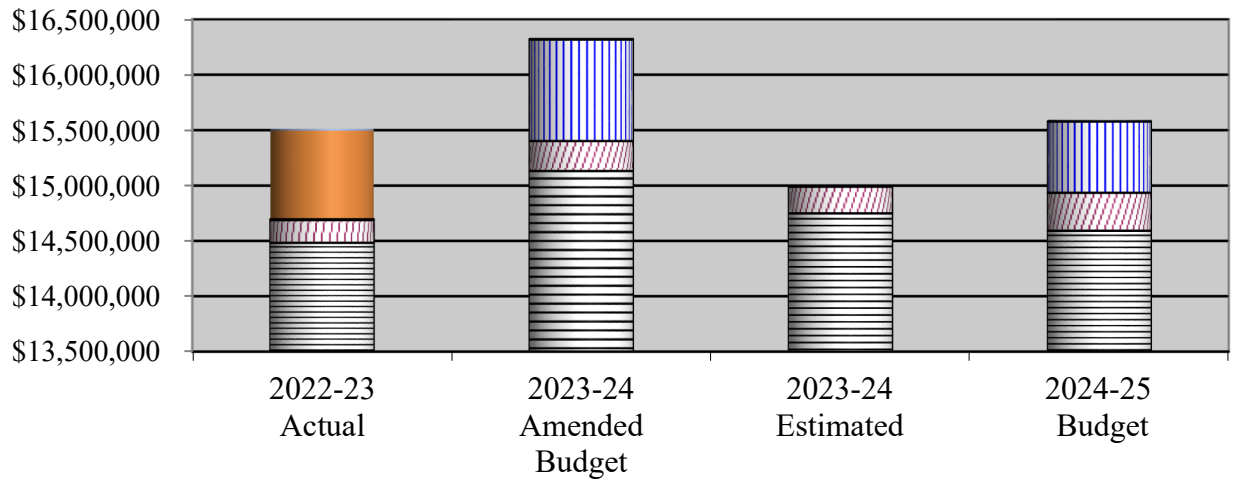
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Transfer to Water & Wastewater Fund	\$ 281,628	\$ 1,957,340	\$ 1,957,340	\$ -
Addition to Net Position	-	-	-	1,520,773
Total	\$ 281,628	\$ 1,957,340	\$ 1,957,340	\$ 1,520,773



**NATURAL GAS FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Unrestricted Intergovernmental	\$ 7,878	\$ 5,092	\$ 5,092	\$ 2,222
Sales and Services	14,482,414	15,130,877	14,748,512	14,591,489
Other Revenues	204,918	270,500	241,034	343,302
Transfers	800,000	-	-	-
Sale of Capital Assets	16,900	10,000	10,000	15,000
Appropriated Net Position	-	915,248	-	642,194
Total	\$ 15,512,110	\$ 16,331,717	\$ 15,004,638	\$ 15,594,207



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; and therefore, will provide a more positive image and value of natural gas to the City's customers.

Departmental Functions:

- Maintenance (total of 812 miles of pipe to maintain: 522 miles of natural gas mains and 290 miles of service pipe, 12,490 services throughout Davidson County, 24 hour on call service for customers)
- Internal Construction (install mains and services, repair mains and services, kill and relocate mains and services, and repair leaks)
- Maintenance (change meters, program and maintain AMRs, atmospheric corrosion survey and repairs, test meters, maintain 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 2.58 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)

2024-25 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 West Lexington Tap metering/regulating station replacement.
- Pursue funding, finalize land acquisition, and begin construction for new Transco tap (Churchland Area)
- Pursue gas main relocation necessary for Siemens.
- Pursue project to allow Renewable Natural Gas deliveries into distribution system.
- Construct debottlenecking of E Hwy 64 distribution line to Nucor.
- Construct mains and services required to serve new subdivisions across Davidson County.

**NATURAL GAS DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of dept. employees	20	23	24
# of customers	9,707	10,607	11,170
Total DTs sold/year	2.109 Million	2.400 Million	2.58 Million
Miles of main line	494	518	522
Miles of service line	272	285	290
Yearly residential bill amount (59 therms/month)	\$866	\$999	\$976

Budget Summary:

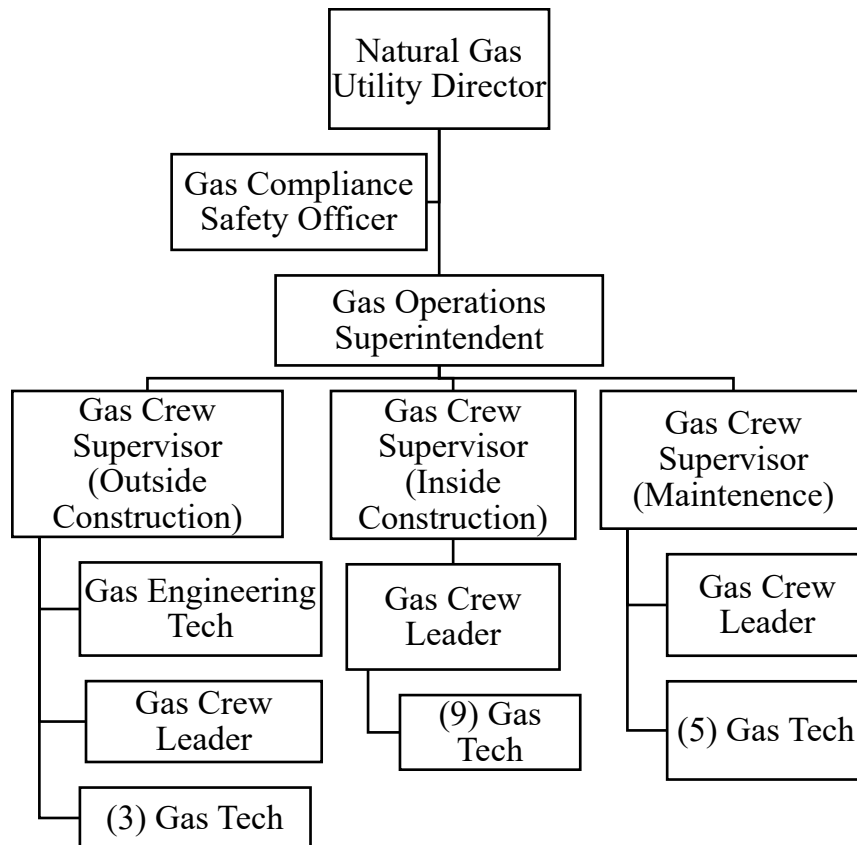
Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 1,955,200	\$ 2,239,896	\$ 2,077,512	\$ 2,245,501
Operations	4,822,756	5,041,243	6,112,769	5,225,592
Natural Gas Purchases	7,593,394	7,179,775	5,891,558	6,467,691
Debt Service	159,703	156,778	156,778	153,736
Capital Outlay	364,145	521,833	519,409	301,687
Transfer to General Fund	1,145,372	1,168,103	1,168,103	1,200,000
Transfer to Natural Gas Capital Reserve Fund	24,189	24,189	24,189	-
Total	\$ 16,064,759	\$ 16,331,817	\$ 15,950,318	\$ 15,594,207

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	24	24	27	27



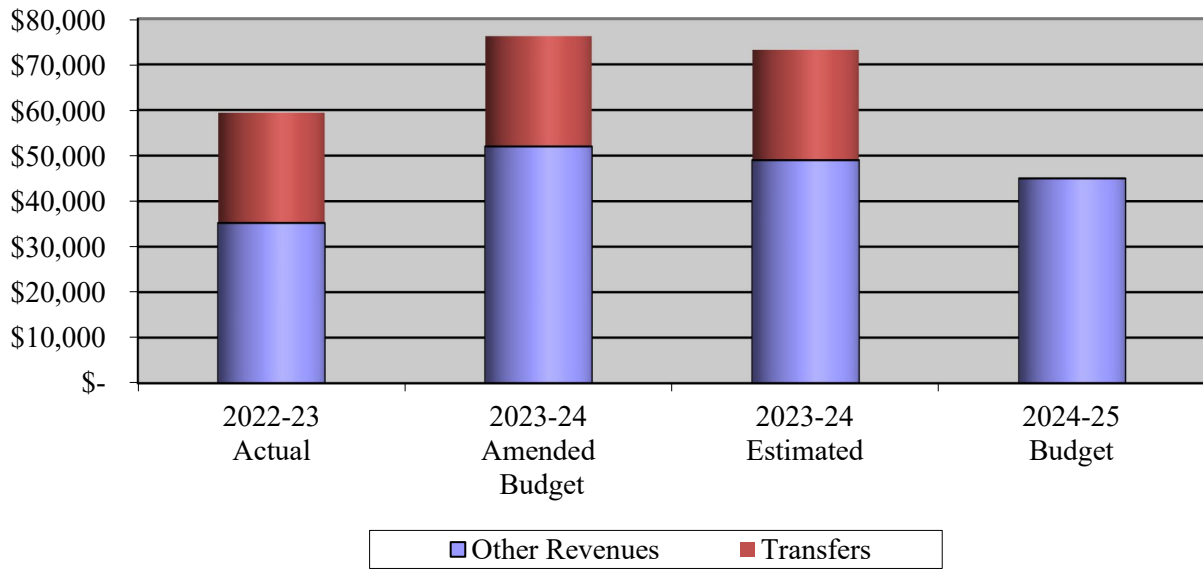
City of Lexington

Natural Gas



**NATURAL GAS CAPITAL RESERVE FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Other Revenues	\$ 35,210	\$ 52,000	\$ 49,000	\$ 45,000
Transfers	24,189	24,189	24,189	-
Total	\$ 59,399	\$ 76,189	\$ 73,189	\$ 45,000



**NATURAL GAS CAPITAL RESERVE
ENTERPRISE FUND**

Statement of Department's Purpose:

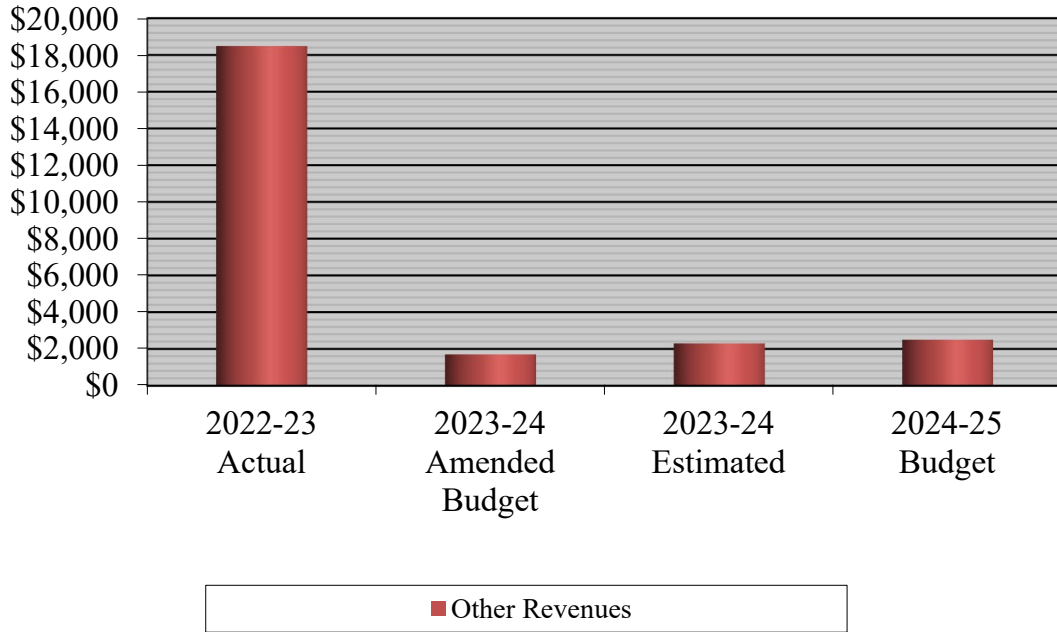
The Natural Gas Capital Reserve Sub-fund provides for the accumulation of financial resources for future capital project and equipment needs in the Natural Gas utility.

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Transfer to Natural Gas Fund	\$ -	\$ -	\$ -	\$ -
Addition to Net Position	\$ -	\$ 76,189	\$ 76,189	\$ 45,000
Total	\$ -	\$ 76,189	\$ 76,189	\$ 45,000

**NATURAL GAS RATE STABILIZATION FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Other Revenues	\$ 18,488	\$ 1,700	\$ 2,300	\$ 2,500
Total	\$ 18,488	\$ 1,700	\$ 2,300	\$ 2,500



**NATURAL GAS RATE STABILIZATION
ENTERPRISE FUND**

Statement of Department's Purpose:

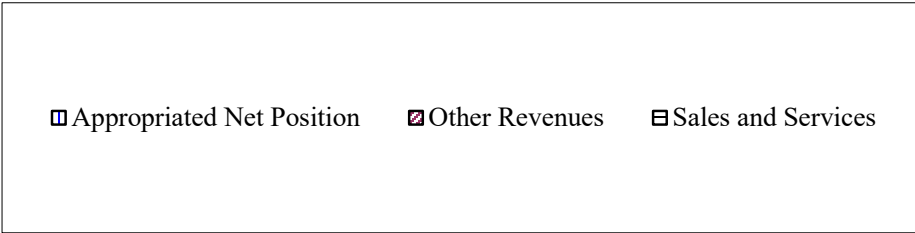
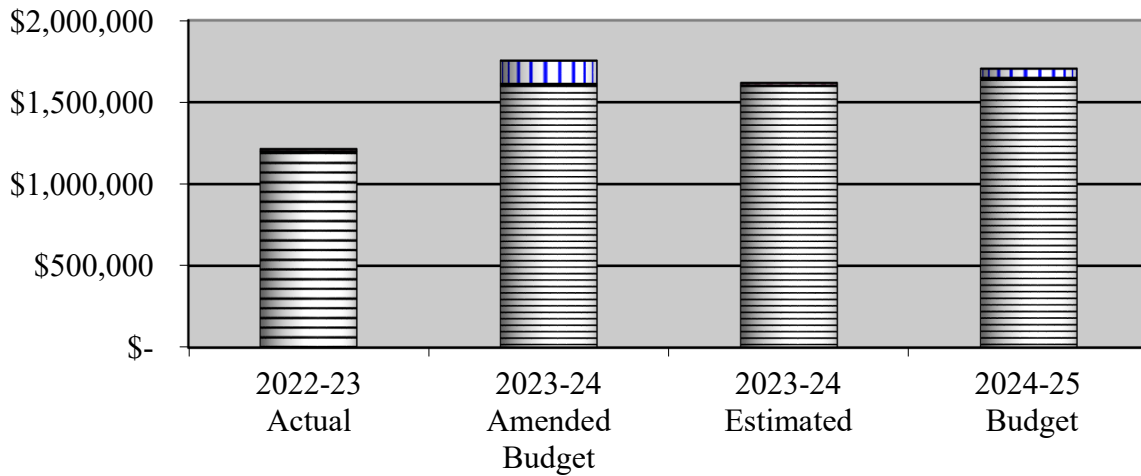
The Natural Gas Rate Stabilization Sub-fund provides for the accumulation of financial resources for retail rate stabilization for the Natural Gas utility customers.

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Transfer to Natural Gas Fund	\$ 800,000	\$ -	\$ -	\$ -
Addition to Net Position	-	1,700	-	2,500
Total	\$ 800,000	\$ 1,700	\$ -	\$ 2,500

**STORMWATER FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Sales and Services	\$ 1,198,072	\$ 1,600,000	\$ 1,600,000	\$ 1,636,850
Other Revenues	15,605	11,300	17,500	11,300
Appropriated Net Position	-	142,230	-	56,497
Total	\$ 1,213,677	\$ 1,753,530	\$ 1,617,500	\$ 1,704,647



**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).

2024-25 Objectives:

- Manage and ensure compliance of the City’s NPDES Stormwater 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.
- Begin the inventory and assessment of the City’s Storm Sewer system.
- Search for grant opportunities to improve stormwater infrastructure and reduce flooding.
- Purchase the necessary equipment to improve productivity for stormwater related work orders.
- Provide inspections of a minimum of 25% of all outfalls as required by the permit.
- Identify capital projects pertaining to stormwater.
- Train highly skilled employees of new mandates, regulations and reporting improvements put out by State and Federal officials as well as NCDEQ.
- Maintain sweeping program and steadily increase efficiency in the route cycle.

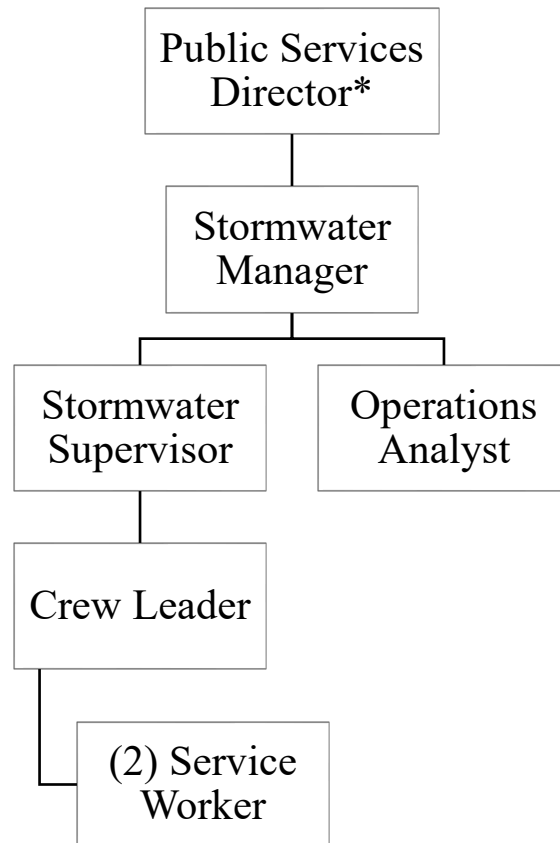
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 270,313	\$ 558,424	\$ 447,106	\$ 532,090
Operations	790,485	1,087,037	1,082,072	990,557
Capital Outlay	25,325	108,069	91,804	182,000
Total	\$ 1,086,123	\$ 1,753,530	\$ 1,620,982	\$ 1,704,647

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	5	6	6	6



City of Lexington Stormwater

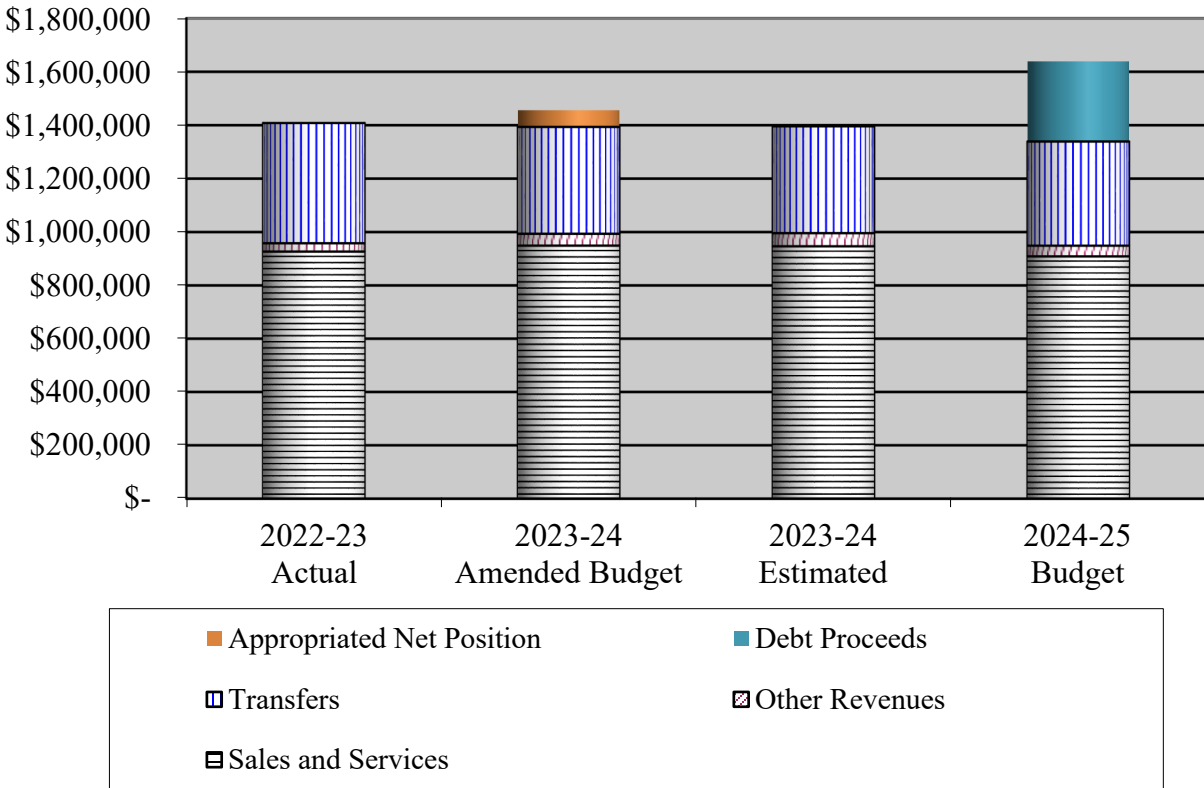


*Public Services Director funded in Public Services Administration but provides leadership over the departments of Street, Recycling & Waste Collection, Stormwater, and Fleet Management.



**GOLF FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Sales and Services	\$ 926,561	\$ 948,987	\$ 946,550	\$ 908,765
Other Revenues	31,357	44,300	49,237	40,000
Debt Proceeds	-	-	-	300,000
Transfers	450,000	400,000	400,000	390,000
Appropriated Net Position	-	62,736	-	-
Total	\$ 1,407,918	\$ 1,456,023	\$ 1,395,787	\$ 1,638,765



**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 the City of Lexington Golf Shop, 18-Hole Golf Course covering 117 acres, setting and collection of fees, golf course maintenance, golf cart fleet 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

2024-25 Objectives:

- Grow in and establish our new Champion Bermuda Greens we will be installing in Summer 2024.
- Continue to elevate our standing in the Piedmont Triad Public Golf Market through quality course conditions, customer service, and amenities, creating a value experience for the golfer.
- Maximize revenues through rounds of Golf and Golf Shop Sales to continue to improve the position of the Golf Course.
- Expand product and service offerings in the City of Lexington Golf Shop, both to service the customers' needs and wants along with being fiscally responsible on behalf of the City.
- 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 20-21	FY 21-22	FY 22-23
Weekday green fee	\$16	\$16	\$16
Weekend green fee	\$21	\$21	\$22
9 hole cart fee	\$7	\$8	\$8
18 hole cart fee	\$14	\$15	\$15
Weekday green & cart fee	\$28	\$29	\$29
Weekend green & cart fee	\$35	\$36	\$37
Senior fee (includes cart)	\$24	\$25	\$26
# of rounds	28,314	32,671	32,948
Total golf revenues	\$713,907	\$996,626	\$957,918
Average dollar/round	\$25.21	\$30.50	\$29.07
Offer memberships or equivalent?	Yes	Yes	Yes

**GOLF DEPARTMENT
ENTERPRISE FUND**

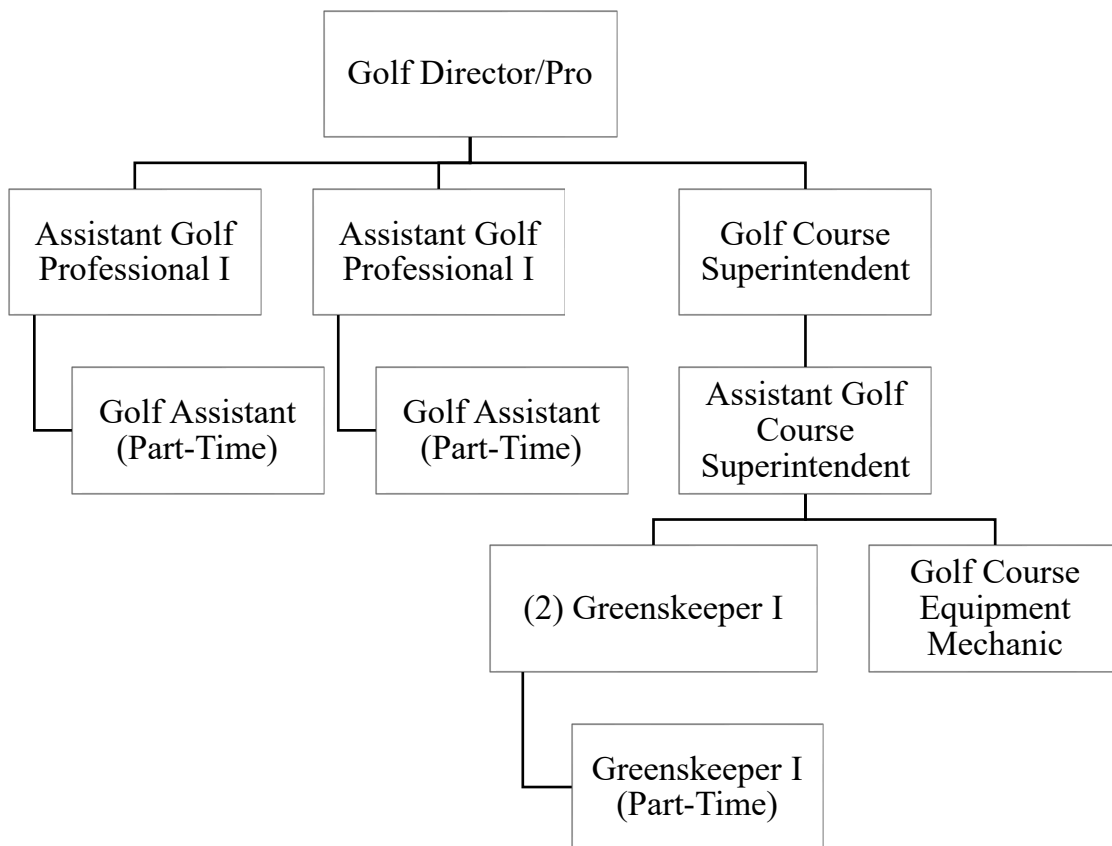
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 758,548	\$ 774,069	\$ 777,518	\$ 810,402
Operations	427,197	522,789	426,789	418,640
Debt Service	1,279	25,165	25,165	68,033
Capital Outlay	90,783	134,000	134,000	341,690
Total	\$ 1,277,807	\$ 1,456,023	\$ 1,363,472	\$ 1,638,765

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	8	8	8	8

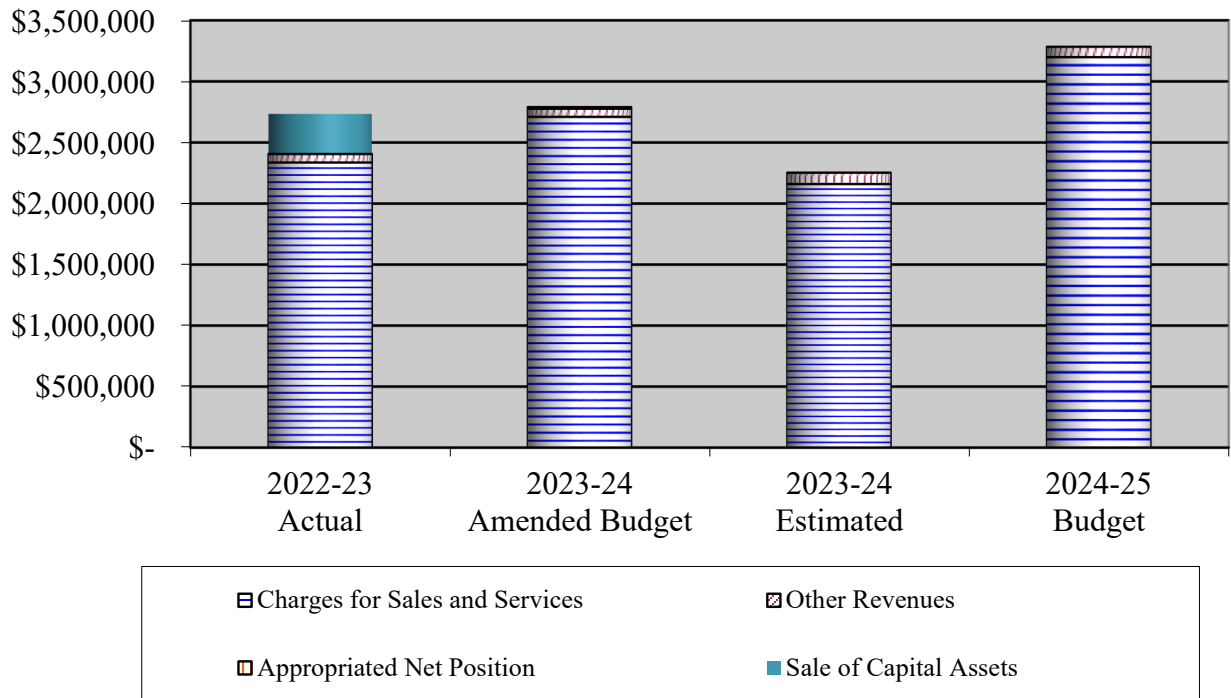


City of Lexington Golf



**FLEET MANAGEMENT FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Charges for Sales and Services	\$ 2,335,406	\$ 2,709,147	\$ 2,159,293	\$ 3,198,054
Other Revenues	70,009	66,800	93,200	85,000
Sale of Capital Assets	328,518	10,000	5,000	2,000
Appropriated Net Position	-	13,144	-	-
Total	\$ 2,733,933	\$ 2,799,091	\$ 2,257,493	\$ 3,285,054



**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.

2024-25 Objectives:

- Explore new ways to increase efficiency, including the implementation of a pre-trip and preventative maintenance mobile application.
- Upgrade mechanical skills and equipment.
- Comply with industry standards for service techniques.
- Reduce vehicle downtime with better scheduling and routine maintenance.

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.

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of dept. employees	7	7	7
# of mechanics	5	5	5
# of vehicles	314	403	403
Vehicles per mechanic	63	81	81
# of other repair units	166	214	214
Repair units per mechanic	33	43	43
Average age of total fleet	15 Years	14.5 Years	14.5 Years
Average age of vehicle fleet	10 Years	9 Years	9 Years
# of external customers	0	0	0

**FLEET MANAGEMENT DEPARTMENT
INTERNAL SERVICE FUND**

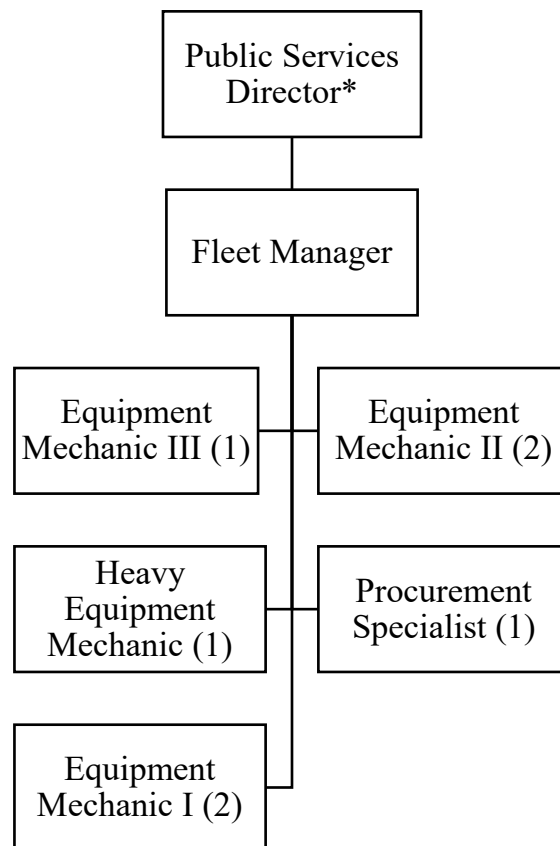
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 624,997	\$ 793,124	\$ 727,612	\$ 811,690
Operations	1,520,526	1,985,198	2,518,205	2,363,514
Capital Outlay	69,954	12,530	12,530	109,850
Transfer to Fleet Management Capital Reserve Fund	321,337	8,239	8,239	-
Total	\$ 2,536,814	\$ 2,799,091	\$ 3,266,586	\$ 3,285,054

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	7	8	8	8



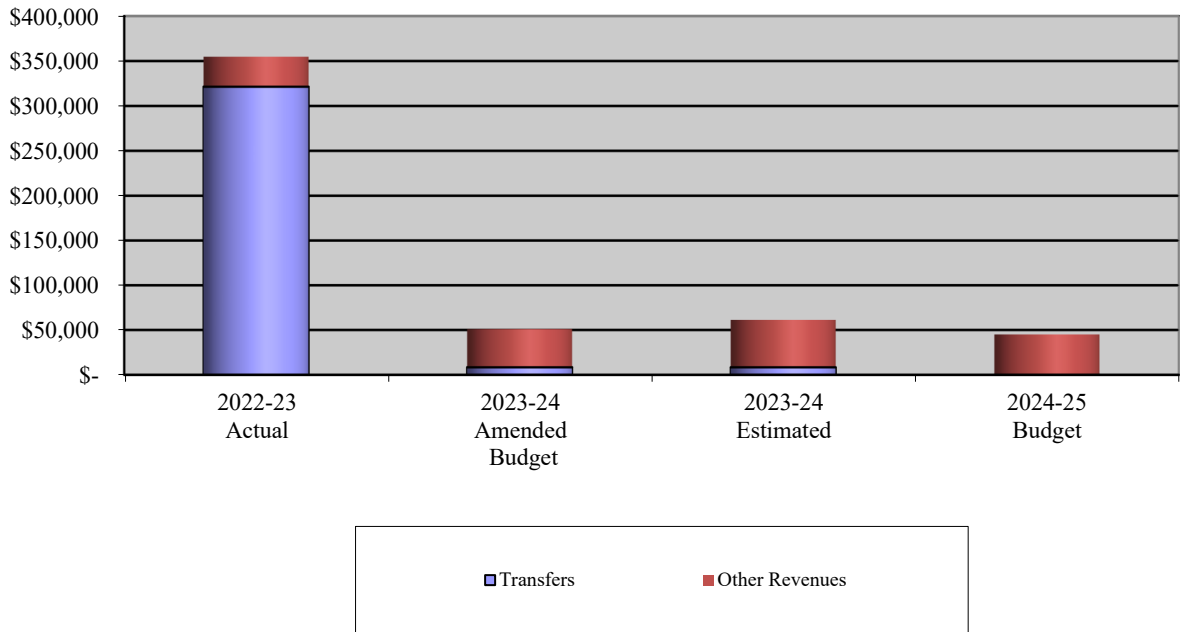
City of Lexington Fleet Management



*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	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Other Revenues	\$ 33,431	\$ 42,800	\$ 53,000	\$ 45,000
Transfers	321,337	8,239	8,239	-
Total	\$ 354,768	\$ 51,039	\$ 61,239	\$ 45,000



**FLEET MANAGEMENT CAPITAL RESERVE
INTERNAL SERVICE FUND**

Statement of Department's Purpose:

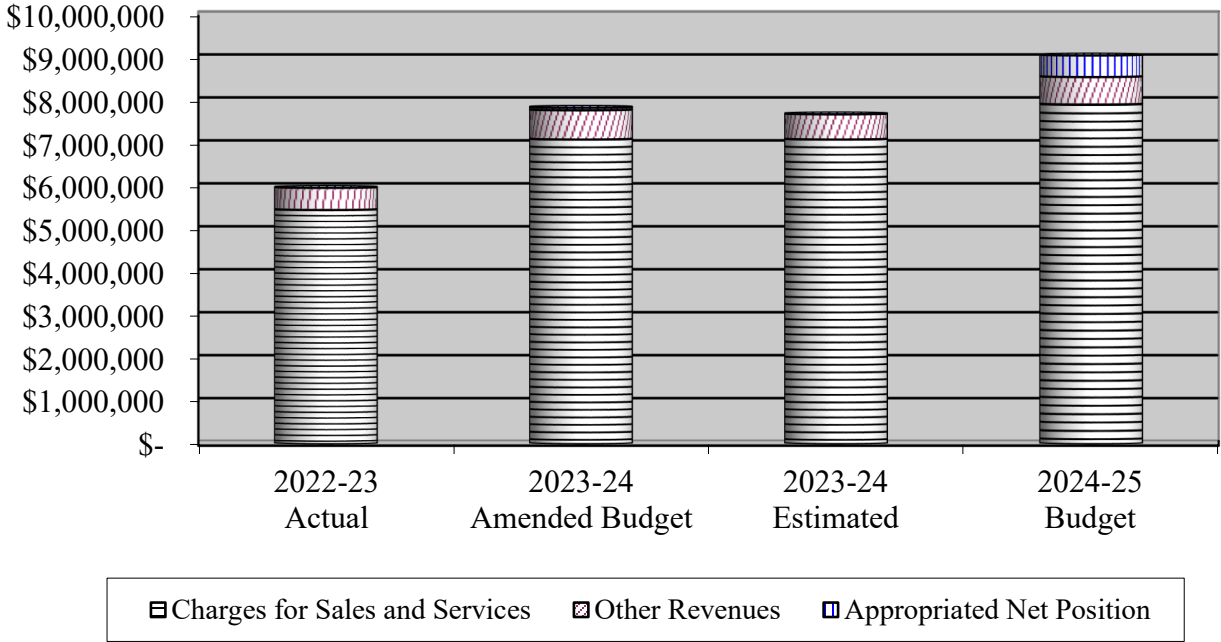
The Fleet Management Capital Reserve Sub-fund provides for the accumulation of financial resources for future capital needs in the Fleet Management Fund.

Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Addition to Net Position	\$ -	\$ 51,039	\$ -	\$ 45,000
Total	\$ -	\$ 51,039	\$ -	\$ 45,000

**GROUP INSURANCE FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Charges for Sales and Services	\$ 5,450,473	\$ 7,091,409	\$ 7,091,409	\$ 7,905,733
Other Revenues	515,670	680,300	586,500	640,100
Appropriated Net Position	-	60,172	-	502,936
Total	\$ 5,966,143	\$ 7,831,881	\$ 7,677,909	\$ 9,048,769



**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.

2024-25 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 20-21	FY 21-22	FY 22-23
# of employees handling benefits and wellness program	2	2	2
# of plan participants	383	385	385
Self-insured	Yes	Yes	Yes

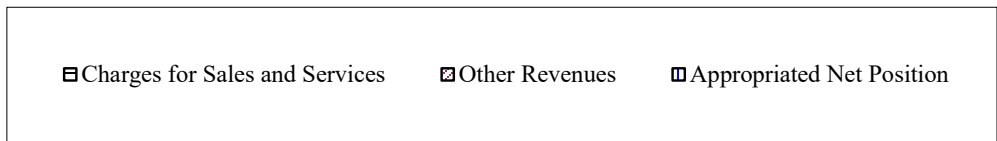
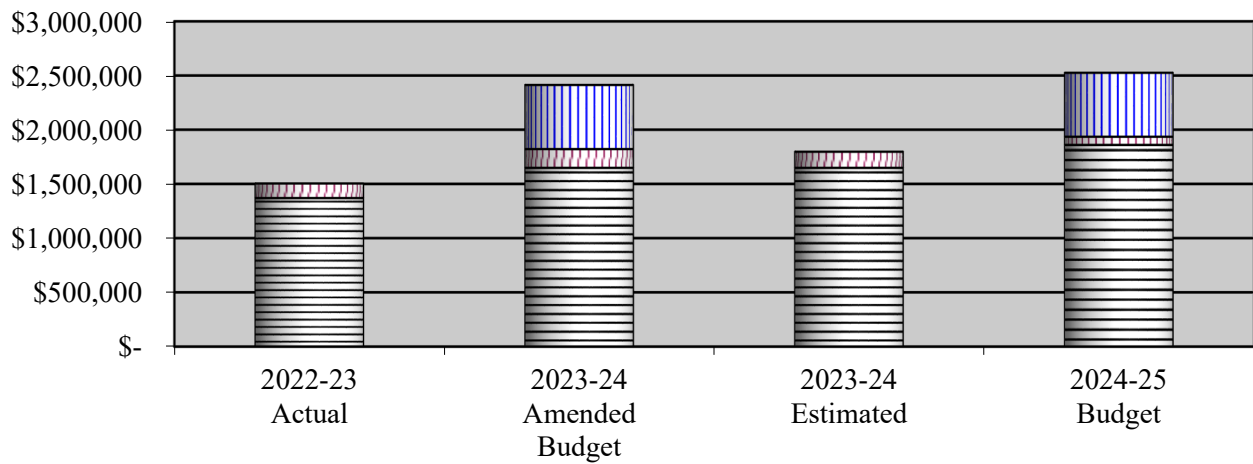
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Operations	\$ 4,392,024	\$ 7,831,881	\$ 7,831,881	\$ 9,048,769
Total	\$ 4,392,024	\$ 7,831,881	\$ 7,831,881	\$ 9,048,769

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	1	1	0	0

**RISK MANAGEMENT FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Charges for Sales and Services	\$ 1,368,963	\$ 1,647,594	\$ 1,647,594	\$ 1,859,063
Other Revenues	134,810	173,300	149,000	76,000
Appropriated Net Position	-	591,758	-	590,000
Total	\$ 1,503,773	\$ 2,412,652	\$ 1,796,594	\$ 2,525,063



**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.

2024-25 Objectives:

- Oversee 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 need to Issue RFQ for Insurance Broker Services and/or TPA Services

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of employees in department	2	2	2
Self-insured	Yes	Yes	Yes
Amount of general liability coverage	\$11,000,000/\$300,000	\$10,000,000/\$300,000	\$10,000,000/\$300,000
Amount of property coverage	\$97,586,674 Exc \$1m	\$96,630,620 Exc \$1m	\$95,597,060 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	\$25,000	\$25,000	\$26,500
Life, STD, LTD Premiums	\$193,623	\$207,533	\$227,137
Total general, property, auto, liability premiums	\$342,240	\$411,215	\$420,843
# of workers compensation claims	28	25	23
\$ value of workers compensation claims	\$197,966	\$380,177	\$114,580
# of lost work days	130	57	256
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**

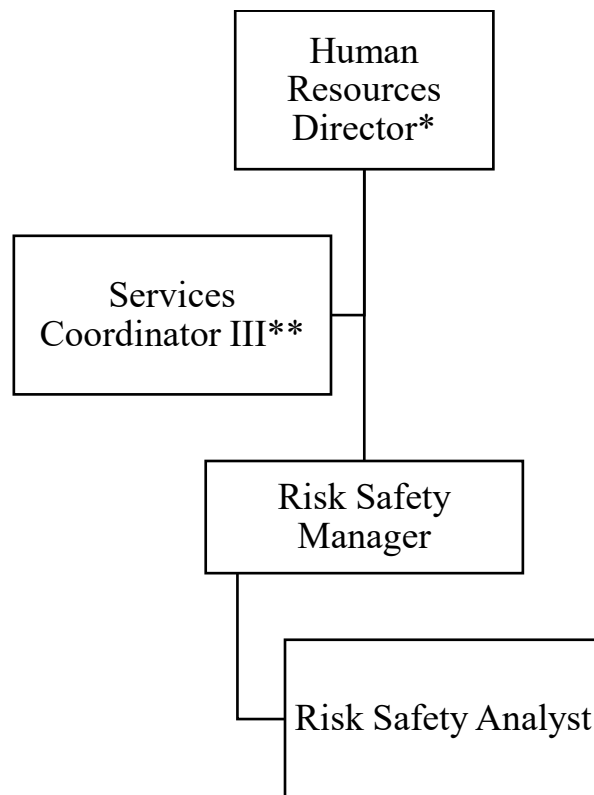
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 231,425	\$ 265,101	\$ 253,125	\$ 280,726
Operations	2,059,394	2,136,051	1,755,769	2,244,337
Debt Service	5,355	-	-	-
Capital Outlay	28,521	11,500	-	-
Total	\$ 2,324,695	\$ 2,412,652	\$ 2,008,894	\$ 2,525,063

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	2	2	2	2



City of Lexington Risk Management

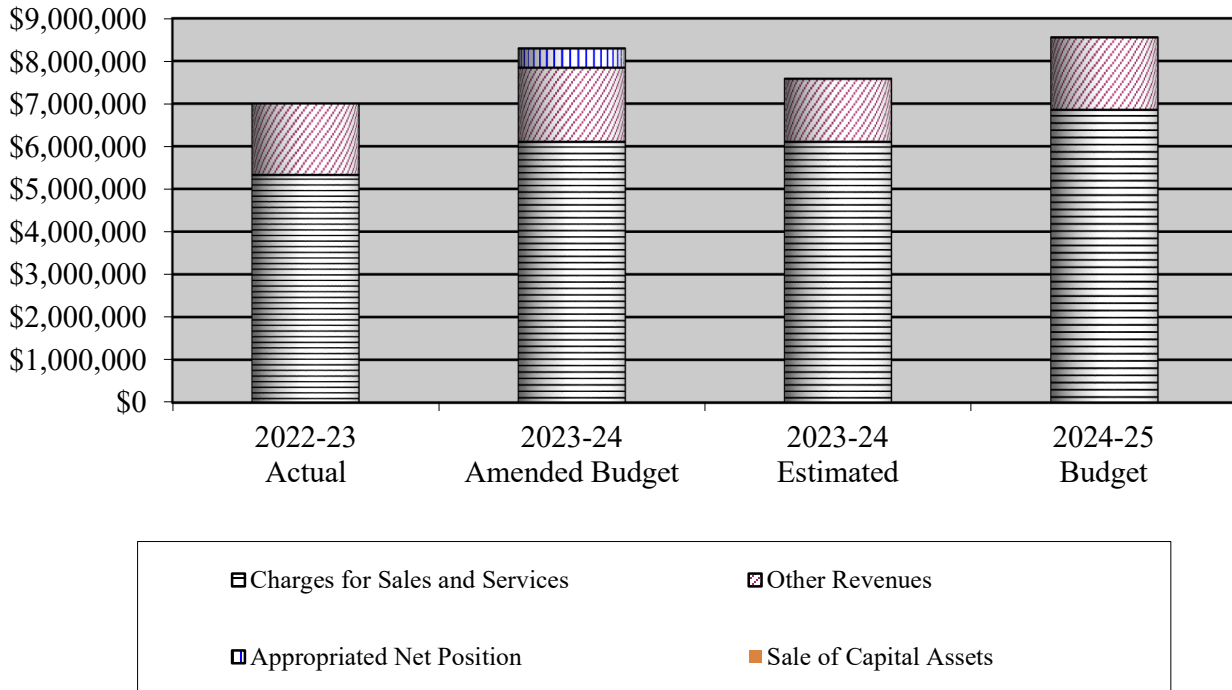


*Human Resources Director funded in Human Resources but provides leadership over the departments of Human Resources, Group Insurance and Risk Management.

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

**UTILITY ADMINISTRATION FUND
REVENUE SUMMARY**

Sources	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Charges for Sales and Services	\$ 5,327,588	\$ 6,101,986	\$ 6,101,986	\$ 6,852,537
Other Revenues	1,676,122	1,738,700	1,479,439	1,700,000
Sale of Capital Assets	17,900	-	-	-
Appropriated Net Position	-	452,057	-	-
Total	\$ 7,021,610	\$ 8,292,743	\$ 7,581,425	\$ 8,552,537



**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 Care, Billing and Utility Meter Technician utility departments and support functions.

2024-25 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	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 43,868	\$ 47,042	\$ 46,013	\$ 56,081
Operations	31,632	40,700	32,488	110,263
Debt Service	1,157,678	1,432,971	1,432,971	1,428,746
Transfer to Utility Administration Project Fund	2,052,000	-	-	-
Total	\$ 3,285,178	\$ 1,520,713	\$ 1,511,472	\$ 1,595,090

UTILITY SERVICES DEPARTMENT INTERNAL SERVICE FUND

Statement of Department's Purpose:

The purpose of the Utility Services Department is to account for administrative support costs shared by the Electric, Natural Gas, and Water Resources departments. Perform the shared services needed by the utilities such as GIS technology, locating, marketing, meter reading, billing, customer care, and budgeting. As well as supervisory of Warehousing, Communications, Customer Care, and Meter Reading departments.

The mission of the Lexington Utilities – Utility Services 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 is 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 provide accurate, timely, informative information promoting our utilities through video, digital, audio, print, and live media.
- 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
- Disseminate information through all forms of media on behalf of Lexington Utilities
- Provide supervision over the Warehousing, Communications, Customer Care and Meter Reading departments.

2024-25 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

**UTILITY SERVICES DEPARTMENT
INTERNAL SERVICE FUND**

- Complete the implementation of City Works for Electric, Natural Gas, and Water Resources Maintenance and Construction
- GIS map mobility for utilities and citizens complete
- Complete data migration for ESRI to upgrade to ESRI Utility Templates
- Continue to improve and enhance the use of our current technology and Information Systems

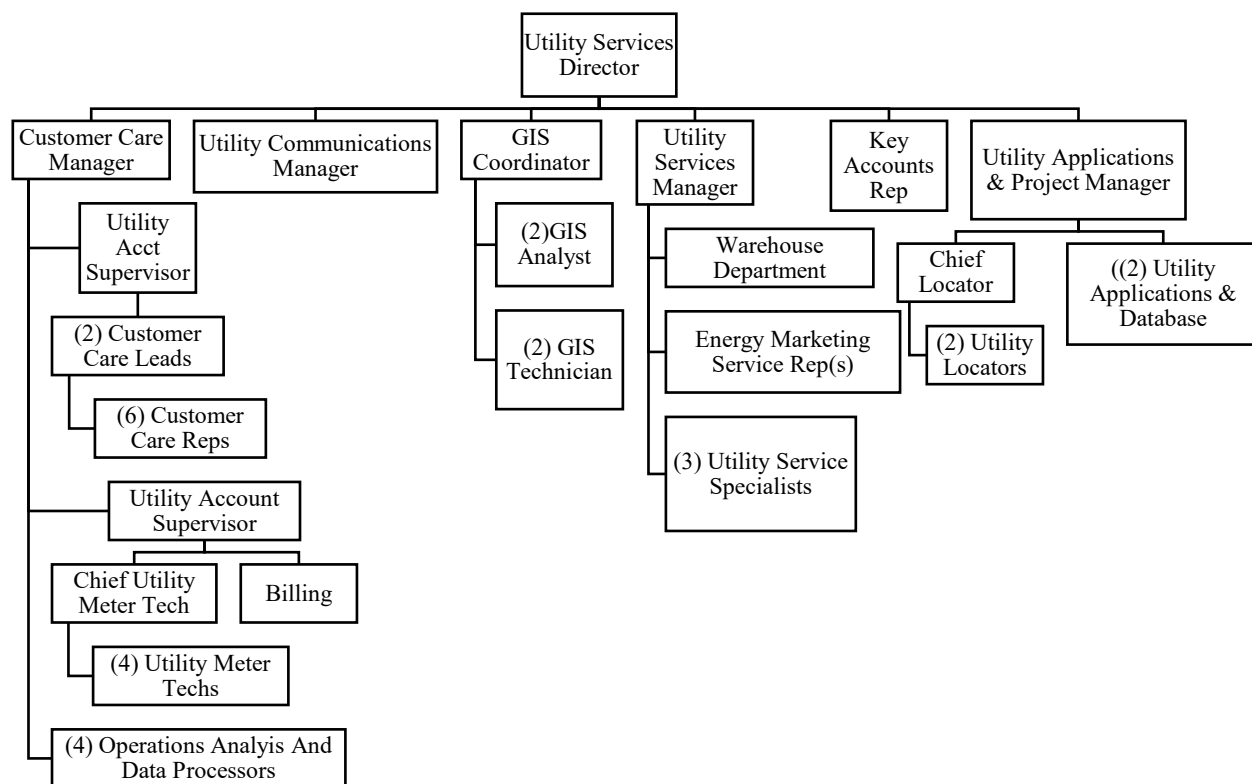
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 1,333,420	\$ 1,524,088	\$ 1,503,600	\$ 1,745,429
Operations	824,015	1,267,348	1,094,391	1,445,247
Capital Outlay	16,509	71,496	62,845	36,179
Total	\$ 2,173,944	\$ 2,862,932	\$ 2,660,836	\$ 3,226,855

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	16	17	18	18



City of Lexington Utility Services



**CUSTOMER CARE DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Customer Care Department is to assist customers with utility service, answer utility questions, facilitate bill payment and provide accurate, timely billings, while always concentrating on quality customer experience.

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 bill questions, automated outage reporting and key account program.

2024-25 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 using innovative ideas and technology such as online energy audits, online service requests, automated phone payments and payment kiosks
- Complete upgrade of Cayenta and Silverblaze Smartforms
- Move into the City Centre and implement the new Dynatouch Kiosks and 311 Center

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of dept. employees	14	14	16
# of bills/month	23,851	NA	25,400
Cost of generating a bill (includes labor)	\$0.75	\$1.06	\$1.27
# of walk-in payments	26,158*	22,285	21,496
# of dr/cr card payments	1,451*	3,975	7,888
# of web payments	113,514	124,828	133,568
# of automated phone payments	42,557	40,938	30,518
# of pay arrangements	8,057	2,895	4,475
# of phone calls handled	NA	32,993	38,088

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

**CUSTOMER CARE DEPARTMENT
INTERNAL SERVICE FUND**

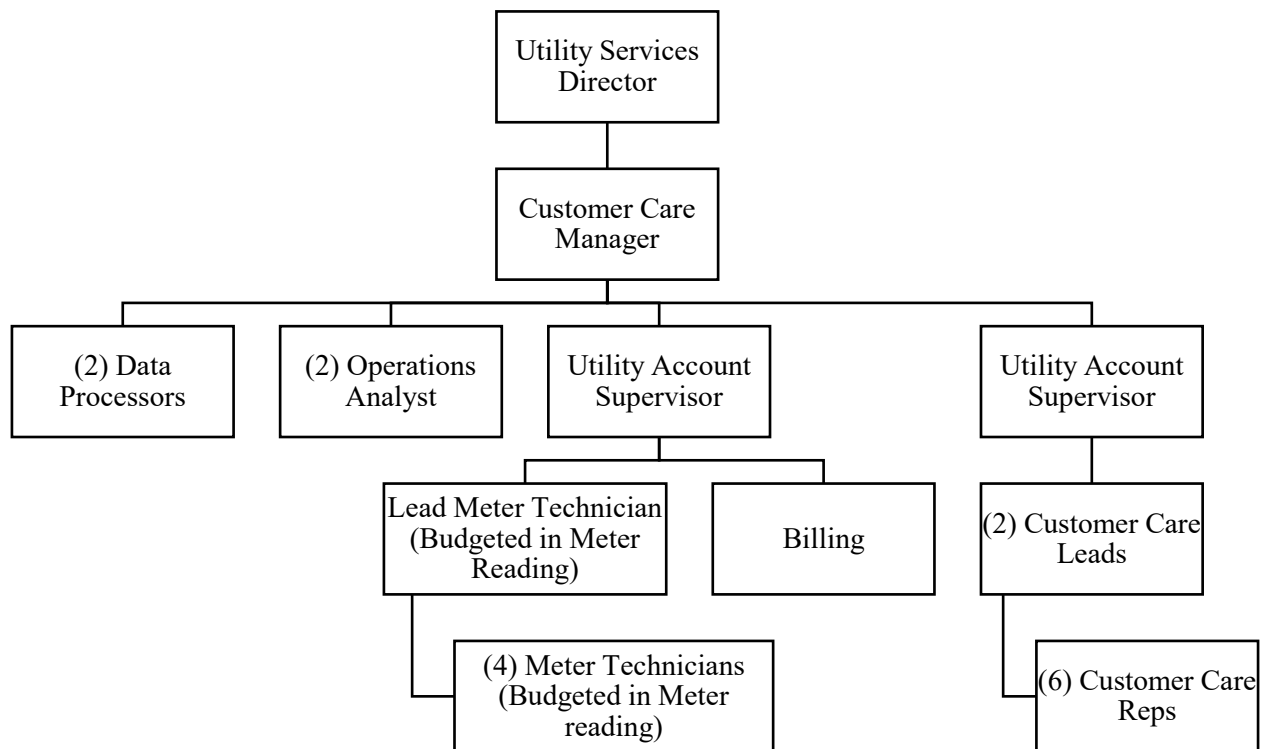
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 1,005,450	\$ 1,203,248	\$ 1,193,765	\$ 1,281,253
Operations	977,125	1,223,615	1,171,440	1,231,844
Capital Outlay	73,603	49,020	26,276	-
Total	\$ 2,056,178	\$ 2,475,883	\$ 2,391,481	\$ 2,513,097

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	15	16	16	16



City of Lexington Customer Care



**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 quotes 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 transformers and maintain required records

2024-25 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 20-21	FY 21-22	FY 22-23
# of dept. employees	2	2	2
\$ value of inventory	\$3,127,256	\$4,586,131	\$6,435,213
# of inventory items	2,260	2,230	2,066
# of departments served	4	4	4
# of pick tickets or work orders/year	509	623	556
# of pick tickets or work orders/employee	255	312	278

**WAREHOUSING DEPARTMENT
INTERNAL SERVICE FUND**

Budget Summary:

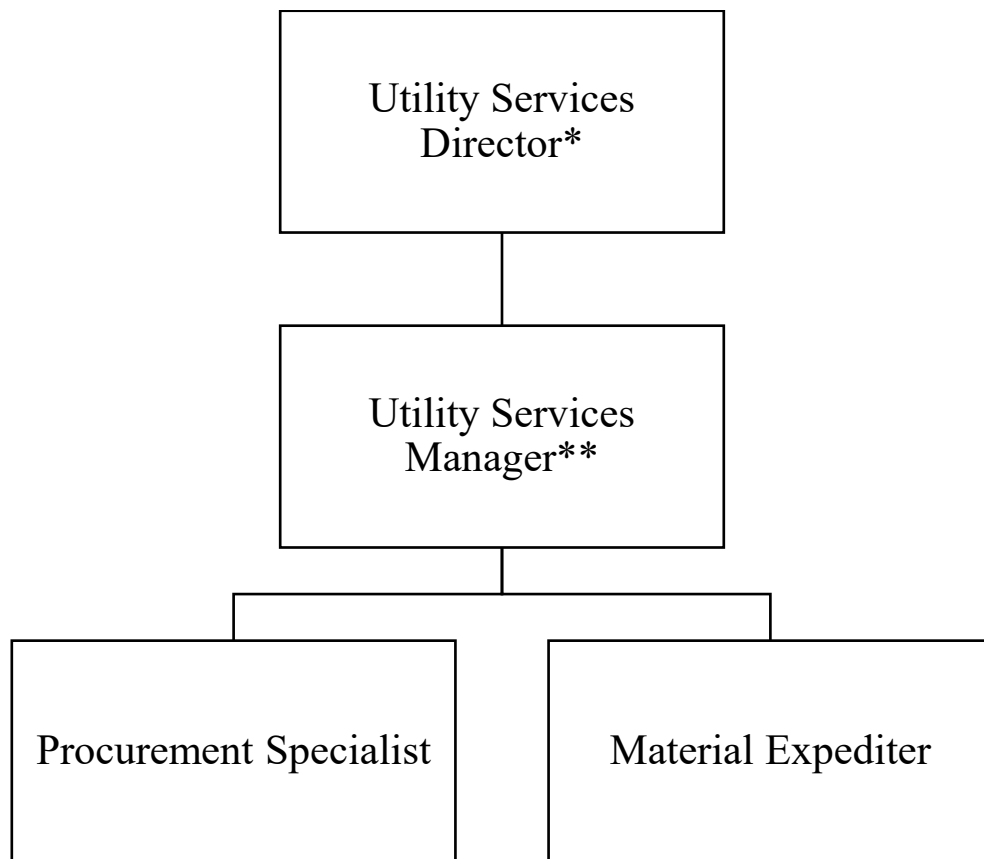
Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 129,283	\$ 166,944	\$ 89,318	\$ 131,337
Operations	39,080	42,482	35,059	40,298
Capital Outlay	-	73,431	73,431	4,500
Total	\$ 168,363	\$ 282,857	\$ 197,808	\$ 176,135

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	2	2	2	2



City of Lexington

Warehousing



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

**Utility Services Manager funded in Utility Services but provides direct supervision over the department of Warehousing.

**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.

2024-25 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 20-21	FY 21-22	FY 22-23
# of employees reading meters	4	4	4
# of employees dedicated to disconnects, cut-offs, cut-ons	4	4	4
# of AMR meters	40,828	41,212	41,563
# of non-AMR meters	57	57	54
Non-AMR meters read per employee/month	14	14	13
# of disconnects per year for non-payment	961*	1,938	2,714
# of Service Orders/Mo	817	837	1,129

*Non-payment disconnects for FY 20-21 suspended March-June due to Governor’s Executive Orders 124 & 142.

**METER READING DEPARTMENT
INTERNAL SERVICE FUND**

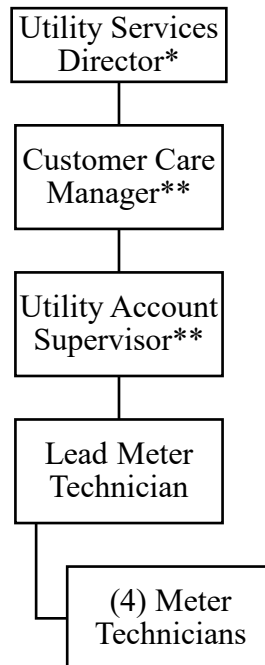
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 266,551	\$ 340,725	\$ 300,389	\$ 375,032
Operations	175,434	169,903	115,808	159,185
Capital Outlay	25,326	39,273	37,511	39,043
Total	\$ 467,311	\$ 549,901	\$ 453,708	\$ 573,260

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	4	5	5	5



City of Lexington Meter Reading



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

**Customer Care Manager and Utility Account Supervisor funded in Customer Care but provides leadership over the Meter Reading Department.

**COMMUNICATIONS DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department’s Purpose:

The purpose of the Communications Department is to provide accurate, timely, informative information promoting Lexington Utilities through video, digital, audio, print, and live media. 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:

- Utilities social media presence
- Awareness through festivals, events, social media, and individual contact
- Utilities website footprint
- Communications to existing customers related to service interruptions (emergency or otherwise)
- Educational communication to existing and potential customers
- Media relations related to Lexington Utilities
- Crisis Communications for Lexington Utilities
- Utility advertisements – TV, radio, print, online, and sponsorships

2024-25 Objectives:

- Promote growth of the Lexington Utilities customer base
- Establish standard and consistent social media outreach campaigns
- Promote reliability of municipal owned utility
- Disseminate effective, accurate and timely information to media, customers, and other stakeholders
- Explore new ways to communicate information to existing and potential customers

Performance Measures Summary:

Measures	FY 20-21	FY 21-22	FY 22-23
# of staff hours dedicated to marketing/week	80	80	80
Advertising cost	\$201,415	\$161,172	\$178,835
Water heater rebates	\$13,050	\$13,350	\$7,800
Heat pump rebates	\$16,300	\$32,500	\$14,700
Natural Gas incentives	\$44,800	\$89,900	\$112,775
New Electric customers	152	110	380
New Natural Gas customers	200	334	0

**COMMUNICATIONS DEPARTMENT
INTERNAL SERVICE FUND**

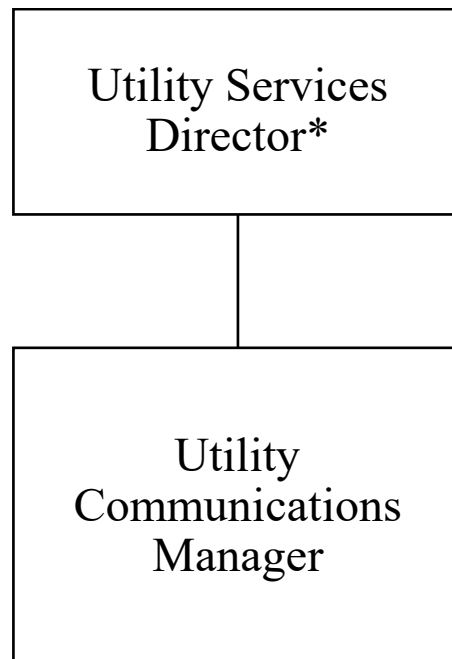
Budget Summary:

Expenditure Summary	2022-23 Actual	2023-24 Amended Budget	2023-24 Estimated	2024-25 Budget
Personnel	\$ 61,659	\$ 131,133	\$ 109,395	\$ 107,085
Operations	341,501	469,324	330,876	324,836
Capital Outlay	-	-	-	36,179
Total	\$ 403,160	\$ 600,457	\$ 440,271	\$ 468,100

Personnel Positions	2022-23 Authorized	2023-24 Authorized	2024-25 Authorized	2024-25 Funded
Full Time	2	2	1	1



City of Lexington Communications



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



CAPITAL OUTLAY PLAN SUMMARY
FY 2024-25
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, 2029

<u>Fund/Function</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>
Vehicle and Equipment Capital Outlay					
General Fund					
Public safety	\$ 1,466,505	\$ 928,894	\$ 477,076	\$ 428,117	\$ 1,401,141
Highways and streets	-	482,669	466,200	227,475	259,000
Sanitation	-	807,450	853,522	825,000	830,000
Culture and recreation	-	168,105	151,475	116,606	114,000
	<u>1,466,505</u>	<u>2,387,118</u>	<u>1,948,273</u>	<u>1,597,198</u>	<u>2,604,141</u>
Controlled Substance Fund	21,000	30,900	-	-	-
Electric Fund	460,270	275,000	420,000	455,000	407,000
Water and Wastewater Fund	220,935	306,527	219,532	303,580	206,459
Natural Gas Fund	295,687	290,000	276,405	169,570	278,204
Stormwater Fund	182,000	861,848	-	-	-
Golf Fund	341,690	131,749	40,000	73,000	360,000
Fleet Management Fund	109,850	-	-	100,425	33,475
Risk Management Fund	-	33,475	-	-	-
Utility Administration Fund	111,401	109,608	109,338	88,786	109,608
Total planned capital outlay	<u>\$ 3,209,338</u>	<u>\$ 4,426,225</u>	<u>\$ 3,013,548</u>	<u>\$ 2,787,559</u>	<u>\$ 3,998,887</u>
Planned Financing/Trade-in of Vehicles and Equipment					
Golf Fund	\$ (168,000)	\$ -	\$ -	\$ -	\$ -
Total planned financing	<u>\$ (168,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Planned Debt Service on Vehicles and Equipment					
General Fund					
Public safety	\$ 1,042,418	\$ 714,418	\$ 603,552	\$ 236,885	\$ -
	<u>1,042,418</u>	<u>714,418</u>	<u>603,552</u>	<u>236,885</u>	<u>-</u>
Water and Wastewater Fund	88,696	-	-	-	-
Golf Fund	25,164	25,164	37,185	37,185	-
Total planned debt service	<u>\$ 1,156,278</u>	<u>\$ 739,582</u>	<u>\$ 640,737</u>	<u>\$ 274,070</u>	<u>\$ -</u>

<u>Fund/Function</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>
Net Vehicle and Equipment Outlay					
General Fund					
Public safety	\$ 2,508,923	\$ 1,643,312	\$ 1,080,628	\$ 665,002	\$ 1,401,141
Highways and streets	-	482,669	466,200	227,475	259,000
Sanitation	-	807,450	853,522	825,000	830,000
Culture and recreation	-	168,105	151,475	116,606	114,000
	<u>2,508,923</u>	<u>3,101,536</u>	<u>2,551,825</u>	<u>1,834,083</u>	<u>2,604,141</u>
Controlled Substance Fund	21,000	30,900	-	-	-
Electric Fund	460,270	275,000	420,000	455,000	407,000
Water and Wastewater Fund	309,631	306,527	219,532	303,580	206,459
Natural Gas Fund	295,687	290,000	276,405	169,570	278,204
Stormwater Fund	182,000	861,848	-	-	-
Golf Fund	198,854	168,934	77,185	110,185	360,000
Fleet Management Fund	109,850	-	-	100,425	33,475
Utility Administration Fund	111,401	109,608	109,338	88,786	109,608
Total planned net outlay	<u>\$ 4,197,616</u>	<u>\$ 5,177,828</u>	<u>\$ 3,654,285</u>	<u>\$ 3,061,629</u>	<u>\$ 3,998,887</u>

Other Capital Outlay Planned for 2024-25

General Fund	
General government	\$ 7,200
Public safety	\$ 6,500
Controlled Substance	\$ 11,075
Utility Administration Fund	<u>\$ 4,500</u>
	<u>\$ 29,275</u>

**PROJECT ORDINANCE SUMMARY
FY 2024-25 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 10, 2024.

<u>Fund/Project</u>	<u>Project Authorization</u>	<u>Expenditure to Date</u>	<u>Encumbrances</u>	<u>Available Balance</u>
Grant Projects Fund				
2022 Victim Assistant Grant Project	\$ 124,028	\$ 77,717	\$ -	\$ 46,311
Staffing for Adequate Fire and Emergency Response -SAFER	5,404,065	109,183	-	5,294,882
2022 State Capital and Infrastructure Fund Grant Project	130,000	118,600	-	11,400
2023 Community Waste Reduction and Recycling Grant Project	24,000	4,421	10,007	9,572
Archaeological Survey of the African American Sectin of Lexington City Cemetery Grant Project	8,500	8,500	-	-
Underrepresented Communities Grant- Lincoln Park	31,000	-	-	31,000
Tapped Tees Building Reuse Grant Project	300,000	175,000	-	125,000
NCRR Invests Grant-Siemens	1,000,000	-	-	1,000,000
Millwork Brands, Inc./Project Millwork Building Reuse Grant Project	210,000	-	-	210,000
Cider Bros. Building Reuse Grant Project	500,000	475,000	-	25,000
	<u>7,731,593</u>	<u>968,421</u>	<u>10,007</u>	<u>6,753,165</u>
BUILD Grant Project Fund				
BUILD Grant Project	<u>57,087,598</u>	<u>306,988</u>	<u>372,951</u>	<u>56,407,659</u>
	<u>57,087,598</u>	<u>306,988</u>	<u>372,951</u>	<u>56,407,659</u>
Capital Projects Fund				
Recreation Center Acquisition and Development Project	900,000	650,000	-	250,000
Lexington Furniture Industries, Inc. Plant # 1 Project	4,793,393	4,498,417	53,020	241,956
	<u>5,693,393</u>	<u>5,148,417</u>	<u>53,020</u>	<u>491,956</u>
Electric Projects Fund				
Electric Delivery Station # 3 Project	5,304,000	3,338,601	207,618	1,757,781
Seimens Utility Relocation- Electric	4,000,000	244,796	798,172	2,957,032
	<u>9,304,000</u>	<u>3,583,397</u>	<u>1,005,790</u>	<u>4,714,813</u>
Water and Wastewater Projects Fund				
Advanced Metering Infrastructure (AMI) Project	5,310,000	3,913,331	1,150,625	246,044
Wastewater Solids-Handling Pre-Construction Planning Grant Project	556,000	546,707	-	9,293
	<u>5,866,000</u>	<u>4,460,038</u>	<u>1,150,625</u>	<u>255,337</u>
Natural Gas Projects Fund				
Transco Interconnect and Distribution Pipeline Project	2,000,000	643,489	444,893	911,618
US Dept. of Commerce -Gas System Improv Grant Project	1,345,950	-	-	1,345,950
Nucor- Gas System Improv Grant Project	1,345,950	-	40,950	1,305,000
	<u>4,691,900</u>	<u>643,489</u>	<u>485,843</u>	<u>3,562,568</u>

<u>Fund/Project</u>	<u>Project Authorization</u>	<u>Expenditure to Date</u>	<u>Encumbrances</u>	<u>Available Balance</u>
Utility Administration Projects Fund				
City Centre Project	16,000,000	15,720,211	30,284	249,505
Work Order System Project	<u>444,362</u>	<u>377,909</u>	<u>66,364</u>	<u>89</u>
	<u>444,362</u>	<u>377,909</u>	<u>66,364</u>	<u>89</u>
Total Project Ordinances	<u>\$ 23,583,776</u>	<u>\$ 14,049,854</u>	<u>\$ 5,363,131</u>	<u>\$ 4,170,791</u>

Other Planned Projects

Other projects expected to be established during the 2023-24 or 2024-25 fiscal years by separate project ordinance include:

- 1) Stormwater Planning Grant Project – The City of Lexington has received notification from the North Carolina Department of Environmental Quality, Division of Water Infrastructure that it has been approved as eligible to receive a \$283,360 Local Assistance for Stormwater Infrastructure Investments (LASII) grant from the American Rescue Plan Act (ARPA). This grant project will fund an Asset Inventory and Condition Assessment of the City of Lexington MS4 System. It is anticipated that City Council will adopt a grant project ordinance for this project during the 2024-25 fiscal year with a total budget of \$283,360.

CITY OF LEXINGTON, NC
ORDINANCE NO. 2024-022

BUDGET ORDINANCE FOR THE CITY OF LEXINGTON GENERAL, SPECIAL REVENUE,
AND ENTERPRISE FUNDS FOR FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025

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, 2024, and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

General Government	\$ 10,339,302
Public Safety	18,008,931
Highways and Streets	3,168,623
Sanitation	2,436,502
Culture and Recreation	2,468,121
Economic and Physical Development	246,440
Debt Service	1,201,107
Transfer to Governmental Capital Reserve Fund	100,000
Transfer to Golf Fund	390,000
Total Appropriations	<u>\$ 38,359,026</u>

Section 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2024, and ending June 30, 2025:

Ad Valorem Taxes	\$ 12,109,000
Other Taxes	914,130
Unrestricted Intergovernmental	10,779,083
Restricted Intergovernmental	935,395
Permits and Fees	590,238
Sales and Services	2,042,403
Administrative Charges	3,303,478
Investment Earnings	820,000
Miscellaneous	47,000
Debt Proceeds	1,432,000
Transfer from Electric Fund	1,200,000
Transfer from Natural Gas Fund	1,200,000
Sale of Capital Assets	3,000
Appropriated Fund Balance	2,983,299
Total Estimated Revenues	<u>\$ 38,359,026</u>

Section 3. The following amounts are hereby appropriated in the Special Revenue Fund – Controlled Substance for the fiscal year beginning July 1, 2024, and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Public Safety	\$ 131,775
Total Appropriations	<u>\$ 131,775</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, 2024, and ending June 30, 2025:

Appropriated Fund Balance	\$ 131,775
Total Estimated Revenues	<u>\$ 131,775</u>

Section 5. The following amounts are hereby appropriated in the Special Revenue Fund – Special Tax District for the fiscal year beginning July 1, 2024, and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Economic and Physical Development	\$ 87,000
Total Appropriations	<u>\$ 87,000</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, 2023, and ending June 30, 2024:

Ad Valorem Taxes	\$ 87,000
Total Estimated Revenues	<u>\$ 87,000</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, 2024, and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Electric Utility Operations	\$ 44,986,203
Debt Service	403,767
Transfer to General Fund	1,200,000
Transfer to Electric Stabilization Fund	1,100,000
Transfer to Electric Capital Reserve Fund	7,541,000
Addition to Fund Balance	466,206
Total Appropriations	<u>\$ 55,697,176</u>

Section 8. It is estimated that the following revenues will be available in the Electric Fund for the fiscal year beginning July 1, 2024, and ending June 30, 2025:

Restricted Intergovernmental	\$ 378,000
Sales and Services	45,746,176
Other Operating Revenues	8,913,000
Investment Earnings	<u>660,000</u>
Total Estimated Revenues	<u><u>\$ 55,697,176</u></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, 2024, and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Water and Wastewater Utility Operations	\$ 16,335,356
Debt Service	723,376
Transfer to Water and Wastewater Capital Reserve Fund	<u>943,773</u>
Total Appropriations	<u><u>\$ 18,002,505</u></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, 2024, and ending June 30, 2025:

Sales and Services	\$ 17,397,721
Other Operating Revenues	369,000
Unrestricted Intergovernmental	784
Investment Earnings	<u>235,000</u>
Total Estimated Revenues	<u><u>\$ 18,002,505</u></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, 2024, and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Natural Gas Utility Operations	\$ 14,240,471
Debt Service	153,736
Transfer to General Fund	<u>1,200,000</u>
Total Appropriations	<u><u>\$ 15,594,207</u></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, 2024, and ending June 30, 2025:

Sales and Services	\$ 14,591,489
Other Operating Revenues	196,302
Unrestricted Intergovernmental	2,222
Investment Earnings	162,000
Appropriated Net Position	<u>642,194</u>
Total Estimated Revenues	<u><u>\$ 15,594,207</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, 2024, and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Stormwater Utility Operations	<u>\$ 1,704,647</u>
Total Appropriations	<u><u>\$ 1,704,647</u></u>

Section 14. It is estimated that the following revenues will be available in the Stormwater Fund for the fiscal year beginning July 1, 2024, and ending June 30, 2025:

Sales and Services	\$ 1,636,850
Investment Earnings	11,300
Appropriated Net Position	<u>56,497</u>
Total Estimated Revenues	<u><u>\$ 1,704,647</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, 2024, and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Golf Course Operations	\$ 1,570,732
Debt Service	<u>68,033</u>
Total Appropriations	<u><u>\$ 1,638,765</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, 2024, and ending June 30, 2025:

Sales and Services	\$ 908,765
Other Operating Revenues	2,000
Investment Earnings	38,000
Debt Proceeds	300,000
Transfer from General Fund	<u>390,000</u>
Total Estimated Revenues	<u><u>\$ 1,638,765</u></u>

Section 17. Appropriations herein authorized and made shall have the amount of outstanding purchase orders as of June 30, 2024 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 2023-24 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, 2024, 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 \$1,856,600,000 and an estimated rate of collection of 97%. The estimated rate of collection is based on the fiscal year 2023-24 estimated collection rate of 97%.

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, 2024, 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 \$43,886,676 and an estimated rate of collection of 97%. The estimated rate of collection is based on the fiscal year 2023-24 estimated collection rate of 97%.

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 10th day of June, 2024.

Jason Hayes, Mayor

Joshua T. Monk
Deputy Clerk

CITY OF LEXINGTON, NC
ORDINANCE NO. 2024-023

ORDINANCE AMENDING AND MAINTAINING CAPITAL RESERVE FUNDS FOR
GOVERNMENTAL, ELECTRIC, WATER AND WASTEWATER,
NATURAL GAS, AND FLEET MANAGEMENT
FOR FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025

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, 2024 and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Addition to Fund Balance	\$ 250,000
Total Appropriations	<u>\$ 250,000</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, 2024 and ending June 30, 2025:

Investment earnings	\$ 150,000
Transfer from General Fund	<u>100,000</u>
Total Estimated Revenues	<u><u>\$ 250,000</u></u>

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2024, 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, 2024 and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Addition to Net Position	<u>\$ 8,081,000</u>
Total Appropriations	<u><u>\$ 8,081,000</u></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, 2024 and ending June 30, 2025:

Investment Earnings	\$ 540,000
Transfer from Electric Fund	<u>7,541,000</u>
Total Estimated Revenues	<u><u>\$ 8,081,000</u></u>

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2024, 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, 2024 and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Addition to Net Position	\$ 1,520,773
Total Appropriations	<u>\$ 1,520,773</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, 2024 and ending June 30, 2025:

Investment Earnings	\$ 590,000
Transfer from Water and Wastewater Fund	<u>930,773</u>
Total Estimated Revenues	<u>\$ 1,520,773</u>

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2024, 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, 2024 and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Addition to Net Position	\$ 45,000
Total Appropriations	<u>\$ 45,000</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, 2024 and ending June 30, 2025:

Investment Earnings	\$ 45,000
Total Estimated Revenues	<u>\$ 45,000</u>

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2024, 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, 2024 and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Addition to Net Position	\$ 45,000
Total Appropriations	<u>\$ 45,000</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, 2024 and ending June 30, 2025:

Investment Earnings	\$ 45,000
Total Estimated Revenues	<u>\$ 45,000</u>

Section 6. To the extent that amounts related to outstanding purchase orders as of June 30, 2024, 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 10th day of June, 2024.

Jason Hayes, Mayor

Joshua T. Monk
Deputy Clerk

CITY OF LEXINGTON, NC
ORDINANCE NO. 2024-024

ORDINANCE AMENDING AND MAINTAINING RATE STABILIZATION FUNDS FOR
ELECTRIC AND NATURAL GAS
FOR FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025

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, 2024 and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Addition to Net Position	\$ 1,145,000
Total Appropriations	<u>\$ 1,145,000</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, 2024 and ending June 30, 2025:

Investment Earnings	\$ 45,000
Transfer from Electric Fund	<u>1,100,000</u>
Total Estimated Revenues	<u>\$ 1,145,000</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, 2024 and ending June 30, 2025, in accordance with the chart of accounts heretofore established for this City:

Additon to Net Position	\$ 2,500
Total Appropriations	<u>\$ 2,500</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, 2024 and ending June 30, 2025:

Investment Earnings	\$ 2,500
Total Estimated Revenues	<u>\$ 2,500</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 10th day of June, 2024.

Jason Hayes, Mayor

Joshua T. Monk
Deputy Clerk

CITY OF LEXINGTON, NC
RESOLUTION NO. 2024-020

FINANCIAL PLAN FOR THE CITY OF LEXINGTON INTERNAL SERVICE FUNDS FOR
FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025

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, 2025 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, 2024, and ending June 30, 2025.

FLEET MANAGEMENT FUND

Fleet Management Operations	\$ 3,285,054
Total Estimated Expenditures	<u>\$ 3,285,054</u>

Operating Revenues	\$ 3,237,054
Nonoperating Revenues	48,000
Total Estimated Revenues	<u>\$ 3,285,054</u>

GROUP INSURANCE FUND

Group Insurance Operations	\$ 9,048,769
Total Estimated Expenditures	<u>\$ 9,048,769</u>

Operating Revenues	\$ 7,995,833
Nonoperating Revenues	550,000
Appropriated Net Position	502,936
Total Estimated Revenues	<u>\$ 9,048,769</u>

RISK MANAGEMENT FUND

Risk Management Operations	\$ 2,525,063
Total Estimated Expenditures	<u>\$ 2,525,063</u>

Operating Revenues	\$ 1,885,063
Nonoperating Revenues	50,000
Appropriated Net Position	<u>590,000</u>
Total Estimated Revenues	<u>\$ 2,525,063</u>

UTILITY ADMINISTRATION FUND

Utility Administration Operations	\$ 7,123,791
Debt Service	<u>1,428,746</u>
Total Estimated Expenditures	<u>\$ 8,552,537</u>

Operating Revenues	\$ 8,450,537
Nonoperating Revenues	<u>102,000</u>
Total Estimated Revenues	<u>\$ 8,552,537</u>

Section 2. Expenditures herein estimated shall have the amount of outstanding purchase orders as of June 30, 2024 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 2023-24 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 10th day of June, 2024.

Jason Hayes, Mayor

Joshua T. Monk
Deputy Clerk

CITY OF LEXINGTON, NC
RESOLUTION NO. 2024-021

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 – Electric Fees
- Attachment B – Electric Rates
- Attachment C – Golf Fees
- Attachment D – Public Grounds Fees
- Attachment E – Water & Wastewater Fees
- Attachment F – Water & Wastewater Rates

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

Adopted this 10th day of June, 2024.

Jason Hayes, Mayor

Joshua T. Monk
Deputy Clerk

ELECTRIC FEES

Type of Fee	Current Fee	Proposed Fee 7/1/2024
Electric Service for Single Residence	\$12.00 per foot over 500 feet (No charge for first 500 feet)	\$13.00 per foot over 500 feet (No charge for first 500 feet)
Electric Service for Other Structures Service With Existing Infrastructure	\$12.00 per foot over 100 feet (No charge for first 100 feet)	\$13.00 per foot over 100 feet (No charge for first 100 feet)
Electric Service for Other Structures Service With New Infrastructure	\$0.00	Engineered Design cost of materials, labor & equipment (Minimum 2 hour crew costs)
Underground Service for Developed Lot	\$12.00 per foot over 75 feet (No charge for first 75 feet)	\$13.00 per foot over 75 feet (No charge for first 75 feet)
Relocate Underground Service Line	\$350.00 plus \$12.00 per foot	\$350.00 plus \$13.00 per foot

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	\$ 0.82	\$ 0.00	\$ 0.82/customer
Commercial	\$ 4.47	\$ 0.00	\$ 4.47/customer
Industrial	\$46.08	\$ 0.00	\$46.08/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

GOLF FEES

Type of Fee	Current Fee	Proposed Fee 1/1/2025
Commons on the Green Rental:		
Saturday	\$1,600.00	\$1,700.00
Friday and Saturday	\$900.00	\$1,000.00
Friday and Sunday - Multiple Days with Saturday Rental	Add \$400.00 per additional day	Add \$500.00 per additional day
Monday - Thursday (Non-Holiday)	\$400.00	\$500.00

Type of Fee	Current Fee	Proposed Fee 9/1/2024
Daily Fees:		
Daily Fee on Annual Pass	\$5.00	\$6.00
Annual Pass with 9 Hole Cart	\$12.00	\$13.00
Annual Pass with 18 Hole Cart	\$20.00	\$21.00
Weekday Greens Fee	\$16.00	\$17.00
Weekend Greens Fee	\$23.00	\$24.00
Weekday Green Fee with 18 Hole Cart	\$30.00	\$32.00
Weekend Green Fee with 18 Hole Cart	\$38.00	\$39.00
Weekend 9 Hole Green Fee	\$15.00	\$16.00
Weekend Green Fee with 9 Hole Cart	\$23.00	\$24.00
Senior Green Fee with 18 Hole Cart ¹	\$26.00	\$27.00
Military Green Fee with 18 Hole Cart ¹	\$26.00	\$28.00
Weekday Twilight ²	\$12.00	\$13.00
Weekday Evening ²	\$8.00	\$9.00
Weekend Twilight ²	\$16.00	\$17.00
Weekend Evening ²	\$13.00	\$14.00

¹Monday through Friday, not including Holidays.

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

GOLF FEES (CONTINUED)

Type of Fee	Current Fee	Proposed Fee 9/1/2024
Annual Pass - Individual	\$450.00	\$495.00
Annual Pass - Senior (60 and over)	\$335.00	\$375.00
Annual Pass - Family (2 people)	\$595.00 plus \$30.00 per family member	\$645.00

PUBLIC GROUNDS FEES

Type of Fee	Current Fee	Proposed Fee 7/1/2025
Cemetery Fees: Marker Installation Permit (If marker is installed after 1 year post-burial)	\$0.00	\$10.00

WATER & WASTEWATER FEES

Type of Fee	Current Fee	Proposed Fee 7/1/2024
Roadway Bore for Tap Installation	\$0	\$300.00 (Up to 50 FT)

WATER RATES

Meter Size	Inside City Limits	Outside City Limits
Monthly Base Charge		
5/8"	\$24.22	\$49.65
1"	\$60.55	\$124.13
1.5"	\$121.10	\$248.26
2"	\$193.76	\$397.20
3"	\$363.30	\$744.76
4"	\$605.50	\$1,241.28
6"	\$1,211.00	\$2,482.55
8"	\$1,937.60	\$3,972.08
10"	\$2,785.30	\$5,709.87
Monthly Volume Charge		
All Meter Sizes	\$3.13/CCF	\$6.42/CCF
Economic Development	N/A	\$4.38

WASTEWATER RATES*

Meter Size	Inside City Limits	Outside City Limits
Monthly Base Charge		
5/8"	\$22.53	\$46.19
1"	\$56.33	\$115.48
1.5"	\$112.65	\$230.94
2"	\$180.24	\$369.49
3"	\$337.95	\$692.80
4"	\$563.25	\$1,154.67
6"	\$1,126.50	\$2,309.33
8"	\$1,802.40	\$3,694.92
10"	\$2,590.95	\$5,311.45
Monthly Volume Charge		
All Meter Sizes	\$5.87/CCF	\$12.03/CCF
Monthly Flat Rate Charge		
All Meter Sizes	\$69.49/CCF	\$142.45/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.