CITY OF LEXINGTON

Annual Budget
for
Fiscal Year
2014-2015

CITY OF LEXINGTON
NORTH CAROLINA

2014-15 BUDGET

For the Fiscal Year Ending June 30, 2015

MAYOR AND CITY COUNCIL

Newell Clark, Mayor

Dr. Herbert Miller, II – Ward 1
Tobin H. Shepherd – Ward 2
D. Linwood Bunce, II – Ward 3
L. Wayne Alley, Mayor Pro Tem – Ward 4
Tonya A. Lanier – Ward 5
Dr. E. Lewis Phillips – Ward 6

Frank D. Callicutt – At Large
James B. Myers – At Large

CITY OFFICIALS

J. Alan Carson – City Manager
Terra A. Greene – Assistant City Manager
John M. Overton – Director of Finance

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This printed material will be provided in an alternative format upon request.

CITY OF LEXINGTON

INCORPORATED 1828

NORTH CAROLINA

VISION

To work together with our citizens, customers and employees to create a city of recognized excellence with a high quality of life and unlimited economic opportunities.

MISSION

As the elected representatives and staff of the City of Lexington, we commit ourselves to work within state and federal laws to provide effective and efficient municipal services that are desired by our citizens and customers in order to assure a balanced quality of life, protection for our citizens, and planned economic growth. We will insure that our utility services are operated in a safe, effective and efficient manner and add to the quality of life of our community as well as provide for economic growth.

CITY OF LEXINGTON

INCORPORATED 1828

NORTH CAROLINA

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CITY MANAGER'S BUDGET MESSAGE

May 27, 2014

Mayor and City Council
City of Lexington, NC

Dear Mayor Clark and City Council Members,

In accordance with North Carolina General Statutes, I hereby present you with the fiscal year 2014-15 proposed budget for the City of Lexington. The slowly recovering local economy has made this another challenging budget year and preparing a balanced budget has presented numerous difficulties. Not unlike many communities across the nation, Lexington has many needs but limited funding resources. Nonetheless, throughout the budget you will see strong support of the City Council's goals and guiding principles for governing.

In preparing the budget, personnel and operational reductions have been made, as well as leveraging grant opportunities and drug forfeiture funds, to mitigate citizen and customer impacts. However, some rate and fee increases were necessary in order to maintain service levels and to incorporate the goals set by the Mayor and Council members at their annual retreat in February 2014. Of particular note, the proposed budget of $104.1 million is up from the current year by a margin of $5.4 million, which is generally due to electric wholesale rate pressures, additional General Fund revenues being directed towards City Council's goals and initiatives, absorbing group health insurance increases, as well as strategic investments in the "Re-creation of Recreation" master plan. To ignite progress towards the long range enhancements of recreational facilities in Lexington, funding is included to purchase a building to be transformed into an indoor recreation center, debt service to renovate donated Hillside Pool, and professional services to facilitate citizen involvement in the recreation master plan. Ongoing funding is included for the business friendly and new economic direction; via funding for a public relations contract to spur publicity and positive branding, as well as a vacant position reclassified to a Development Services Manager to free up and redirect the Director of Business and Community Development toward business recruitment and to expedite the development of the Depot District. Additional revenues are generated in order to fund City Council's goal of green initiatives to continue the second year of a four year phase-in of the residential recycling rollout program and capitalize on a grant opportunity to significantly reduce the cost of two hybrid refuse trucks. In addition, the budget includes $500,000 for street resurfacing projects, which is a decrease of $100,000 from current year levels of funding in the General Fund. An increased wholesale cost of electricity and critical electric system reliability investments places upward pressure on the cost of service in the electric utility.

There is no change in the property tax rate of $.60 per $100 of assessed valuation in the budget. Each penny on the tax rate generates approximately $140,000. The budget includes transfers made to the General Fund from the Electric and Natural Gas Funds of $1.3 million and $912,883, respectively. The proposed budget maintains existing City service levels; while enhancing efforts to pursue green initiatives and simultaneously makes pivotal investments in recreation and a new economic direction designed to rebuild Lexington's economy.

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

THE LOCAL ECONOMY AND BUDGET OUTLOOK

The proposed budget continues to be greatly impacted by local economic conditions. Over the past decade, the City has suffered dramatic property tax and utility revenue losses from the closing of furniture and other manufacturing plants. These continuing impacts from industrial plant closings seem to reverberate throughout the City's budget long after the shut downs occur. Since 2001, a total of twelve industrial plants have closed and the City has lost in excess of $9 million in annual revenues and over 3,000 jobs. If all of the $9 million in lost City revenues had to be replaced by property taxes, that property tax rate increase would be the equivalent of an additional 65 cents. The constant drain of lowered revenues and job losses is reflected in all areas of the budget. Despite recent positive signals of recovery, such as a $23 million constructed Save-A-Lot distribution center in the industrial park and a slight uptick in residential and commercial development, equal economic replacement value remains in the distance for Lexington.

Beginning with fiscal year 2011-12, the City has lost approximately $500,000 in annual sales tax, beer and wine tax and Powell Bill gasoline tax revenues to support government services funded in the General Fund. The City's Census 2010 population figure of 18,931 was a 5% drop or 1,022 decrease in population from the last official census in 2000. However, the 18,931 population was a 12% decrease from the 2009 Certified Population figure that the State updates annually. The State Certified Population figure is an estimate the State prepares and uses for annual revenue distribution purposes. The City receives several State collected local revenues that are partially based on State per capita distribution models; those being the local option sales tax, beer and wine tax, and the Powell Bill gasoline tax which supports 31% of the City's street maintenance budget. The City has been forced to adjust to the 'reduced norm' in these revenue streams. On a positive note, sales tax and utility franchise/sales tax revenue are expected to increase in the aggregate by approximately $151,000 over the current year projections.

The City took a significant step to control its own economic future by purchasing the Lexington Furniture Industries Plant 1 (LFI Plant 1) property for $1 million with payments paid out from November 2006 through July 2008. Plant 1, which has been closed since 2003, contains 18 acres of land and over one million square feet of building space and is located adjacent to the heart of Uptown Lexington. The City faced real threats of declining appearance and tax base due to the expected acquisition of the property by absentee ownership if the City decided against the purchase. This acquisition had an effect on the City's financial flexibility by reducing fund balance for a few years, which has since rebounded. The huge task of redevelopment of the property will continue to have financial impacts on City budgets. However, the infusion of $94,902 of rental income from leased warehouse space to tenants is included in the proposed budget to offset the costs of redevelopment efforts of the property. City Council appointed a commission of capable citizens to focus on the redevelopment of the LFI Plant 1 property whose work is well underway and bearing fruit. In October 2011, the City was awarded a $700,000 federal grant to begin the planning phase of a multi-modal transportation station for a passenger rail stop in the depot district, which encompasses the LFI Plant 1 property and the final report will be available within the next couple of months.

OTHER MAJOR IMPACTS

In addition to the census impact and local economy remaining sluggish, there are other factors that have posed a significant impact on the budget. Unfunded federal and state mandates in Natural Gas, Electric and Water and Wastewater have affected the City budget collectively by $442,384. Due to a federal mandated Distribution Integrity Management Program in the natural gas industry, the City is also incurring costs for public awareness and a natural gas system routine inspection and pipe replacement program. Over the course of the next few years, electric customers will continue to pay a

surcharge for the State environmental provision that went into effect in 2008 which requires power companies to develop 10% renewable energy sources such as solar and wind in their portfolio. Finally, the State dictates certain water quality requirements that the City has to meet at the water plants and in setting aside a replacement funding source for the wastewater collection and water distribution system.

Weather and economic conditions have a profound impact on utilities' operating costs and revenues. Moderate winters, industrial load loss from plant closings, energy efficiency trends and drought conditions affect utility rates to customers, transfers from the utility funds to the General Fund and projecting revenues for the utility funds for budgeting purposes. For example, industrial consumptions for City electric service have lowered by 85 million kWh or 76% since 2001. To compound customer rate pressures, the North Carolina Municipal Power Agency No. 1 (NCMPA1) will implement an effective 3.2% wholesale electric rate increase in July 2014 that equates to approximately $1.4 million purchased power cost increase to the City. The fixed wholesale power costs represent 78% of the electric utility budget; leaving little flexibility for the City to have the financial ability to absorb cost increases. Future wholesale rate cost impacts to electric customers can only be mitigated by the NCMPA1 continuing the transition to 'true up' the allocation of demand costs across the agency members over the course of several years between 2013 and 2021.

Twenty-three non-profit agencies, partner agencies and commissions requested funding for Grants to Agencies totaling $287,750, which was reduced to $236,750 in the proposed budget to address the goal to phase out funding to non-profit agencies and significantly reduce funding to partner agencies. The General Fund subsidy of $168,584 for the golf course covers precisely the annual debt service for the course renovations, which is consistent with the current year budget. These factors, plus the strategy implemented to address economic recovery, account for the major differences between the current year budget and the proposed 2014-15 budget.

The Mayor and City Council have demonstrated leadership and vision in making investments in Lexington's new economy even in the face of intense financial challenges.

CITY MANAGER'S STRATEGY IN PREPARING THE PROPOSED BUDGET

In preparing the proposed budget and analyzing the forces at play, answers to the following questions helped determine the general direction for the proposed budget:

- Can key investments in service levels and partnerships be made in the face of economic challenges and continue the City's progress forward?
- How can the budget framework fund City Council's goals and priorities and invest in a new economy and an improved quality of life with special emphasis on the "Re-creation of Recreation" master plan for City of Lexington citizens?
- How does the City strike a financially balanced approach to continue to jumpstart the new economic direction, further the City's brand and expedite development in the Depot District?
- Can City departments adhere to the City Manager's goal to hold operational budgets flat and achieve a 10% reduction in fuel consumption?
- What impact will unfunded federal and state mandates have on the City's budget?
- What impact will wholesale electric rate pressures have on utility customers?
- How can the City implement critical utility system reliability maintenance and customer service responsiveness during emergencies with minimal impacts to customer rates?
- What can the City do to take advantage of technology and reengineer government operations to find efficiencies in order to combat revenue losses?

Answers to these questions, along with City Council goals and other guiding principles, provided the framework for setting budget priorities.

Specifically, some key goals during the budget development process were to exhaust every opportunity to address City Council priorities, maintain and attract new jobs and investment and continue investing in public infrastructure where financially feasible; while restructuring government in order to find lasting efficiencies that limit budget and economic impacts on citizens and customers. In regards to the utilities, emphasis is placed on the need to operate each as a separate self-supporting business with an ongoing goal to add customers to spread costs over a larger customer base; which will help alleviate the rate burden for all utility customers in the long run. Maintaining system reliability in the utility infrastructure and leveraging the wastewater capacity asset for economic development strategic initiatives will be of extreme importance to ensure service delivery and sustainability in the future.

In addition, our staff continues to research investments in new technology to increase productivity and overall professional development of the workforce, ensure and improve customer service response, and lower or stabilize operating costs. Some reduced level of investment is proposed to personnel pay and benefits in order to lower the number of job layoffs, while enhancing service levels in a struggling economy. The City has aggressively pursued and been successful in acquiring federal and state grants, and drug forfeiture funds to help finance personnel, equipment and new initiatives; these resourceful efforts will definitely continue next year. It is important to note that the availability of drug forfeiture funds is diminishing.

The proposed 2014-15 budget is balanced with $1,017,376 in fund balance, an increase of $41,422 from the current year. Fund balance, otherwise known as the City's General Fund savings account, is estimated to decrease temporarily by approximately $500,000 in the current year. The projected decrease to fund balance in the current year is due to emergency costs incurred to remove debris and restore services in the aftermath of the Federal Emergency Management Agency (FEMA) disaster declaration of the March 6-7, 2014 ice storm that affected nine counties in the State of NC. Reimbursements from FEMA and the State of NC are pending and expected later in 2014. Fund balance can be strategically used during disasters and difficult economic times to minimize impacts to citizens but must be preserved to maintain the financial integrity and debt credibility of the City. It is also imperative that at a moment's notice, the City is able to adapt to further economic deterioration or provide funding for unforeseen emergencies or opportunities like investing in infrastructure and incentives to bring about new jobs and investments for the community. Without these incentives and investments, the local economy may not recover.

Only by the willingness to understand citizen needs, bridge services to meet the needs of the community, and possess the vision to pursue bold actions that can compete and rebrand the image of this City can we hope to restore economic health and quality of life to our community.

BUDGET INITIATIVES AND SERVICE ENHANCEMENTS

Numerous short term and long term initiatives are funded in the 2014-15 budget. In order to reduce the cost of government and to be more effective in service delivery, the City is investing in new technology and implementing efficiency measures to reengineer government.

The City currently uses multiple platforms of antiquated technology to track critical work order cost of service information. Once a service order is generated, work orders are an internal accounting methodology used to aggregate the cost of the labor, materials and equipment used on public service and utility jobs. Work order cost information is imperative to request Powell Bill reimbursements and

to maintain accurate asset values of the City's utility infrastructure. The proposed budget begins funding a plan to select a comprehensive work order computerized system at an initial cost of $125,000.

City Council's goal of green initiatives will be realized by capitalizing on a Congestion Mitigation Air Quality (CMAQ) grant to offset the costs of two hybrid side-loading refuse trucks. The grant reduces the purchase price by $283,298, with a supplementary benefit to the citizens of estimated fuel savings of a minimum of $15,000 per year. Additionally in the upcoming budget year 2014-15, a $100,000 investment is included to expand the residential rollout recycling program to fulfill year two of a four year phase-in period. On August 13, 2012, City Council accepted a State grant of $12,600 for the City to implement a new automated rollout recycling program. The City matched the grant using revenues received through the Solid Waste Disposal Tax enacted in 2008 to purchase 500 95-gallon rollout containers to automate the program. Currently, the City primarily uses 18-gallon bins. Most people who recycle regularly attest that their recycling has grown much larger than their garbage; thus, the need for the larger container and the need to automate. With the larger size of the rollout containers, collection is scheduled bi-weekly. With increased recycling efforts by citizens, the City can mitigate the cost of service by lowering landfill tipping fees. Four neighborhoods were included in the pilot program that was successfully implemented in January 2013. In January of this year, the City completed Thursday's collection route. In upcoming budget year 2014-15, the City is expanding the program to include Friday's collection route.

In an effort to address a key City Council goal, City Manager Alan Carson introduced a conceptual recreation master plan at the 2014 City Council retreat entitled the "Re-creation of Recreation." Key components of the vision to completely revamp recreational facilities and enhance participant recreational opportunities in Lexington are a result of the Parks and Recreation Facility Development Master Plan Study facilitated by Site Solutions in 2013, which included interactive public forums. Youth recreational opportunities in the community have been reiterated for over four decades and most recently reemphasized again by the citizen-led Strategic Planning Committee's *2020 Renaissance* plan. The "Re-creation of Recreation" master plan is recommended to be implemented over several years to mitigate the cost burden to citizens. The proposed 2014-15 budget includes $105,000 funding to enter into a five-year contract to purchase a building to be transformed into an indoor recreation center, $27,000 estimated debt service to renovate recently donated Hillside Pool, and $42,500 funding for professional services to facilitate citizen involvement in the recreation master plan design. For more information, please visit the City's website at http://www.lexingtonnc.gov/index.aspx?page=589.

Having not been formally evaluated and updated since 1994, an engineering consultant was hired to review the integrity and reliability of the electric distribution system and identify future capital improvement needs. The results of the study outlined over $9 million in system maintenance and upgrades needed over the next several years to ensure uninterrupted electric service for all customers. The study and ensuing funding strategy identified a priority need for the City to issue debt for $1.8 million system reliability projects in 2014 related to the Old Hospital and Royal Park substations. Due to the timing of the debt issuance and payments, the debt service impact is estimated to be $96,214 in budget year 2014-15 and $188,818 in budget year 2015-16. To bundle a finance offering that is more attractive to lending institutions, $1.2 million of public building improvements will be leveraged as collateral along with the electric system improvements. Inadequate office space needs at City Hall and phase two of Municipal Club renovations will be addressed at an estimated debt service cost of $64,000.

Ultimately, investments in economic development, technological advancements and reengineering initiatives to seek efficiencies in the delivery of government services offer the best opportunities to create savings in City operations in the years to come.

CAPITAL EQUIPMENT

Requests from City departments for capital purchases totaled over $2.6 million. In order to balance the budget, substantial reductions were made to these requests. All City departments, with specific assistance offered by the Fleet Services Department, continue to work together to extend the life of all vehicles and equipment and reduce the size of fleet to be maintained which has culminated in approximately $900,000 in savings to date related to downsizing the City vehicle and equipment fleet.

However, some equipment needs must be funded in order to sustain efficient and reliable City services. The proposed 2014-15 budget includes $2,206,654 for capital equipment. The major items include $349,450 to replace a bucket truck and a line truck for reliable electric service response, $41,872 to debt finance two partially CMAQ grant funded hybrid side-loading refuse trucks that total $810,500, $84,948 to upgrade a disaster recovery and storage backup system for the City's exponentially growing data network, $503,755 for pooled vehicle replacements now that all vehicles have been reassigned for maximum utilization in the departments, as well as four police vehicles totaling $100,116. Details regarding capital equipment along with corresponding amounts for each department can be found located within this document behind the tabs for the various funds.

CAPITAL CONSTRUCTION PROJECTS

Phase III of a Training Qualifications Center will be constructed for the natural gas utility, with an estimated cost of $40,000. To gain cost saving efficiencies, the City dismantled its' peak shaving plant a few years ago, which freed up land off Highway 52 for the construction of the new qualifications center. Once constructed, this site will allow Operators Qualifications (OQ) training to be done onsite. Currently, natural gas employees must travel out of state to be trained, qualified and tested every 36 months to meet strict mandated guidelines. The mandated qualifications' testing encompasses 49 tasks, 60 performance evaluations and over 70 written tests. The Training Qualifications Center will improve the quality of training for natural gas personnel because Lexington Utilities specific infrastructure can be used. Additionally, training will be readily available for multiple employees at a time; whereas, currently only two employees can be trained out of state at a time in order to maintain service levels. As importantly, creating a training site locally reduces out of state travel costs, which easily provides a return on the investment.

ORGANIZATIONAL CHANGES AND EMPLOYEE BENEFITS

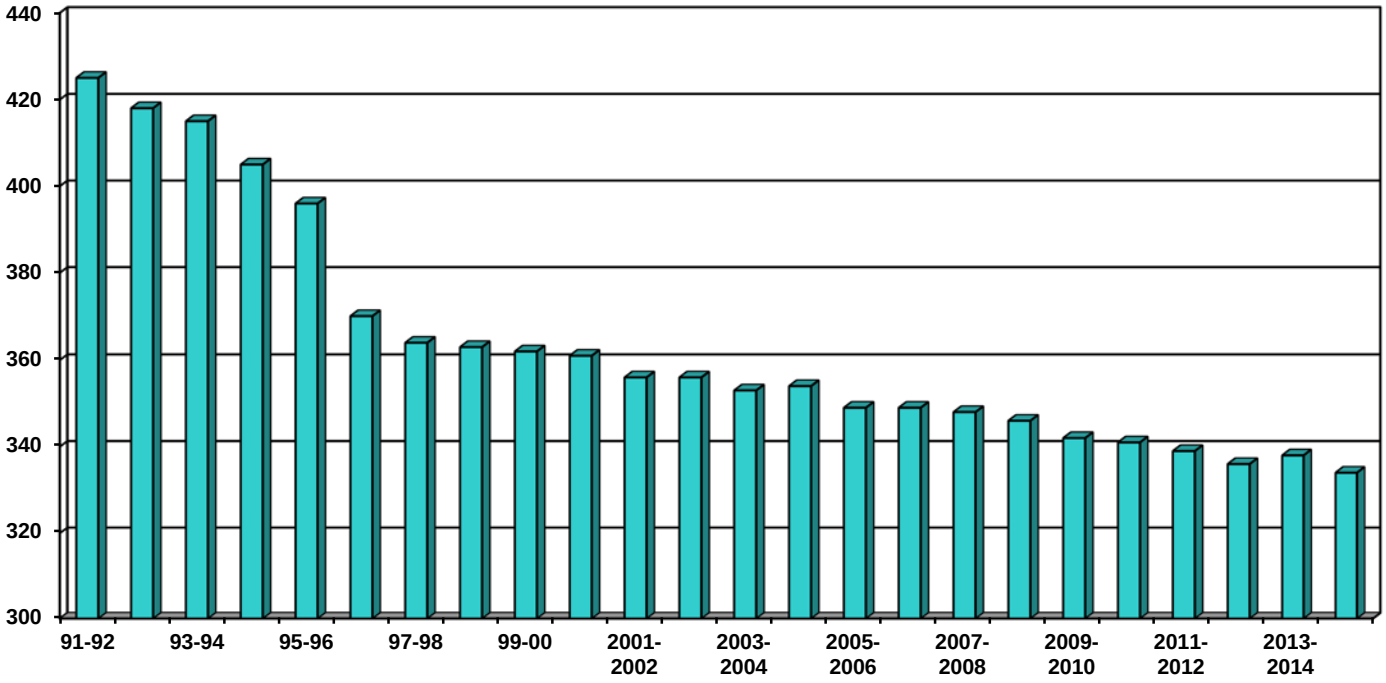
For the fourth straight year and seven out of the last ten years, the proposed budget does not include funding for the City's 0-5% "pay for performance" employee merit plan. By not funding a reduced employee merit plan of 0-3% in the proposed budget, the result is a savings of $330,497. The City's pay plan includes a 2% cost of living adjustment (COLA) effective July 2014 to keep pace with the market at a cost of $303,906, which is incorporated in the proposed budget. City employees have only received COLA pay adjustments three out of the last ten years. The recommended reduction measures in pay and benefits help to mitigate the declining revenues from Census 2010 and post-recession status of the local economy.

The cost of employee longevity pay remains funded at $297,389. Longevity pay is a percentage of gross salary that is paid to eligible tenured employees in December. The percentage ranges from 0-2.5% based on years of service. Employees become eligible for longevity after completing three years of continuous service with the City. To help counterbalance rising health insurance costs, a comprehensive evaluation of health insurance benefits for employees and retirees, as well as mitigating actions, will ensue in the coming year.

Funding dedicated to a 401K City contribution of 2% for all employees, with the exception of sworn police officers, was suspended beginning July 1, 2009 and continues being suspended in the coming budget year resulting in a $262,585 savings next year. North Carolina General Statutes require the City contribute 5% for sworn police officers; thus, that funding will continue in the coming year. As tools to be used to retain a professional workforce amidst salary freezes and benefit reductions, the budget does include an appropriation of $200,000 reserved for the City Manager to implement a productivity and efficiency rewards program for employees and for enhancements to professional advancement career ladders in various departments, which were recommended subsequent to a consultant's assessment this past year. Effective July 1, 2014, the Local Government Employees Retirement System Board of Trustees is maintaining stability in the base employer contribution of 7.07% of payroll for general City employees and 7.28% of payroll for law enforcement employees..

The proposed budget includes the deletion of seven full-time positions via attrition and layoffs for an annual savings of $438,348. This savings will be somewhat offset by releasing two vacant electric utility lineworker positions and upgrading a 30 hour part-time marketing assistant to full-time. The net effect of total full-time positions will be decreased from 338 to 334, for a net decrease of $323,510 in the total budget next year.

As depicted by the graph below, the City has eliminated 91 full-time positions, an annual rate of reduction of four positions a year over the 23 year period. These reductions have been achieved by a combination of automation, new technology, outsourcing, restructuring and the effective use of part-time employees and interns. For a detailed position count by fund and department, please refer to pages 9-10 of this document.



TRANSFERS BETWEEN CITY FUNDS

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 transfer in the current year for the Electric Fund is $1.325 million, while the transfer for the Natural Gas Fund currently stands at $889,664. The Electric Fund transfer decreases in the proposed budget for 2014-15 to $1.3 million as a good faith effort to mitigate rate pressures; while the Natural Gas Fund transfer is budgeted at $912,883, a $23,219 increase. The expansion of the natural gas system allows for the increased transfer. The budgeted transfer amounts for fiscal year 2014-15 have been thoroughly reviewed according to 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 if needed to balance the Golf Fund budget. The proposed budget does include a subsidy transfer of $168,584, which precisely covers the debt payment on the golf course renovation loan from 2003. This debt will be paid off in 2018.

CONTINGENCY

Aside from $11,518 in the Electric Fund to slowly begin rebuilding cash reserves, the 2014-15 proposed budget contains no other contingency appropriations.

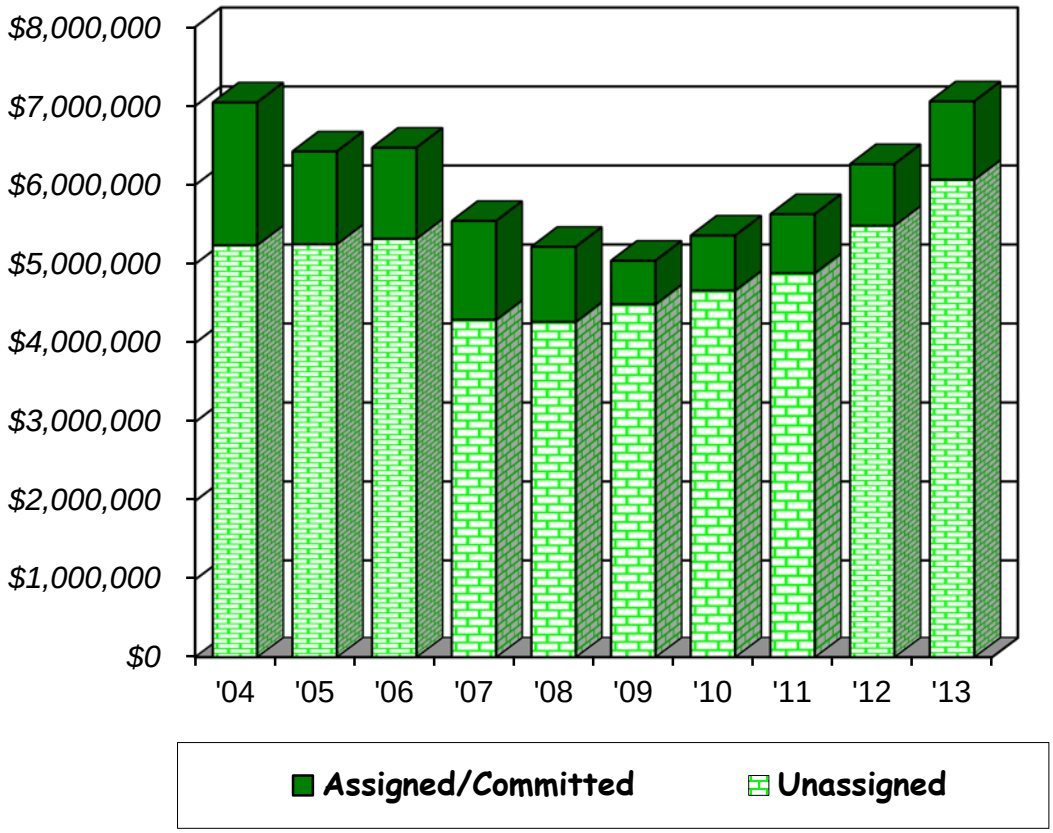
In the General Fund, the City will rely on a strong fund balance to cover any unexpected events, emergencies, or economic development opportunities. The following table estimates available fund balance in the General Fund for next fiscal year.

FUND BALANCE PROJECTION

Unassigned Fund Balance 6/30/13 **(32%)**	$6,068,607
Projected Expenditures FY 2013-14 (less administrative charges)	(20,189,143)
Projected Revenues FY 2013-14 (less administrative charges)	19,689,143
Projected Unassigned Fund Balance 6/30/14	**$5,568,607**
Projected Fund Balance Available for Appropriation for FY 2014-15	$5,568,607
Divided by General Fund Budget for FY 2014-15 (less administrative charges)	$21,393,936
City of Lexington Fund Balance Percentage Projection (target goal 25-32%)	**26%**
Projected Fund Balance Available for Appropriation for FY 2014-15	$5,568,607
Less Recommended Appropriation for FY 2014-15	**(1,017,376)**
Remaining Fund Balance Available for Appropriation	**$4,551,231**

The City Council has consistently listed "maintain the City's financial integrity" as one of its top goals. Fund balance is expected to temporarily decrease by approximately $500,000 in the current year. The projected decrease to fund balance in the current year is due to emergency costs incurred to remove debris and restore services in the aftermath of the FEMA disaster declaration of the March 6-7, 2014 ice storm, which affected nine counties in the State of NC. Reimbursements from FEMA and the State of NC are pending and expected later in 2014; therefore, cash flow is affected in the short term. The following chart demonstrates the City's strong commitment to healthy and consistent levels of General Fund reserves over ten years and the rationale for recommending strategic reliance on fund balance in the coming budget year.

HISTORY OF GENERAL FUND BALANCE



MISCELLANEOUS FEE CHANGES

The City practices controlling costs by assigning appropriate fees for services to citizens and customers using those services, as opposed to general citizen or customer based funding through taxes or utility rates. City staff has evaluated current fee structures and recommends changes to the following fees for the 2014-15 budget:

- Rescind Internet Sweepstakes Business/Internet Café license fees, in accordance with State Legislature
- Increase Residential and Commercial Recycling and Waste Collection monthly fee

Please refer to page 155 (and the corresponding attachments) of this document for specific fee structures that will change and the corresponding amounts.

UTILITY RATE CHANGES

Continued stagnant consumptions in the electric utility are anticipated in the proposed budget year due to local economic conditions and plant closings, energy conservation and recession impacts. Key factors affecting the decisions to recommend changes to utility rates, as well as a brief synopsis of the rate changes are outlined below. However, please refer to page 155 (and the corresponding attachments) of this document for specific proposed rate structures.

Electric Rates:
Since July 1, 2001, City electric industrial customer consumption due to plant closings has dropped by 85 million kWh or 76%. Despite the City's intense efforts to trim operation costs and delay system maintenance projects in the electric budget over the last decade, the City has received over $13 million in wholesale power cost increases from the North Carolina Municipal Power Agency No. 1 during that same time period. The fixed wholesale power costs represent 78% of the electric utility budget; leaving little financial flexibility for the City to absorb these cost increases. The North Carolina Municipal Power Agency No. 1 (NCMPA1) will charge an effective 3.2% wholesale electric rate increase in July 2014 that equates to approximately $1.4 million purchased power cost increase to the City. Although the cost impact to the City is mitigated slightly by the NCMPA1 transitioning over 8 years to true up the allocation of demand costs across the agency members; the savings are not realized due to lower NCMPA1 energy sales prices on the wholesale market, thus reducing the power credit Lexington receives for those off system sales. Having severely compromised the financial position of the Electric Fund with the recent damage from the March 6-7, 2014 ice storm, the City can delay no further and must make critical system reliability and emergency response investments in the coming year which necessitates an additional 1% customer rate increase generating an additional $500,000 in revenue.

Proposed rate changes were prepared by ElectriCities' rate analysts and reflect the aggregate 4.2% rate increase. Beginning July 2014, a typical residential customer who uses 1,000 kWh's per month will incur a monthly average of $5.83 more on their utility bill. However, this may not be the exact percentage or dollar change a customer will see on a bill because the change in a customer's bill varies depending on consumption levels at various intervals of the year and the uniqueness of that particular account.

RATE AND FEE IMPACTS ON RESIDENTS

The City property tax rate of $.60 per $100 of assessed valuation remains unchanged in the 2014-15 proposed budget.

A monthly fee increase for recycling and waste collection services is included in the proposed budget, which will affect a City resident by an additional $2.50 per month for a total of $30 per year.

The proposed July 1, 2014 average 4.2% electric rate increase will affect each electric utility customer differently depending on their consumption levels of electricity and the uniqueness of each customer account. For a typical residential customer who averages 1,000 kWh's per month, the bill will increase an average of $5.83 per month or $70 per year.

BUDGET COMPARISON

In summary, a comparison of the proposed fiscal year 2014-15 budget versus the current fiscal year 2013-14 budget is outlined in the table below.

CITY OF LEXINGTON
BUDGET SUMARY AND COMPARISON

Fund	13-14 Budget	14-15 Budget
General Fund	$22,695,202	$23,247,630
Controlled Substance	579,389	303,408
Special Tax District	93,914	91,000
Electric Fund	53,252,823	57,141,675
Water & Wastewater Fund	8,606,457	8,508,543
Natural Gas Fund	12,304,522	13,678,389
Golf Fund	947,343	966,533
Total City Budget	**$98,479,650**	**$103,937,178**

The chief differences, leading to the $5.4 million increase from the $98.5 million current budget to the $103.9 million proposed budget, are generally due to additional General Fund revenues being directed towards City Council's goals and initiatives, absorbing group health insurance increases, as well as strategic investments in the "Re-creation of Recreation" master plan. Ongoing funding is included for the business friendly and new economic direction; via funding for a public relations contract to spur publicity and positive branding, as well as a vacant position reclassified to a Development Services Manager to free up and redirect the Director of Business and Community Development toward business recruitment and to expedite the development of the Depot District. Additional revenues are generated in order to fund City Council's goal of green initiatives to continue the second year of a four year phase-in of the residential recycling rollout program and capitalize on a grant opportunity to significantly reduce the cost of two hybrid refuse trucks. In addition, the budget includes $500,000 for street resurfacing projects, which is a decrease of $100,000 from current year levels of funding. Furthermore, the 4.2% electric rate increase as a result of the wholesale cost of electricity and critical investments in electric system reliability is attributable to the increase in the electric budget. Finally, the increase in the natural gas budget is attributable to customer base load growth and a slight increase in a the speculative cost of natural gas in the coming year.

SUMMARY AND CONCLUSION

The City's Annual Budget is the ultimate partnership between City Council, staff, citizens, customers and partners in the Lexington community. In the aftermath of tough economic times, the proposed budget reflects a balanced approach of limiting impacts to its citizens and customers while providing funding for a new economic direction, the "Re-creation of Recreation" master plan, quality of life and green initiatives. The budgeted funding is weathering the storm of our local economy and revenue losses, while simultaneously maintaining and protecting important infrastructure and investing in a new Lexington economy and quality of life.

In conclusion, City Council's goals and general approach to governing remains highlighted in the budget for fiscal year 2014-15; those directives being to expand citizen involvement, employ

professional staff, pursue partnerships, proactively plan, make strategic investments, maintain financial integrity and take calculated risks.

The City Budget is City Council's Number One Policy Statement

- Economic development initiatives are pursued
- Service levels are set
- Partnerships are nourished
- New technology is acquired
- Community's security is enhanced through public safety
- Service efficiencies are sought
- Public schools are supported
- Retains and supports professional employees in delivering efficient and effective services
- Public infrastructure is built and maintained
- Recreation for citizens is enhanced
- Public health is guarded by recycling, waste collection and water resources
- Reliability of utility services and enhancements to emergency responsiveness is funded
- Key City services necessary to support local economy are maintained and enhanced
- City financial integrity is maintained to meet service and debt obligations
- Customer service is enhanced
- Affordable housing is supported
- Improved quality of life is sought for all citizens

The budget is hereby formally presented to City Council at the May 27, 2014 City Council meeting and City Council is requested to set a public hearing date for June 9, 2014 at 7:00 pm in City Hall. After holding the public hearing and if there are no other changes, I recommend the fiscal year 2014-2015 City Budget for adoption by City Council.

Respectfully submitted,

J. Alan Carson
City Manager

FACTS AND INFORMATION ABOUT THE CITY OF LEXINGTON, NORTH CAROLINA

History

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

Location

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

Geography and Climate

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

Population and Demographic Statistics

The Census 2010 population results record Lexington's population at 18,931. This revised population figure is a 1,213 or 6% decrease from the Census 2000 results. The population distribution is 52% female and 48% male, with 24.6% of the population under age 18 and 15.1% of the population over age 65. The median age in the City of Lexington is 37.4 years while the median age in the U.S. is 36.8. The population distribution by race is as follows: African American – 28%, Asian – 3%, White – 39%, Hispanic – 16%, Other – 11%, Two or more races – 3%.

The median household income is $26,226. The March 2014 unemployment rate for Davidson County was 6.8%, compared to the State of North Carolina rate of 6.6%.

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 Heads who direct City staff to deliver the services and to meet the goals of the organization. The City provides a full range of services including police and fire protection, recycling and waste collection services, the construction and maintenance of streets and infrastructure, recreational activities including a municipally owned golf course, cemetery services, and utility services.

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

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

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

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

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

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

Culture and Recreation

The North Carolina Legislature has designated Lexington as "The Hickory Smoked Barbecue Capital of North Carolina." Each year in late October, over 100,000 visitors experience Lexington first hand during the annual Barbecue Festival. The Barbecue Festival is held in Uptown Lexington on an eight-block stretch of Main Street. Over four hundred exhibitors sell everything from handmade crafts to homemade fudge. Five stages of entertainment showcase local and national artists. The festival is designed for people of all ages to enjoy and includes a special section of rides and games for children known as Piglet Land. Barbecue is served out of three main tents, two at the town square and another at the north end of the festival near Piglet Land. To expand the barbeque tourism attraction Lexington has to offer, a Barbeque Cook-Off made its debut in April 2011. Sanctioned by the Kansas City Barbeque Society, the event brought competitive chefs and judges from across the United States to Uptown Lexington. This event is poised to become Lexington's spring compliment to the annual Barbecue Festival that celebrated their 30th anniversary this past year.

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 65-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 approximately 40,000 cases of 9 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 southern most 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 20 parks, 3 miles of walking trails, 1 pool, 15 tennis courts, 9 athletic fields, and 12 basketball courts, conveniently located on 334 acres around the City. 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 Bobcats 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. Lexington Medical Center recently merged with Wake Forest University Baptist Medical Center to provide a full complement of modern health care services. Other nearby medical facilities include Thomasville Medical Center, Veterans Administration Medical Center in Salisbury, High Point Regional, and Wake Forest University 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, 2013

Taxpayer	Type of Business	Assessed Valuation	Tax Levy	% of Assessed Valuation
Kimberly Clark Corp.	Tissue Products	$ 77,928,894	$ 467,573	5.19%
Jeld-Wen Inc.	Windows and Doors	18,121,387	108,728	1.21%
Vitacost.com Inc.	Online Retail	17,891,227	107,347	1.19%
NewBridge Bank	Banking	15,063,585	90,381	1.00%
Wal-Mart	Retail	14,987,898	89,927	1.00%
Diebold Southeast Mfg. Inc.	Security Delivery Systems	9,845,467	59,072	0.66%
Chesapeake Printing & Packaging Co.	Printing	8,456,820	50,741	0.56%
Childress Winery & Vineyards	Viniculture	8,140,954	48,846	0.54%
Arneg Holdings USA LLC	Refrigeration Equipment	8,107,849	48,647	0.54%
Parkdale Mills Inc.	Textiles	7,869,382	47,216	0.52%
Total		$ 186,413,463	$ 1,118,478	12.41%

Schedule of Top Ten Electric Customers for Fiscal Year Ended June 30, 2013

Customer	Type of Business	Consumption (kWh)	Amount Billed	% of Total Operating Revenue
City of Lexington	Government	8,126,385	$ 1,212,646	2.43%
Davidson County Schools	Public School System	6,213,296	880,999	1.77%
Lexington Memorial Hospital	Hospital	8,374,033	761,653	1.53%
Lexington City Schools	Public School System	5,548,371	649,618	1.30%
Davidson County	Government	4,748,435	564,169	1.13%
Food Lion	Grocery Store Chain	5,902,599	520,772	1.04%
Leggett & Platt Inc.	Furniture	3,306,302	387,169	0.78%
Cardinal Container	Corrugated Fiber Boxes	2,799,705	261,091	0.52%
Wal-Mart	Retail	4,905,535	245,467	0.49%
Paris Food Corp	Frozen Produce Distribution	2,255,720	211,570	0.42%
Total		52,180,381	$ 5,695,154	11.41%

Schedule of Top Ten Water Customers for Fiscal Year Ended June 30, 2013

Customer	Type of Business	Consumption (CCF)	Amount Billed	% of Total Water and Wastewater Operating Revenue
PPG Industries	Glass Products	261,723	$ 645,602	7.62%
Kimberly Clark Corp.	Tissue Products	43,650	79,243	0.94%
Parkdale Mills Inc.	Textiles	39,255	69,219	0.82%
Lexington Memorial Hospital	Hospital	21,386	40,457	0.48%
City of Lexington	Government	10,431	40,106	0.47%
Davidson County	Government	15,849	38,724	0.46%
Lexington Housing Authority	Public Housing	16,221	35,567	0.42%
Lexington City Schools	Public School System	9,862	32,382	0.38%
NC Department of Public Safety	Prison	18,616	32,287	0.38%
Cardinal Container	Corrugated Fiber Boxes	6,385	27,996	0.33%
Total		443,378	$ 1,041,583	12.30%

Schedule of Top Ten Wastewater Customers for Fiscal Year Ended June 30, 2013

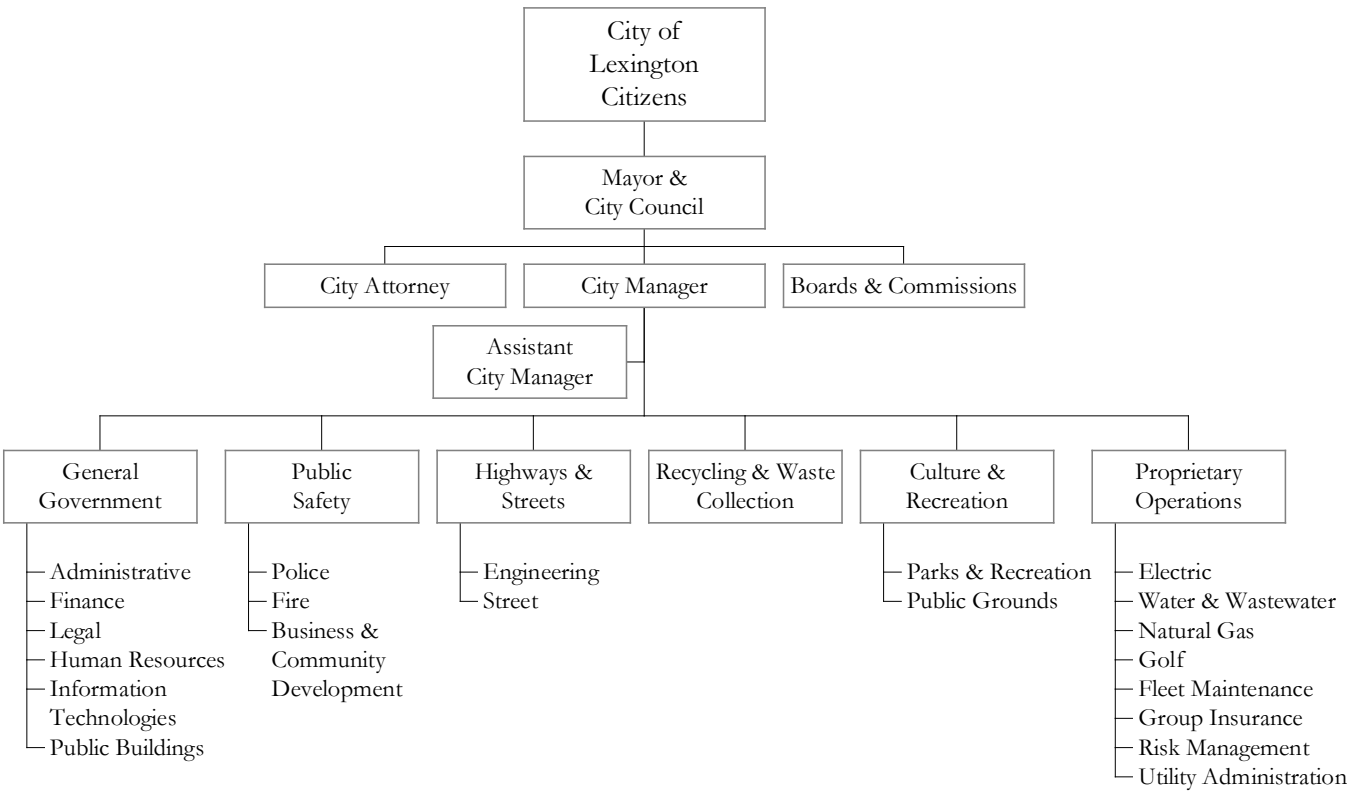
Customer	Type of Business	Consumption (CCF)	Amount Billed	% of Total Water and Wastewater Operating Revenue
Davidson County Schools	Public School System	28,223	$ 235,638	2.78%
Lexington Memorial Hospital	Hospital	21,386	75,398	0.89%
Davidson County	Government	16,255	69,278	0.82%
Atrium Companies Inc.	Vinyl Windows & Doors	8,801	67,066	0.79%
Lexington Housing Authority	Public Housing	16,221	62,567	0.74%
NC Department of Public Safety	Prison	18,616	62,449	0.74%
Cardinal Container	Corrugated Fiber Boxes	11,760	52,247	0.62%
Brookstone Rest Home	Rest Home	6,688	48,290	0.57%
Kimberly Clark Corp.	Tissue Products	19,257	42,804	0.51%
Lexington City Schools	Public School System	9,141	37,483	0.44%
Total		156,348	$ 753,220	8.90%

Schedule of Top Ten Natural Gas Customers for Fiscal Year Ended June 30, 2013

Customer	Type of Business	Consumption (DT)	Amount Billed	% of Total Operating Revenue
Kimberly Clark Corp.	Tissue Products	141,687	$ 816,678	7.03%
PPG Industries (1)	Glass Products	802,482	615,426	5.30%
J E Jones Lumber Company	Lumber Dry Kiln	72,159	425,701	3.66%
JT Russell and Sons, Inc.	Asphalt Plant	46,463	289,883	2.50%
Matcor Metal Fabrication	Machine Tools	32,780	236,413	2.03%
Leggett & Platt Inc.	Furniture	28,059	228,302	1.97%
Kurz Transfer Products LP	Stamping Technology	31,392	227,972	1.96%
Lexington Memorial Hospital	Hospital	34,326	213,112	1.83%
Davidson County Schools	Public School System	13,948	133,587	1.15%
Hanes Construction Co.	Paving	22,161	131,402	1.13%
Total		1,225,457	$ 3,318,476	28.56%

Note: (1) Transport only customer

City of Lexington, North Carolina
Organizational Chart



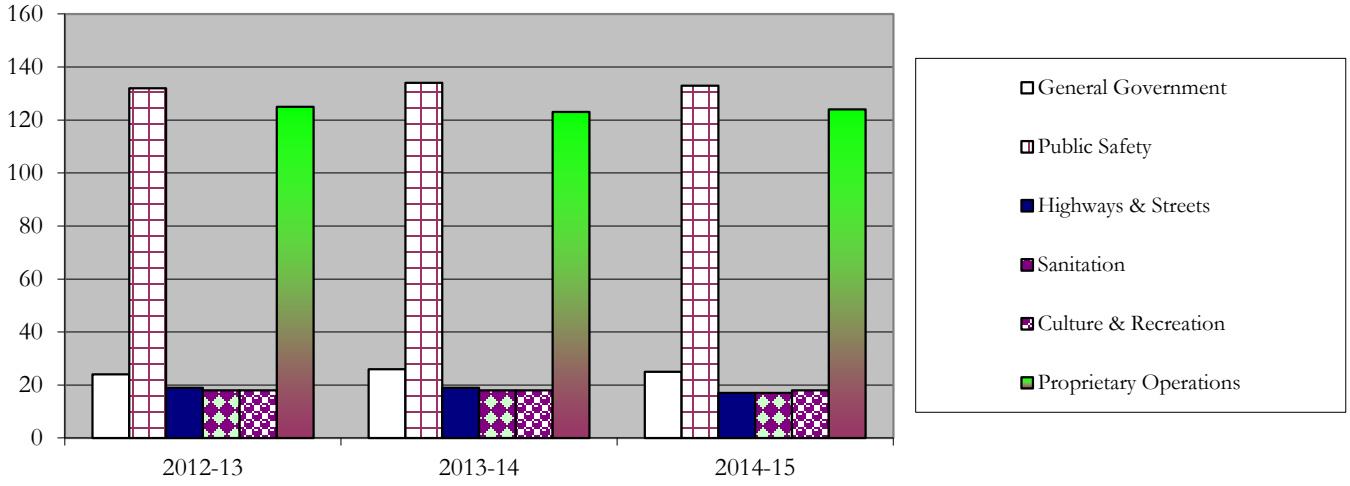
List of Principal Officials

May 7, 2014

City Manager	J. Alan Carson
Assistant City Manager	Terra A. Greene
City Clerk	Sara S. Lanier
City Attorney	Phyllis S. Penry
Director of Finance	John M. Overton
Director of Human Resources	Susan E. Nunn
Police Chief	Tad W. Kepley
Fire Chief	Phillip S. Hartley
Director of Business and Community Development	Tammy V. Absher
Recycling and Waste Collection Superintendent	Tammy E. Michael
Director of Parks and Recreation	A. Bruce Davis
Director of Public Services	Vacant
Water Resources Superintendent	Roger A. Spach
Director of Public Utilities	Chris C. Smith
Golf Director/Pro	James J. Fashimpaur
Garage Superintendent	Dirk W. Apt
Director of Energy Services	S. Dale Odom, Jr.

CITY OF LEXINGTON

PERSONNEL POSITIONS



Function	2012-13 Budgeted Full Time	2013-14 Budgeted Full Time	2014-15 Budgeted Full Time
General Government			
Administrative	5	5	5
Finance	10	10	9
Human Resources	2	4	4
Information Technologies	5	5	5
Public Buildings	2	2	2
Public Safety			
Police	75[(1)(2)]	74	73
Fire	48	51	51
Business & Community Development	9	9	9
Highways & Streets			
Engineering	4	4	2
Street	15	15	15
Sanitation			
Recycling & Waste Collection	18	18	17
Culture & Recreation			
Parks & Recreation	6	6	6
Public Grounds	12	12	12

CITY OF LEXINGTON

PERSONNEL POSITIONS

Function	2012-13 Budgeted Full Time	2013-14 Budgeted Full Time	2014-15 Budgeted Full Time
Proprietary Operations			
Electric	23	21	23
Water & Wastewater	43	43	43
Natural Gas	21	21	20
Golf	5	5	5
Fleet Maintenance (Garage)	7	7	7
Risk Management	2	2	2
Utility Administration	24	24	24
Total	**336**	**338**	**334**

(1) 1 COPS Officer funded by U.S. Department of Justice grant for fiscal year 2012-13. Grant expired June 30, 2013.

(2) 1 Traffic Officer funded by Governor's Highway Safety Program grant for fiscal year 2012-13. Grant expired September 30, 2012.

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 retreat held for the purpose of establishing goals and priorities for the City. During the retreat, the Five Year Financial Planning Model is presented to the City Council. This financial model 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 retreat, 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 Head 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 requests made during the update of the Five Year Financial Planning Model. Any requests for additional personnel must be justified by the department and then reviewed by Human Resources for an independent recommendation on appropriate staffing levels. The City Manager and budget team modify departmental requests and ultimately reach a balanced budget.

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

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

BUDGET SCHEDULE

January 27	Budget calendar is presented to City Council
January 29	Department Heads receive budget preparation forms at staff meeting
February 7	Letters are issued to local non-profit agencies indicating due dates and needed information in order to request grant funding from the City
February 4-5	City Council Retreat
February 13	Personnel requests are due from Department Heads
February 19	Revenue budgets and fee change requests are due from Department Heads
February 25	Agency grant requests are due to the City
February 26	Expenditure budget requests, program objectives, performance measures, and organizational charts are due from Department Heads
March 21-26	Budget hearing meetings with Department Heads and budget team
March 27-April 11	Budget team reviews and balances the proposed budget
April 14-28	City Manager's recommended budget is prepared
April 30-May 1	Budget work sessions with City Council and budget team
May 5	Budget is balanced
May 6-16	City Council's budget is prepared
May 27	City Council's budget is presented at City Council meeting to call for public hearing on the budget
May 30	Publish notice for public hearing
June 9	Public hearing is held and adoption of budget at City Council meeting
June 23	Additional meeting for City Council to adopt budget (if necessary)

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 at the departmental level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Open encumbrances lapse at yearend and are reinstated against the subsequent year's budget. They are shown as an assignment of fund balance in the Comprehensive Annual Financial Report (CAFR) for the governmental funds. Appropriations are made at the functional and fund level and amended as necessary. All annual appropriations lapse at the fiscal yearend. The Budget Officer, which is the City Manager or his/her designee, is authorized to transfer budgeted amounts within departments and functions; however, any revisions that alter the total expenditures of any function or fund must be approved by the City Council. In addition, the City Council must authorize the purchase of a capital item valued at $20,000 or more that was not previously approved, authorize any addition to the City's fleet, approve the use of contingency funds, grant a salary increase or create a position not duly authorized by the existing personnel policy or City Council action, and approve transfers or appropriations from City Council Neighborhood Revitalization Funds.

BUDGET STRUCTURE

The City's budget is divided into funds. Within each fund, there are separate functions and departments with various individual budgets. The Annual Budget is adopted at the functional and fund level. An annual budget is adopted for the General, Controlled Substance, Special Tax District, Electric, Water and Wastewater, Natural Gas, Golf, Fleet Maintenance, Group Insurance, Risk Management, Utility Administration, Capital Reserve, and Rate Stabilization funds. Additional funds are presented in the City's CAFR. 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 CAFR may present funds with balance sheet and income statement activity for which no budget is adopted and no expenditures are made.

DESCRIPTION OF BUDGETED FUNDS

The City of Lexington's 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 or committed 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, recycling and waste collection, culture and recreation, economic and physical development, and debt service.

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, 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.

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.

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.

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 Maintenance Fund – The Fleet Maintenance Fund is used to account for the accumulation and allocation of costs associated with maintaining the City's fleet of vehicles and equipment.

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.

Capital Reserve Fund - The Capital Reserve Fund is used to account for the accumulation of resources for future capital needs in the Electric, Water and Wastewater, Natural Gas, and Fleet Maintenance Funds.

Rate Stabilization Fund - The Rate Stabilization Fund is used to account for the accumulation of resources to mitigate future retail rates for customers of the Electric and Natural Gas 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, liabilities, 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 and liabilities are recognized and reported in the financial statements.

Governmental Funds are reported in the CAFR 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 60 days after yearend. 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 CAFR 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 2014-15 BUDGET

	General Government	Public Safety	Highways and Streets	Recycling and Waste Collection	Culture and Recreation	Economic Development	Utilities
General Fund:							
Governing Board	X	X	X	X	X	X	X
City Manager	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					X
Fire		X					
Business and Community Development		X				X	
Engineering	X	X	X	X	X	X	X
Street			X				
Recycling and Waste Collection				X			
Parks and Recreation					X		
Public Grounds	X	X	X	X	X	X	X
Lease/Bond Debt		X	X	X	X		
Other Financing Uses					X		
Special Revenue Funds:							
Controlled Substance Fund		X					
Special Tax District Fund						X	
Enterprise Funds:							
Electric Fund							X
Water and Wastewater Fund							X
Natural Gas Fund							X
Golf Fund					X		
Internal Service Funds:							
Fleet Maintenance Fund	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
Capital Reserve Fund	X	X	X	X	X		X
Rate Stabilization Fund							X

City of Lexington, North Carolina
Total Budget Summary

		Special Revenue Funds	
	General Fund	Controlled Substance Distribution	Special Tax District
Beginning Estimated Unassigned Fund Balance/Net Assets	$ 6,596,058	$ 340,000	$ -
Estimated Revenues:			
Ad Valorem Taxes	8,693,700	-	91,000
Other Taxes	258,000	-	-
Unrestricted Intergovernmental	5,393,767	-	-
Restricted Intergovernmental	1,002,748	-	-
Permits and Fees	190,450	-	-
Sales and Services	1,415,796	-	-
Administrative Charges	1,853,694	-	-
Interest	19,340	-	-
Miscellaneous	34,650	-	-
Other Operating	-	-	-
Other Nonoperating	-	-	-
Total Estimated Revenues	18,862,145	-	91,000
Appropriations:			
General Government	5,952,543	-	-
Public Safety	9,605,082	303,408	-
Highways and Streets	2,027,738	-	-
Recycling and Waste Collection	1,716,668	-	-
Culture and Recreation	1,592,437	-	-
Economic Development	119,574	-	91,000
Cost of Sales and Services	-	-	-
Purchases for Resale	-	-	-
Administrative Charges	-	-	-
Capital Outlay	1,149,311	-	-
Debt Service:			
Principal Retirement	682,255	-	-
Interest and Fees	128,438	-	-
Total Appropriations	22,974,046	303,408	91,000

City of Lexington, North Carolina
Total Budget Summary

Enterprise Funds				
Electric Fund	Water & Wastewater Fund	Natural Gas Fund	Golf Fund	2014-2015 Total Budget
$ 36,260,101	$ 39,442,085	$ 20,711,037	$ 350,316	$ 103,699,597
-	-	-	-	8,784,700
-	-	-	-	258,000
-	9,178	26,007	-	5,428,952
-	-	-	-	1,002,748
-	-	-	-	190,450
53,402,362	8,327,744	12,343,553	750,434	76,239,889
-	-	-	-	1,853,694
18,403	13,581	7,200	215	58,739
-	-	-	-	34,650
3,713,410	158,040	929,209	-	4,800,659
7,500	-	5,000	-	12,500
57,141,675	8,508,543	13,310,969	750,649	98,664,981
-	-	-	-	5,952,543
-	-	-	-	9,908,490
-	-	-	-	2,027,738
-	-	-	-	1,716,668
-	-	-	-	1,592,437
-	-	-	-	210,574
7,983,657	5,621,842	3,916,365	724,637	18,246,501
44,693,074	-	6,856,814	-	51,549,888
1,726,231	1,186,028	1,295,795	21,085	4,229,139
399,450	130,000	24,138	-	1,702,899
626,561	815,174	363,685	194,442	2,682,117
169,686	124,120	166,866	26,369	615,479
55,598,659	7,877,164	12,623,663	966,533	100,434,473

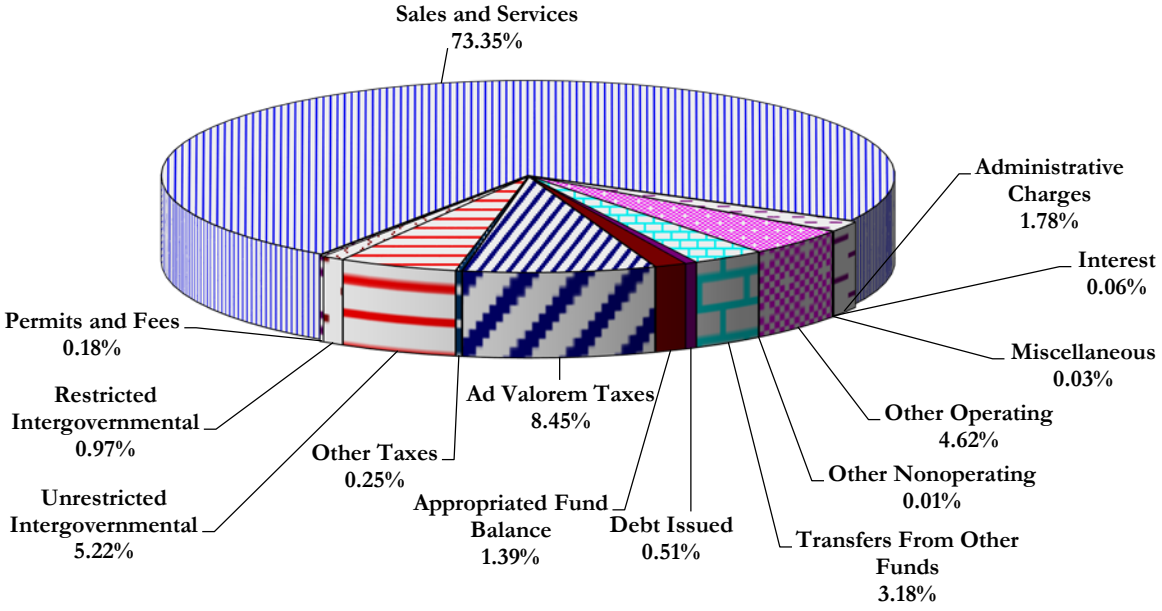
City of Lexington, North Carolina
Total Budget Summary

		Special Revenue Funds	
	General Fund	Controlled Substance Distribution	Special Tax District
Other Financing Sources (Uses):			
Transfers From Other Funds:			
General Fund	-	-	-
Electric Fund	1,300,000	-	-
Natural Gas Fund	912,883	-	-
Payment in Lieu of Taxes	576,238	-	-
Internal Service Funds:			
Group Insurance Fund	53,786	-	-
Capital Reserve Fund	-	-	-
Rate Stabilization Fund	-	-	-
Transfers to Other Funds:			
General Fund	-	-	-
General Capital Projects Fund	(105,000)	-	-
Electric Construction in Progress Fund	-	-	-
Water & Wastewater Construction in Progress Fund	-	-	-
Natural Gas Construction in Progress Fund	-	-	-
Golf Fund	(168,584)	-	-
Payment in Lieu of Taxes	-	-	-
Internal Service Funds:			
Utility Administration Fund	-	-	-
Capital Reserve Fund	-	-	-
Installment Purchase Debt Issued	525,202	-	-
Total Other Financing Sources (Uses)	3,094,525	-	-
Budgeted Increase (Decrease) in Fund Balance/Net Assets	(1,017,376)	(303,408)	-
Ending Estimated Unassigned Fund Balance/Net Assets	$ 5,578,682	$ 36,592	$ -

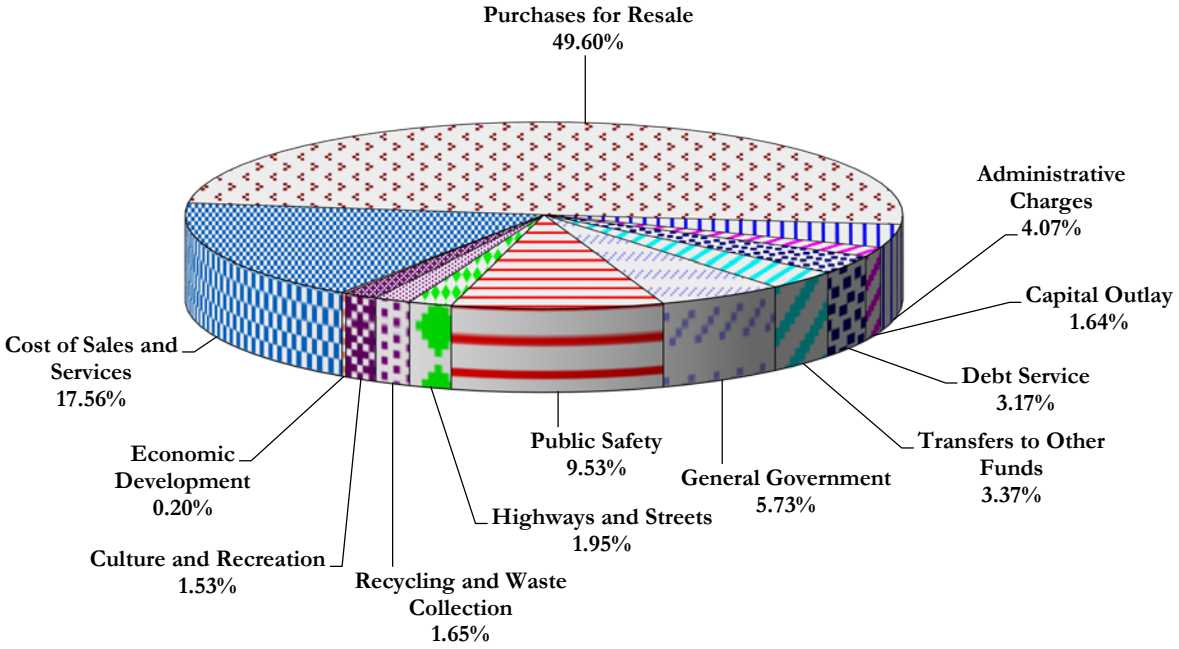
City of Lexington, North Carolina
Total Budget Summary

Enterprise Funds				
Electric Fund	Water & Wastewater Fund	Natural Gas Fund	Golf Fund	2014-2015 Total Budget
-	-	-	168,584	168,584
-	-	-	-	1,300,000
-	-	-	-	912,883
-	-	-	-	576,238
-	-	-	-	53,786
-	-	293,427	-	293,427
-	-	-	-	-
(1,300,000)	-	(912,883)	-	(2,212,883)
-	-	-	-	(105,000)
-	-	-	-	-
-	(200,000)	-	-	(200,000)
-	-	(40,000)	-	(40,000)
-	-	-	-	(168,584)
(178,016)	(327,379)	(70,843)	-	(576,238)
(65,000)	(29,000)	(31,000)	-	(125,000)
-	(75,000)	-	-	(75,000)
-	-	-	-	525,202
(1,543,016)	(631,379)	(761,299)	168,584	327,415
-	-	(73,993)	(47,300)	(1,442,077)
$ 36,260,101	$ 39,442,085	$ 20,637,044	$ 303,016	$ 102,257,520

CITY ESTIMATED REVENUES BY TYPE (Total Budget)



CITY APPROPRIATIONS BY TYPE (Total Budget)



CITY OF LEXINGTON
MAJOR REVENUE ASSUMPTIONS FOR FISCAL YEAR 2014-15

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 assessed valuation for the City is estimated to remain virtually unchanged for fiscal year 2014-15 at $1.502 billion. Property tax collections remain down due to the local economy; therefore a 6.50% uncollectible rate was used in deriving the budget for property taxes. The property tax rate will remain the same at $.60 per $100 of assessed valuation.

Prior Year Ad Valorem Property Taxes – Based on historical trends and adjusted for the amount outstanding of the 2013 property tax receivable balance projected as of June 30, 2014.

Interest on Delinquent Ad Valorem Property Taxes – Based on historical trends and adjusted for the amount outstanding of the 2013 property tax receivable balance projected as of June 30, 2014.

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.

Unrestricted Intergovernmental:

Local Option Sales Tax – The budget is based on estimates provided by the North Carolina League of Municipalities (NCLM) as well as current collections. The City is projecting a slight .61% increase over the prior year original budget for fiscal year 2014-15.

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.

Utility Franchise Tax, Telecommunications Sales Tax, and Piped Natural Gas Excise Tax – These taxes are levied by the State of NC. Both utility and telecommunications are levied based on the gross receipts of the companies operating in NC. The excise tax of piped natural gas is based on consumption by end users. The State of NC shares a portion of these revenues with municipalities based on sales and consumptions within each city. Local weather conditions, annexations, and any increases or decreases in local utility rates influence these revenue sources. For utility franchise tax, the City is budgeting a 5.43% decrease from the prior year original budget based on historical trends and information provided by the NCLM. The City is budgeting a 15.61% decrease in telecommunications compared to fiscal year 2013-14. Telecommunications is expected to be less due to cellular phone competition. Piped natural gas excise tax is being replaced with a 7% sales tax. This change is expected to bring in an additional $112.2k. This information was also supplied by the NCLM.

Cable TV Franchise – Effective January 1, 2007, this revenue is now passed through the State of North Carolina, as a state tax on cable television and video services franchise, to local governments versus what has historically been a local franchise agreement. This law is intended to promote competition, establish uniform tax rates and lower cable rates while still providing local revenue. The City has historically held two local franchise agreements with Time Warner and Lexcom, now doing business as Windstream, and the revenue received by the City was 5% of the cable TV companies' gross revenues within the City limits. The new revenue base now distributed quarterly from the State is comparable to historical 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 2014-15 is projected to decline 15.38% based on the trends recognized in fiscal year 2013-14.

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 budget for this revenue was calculated based on historical trends and information provided by the NCLM. The projected revenue is relatively flat based on the volume of motor fuel being taxed under current economic conditions.

Permits and Fees:

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

Sales and Services:

Recycling and Waste Collection – Based on the proposed user charge increase and a 9% vacancy rate from the traditional level of customers for collection of residential and commercial solid waste. The July 1, 2014 increase of $2.50 per month per container for residential and commercial solid waste collections boosts revenues by approximately $250,000.

Cemetery – Based on existing 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, and Natural Gas 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.

Interest:

Interest Earned on Investments – Based on estimated cash balances during fiscal year 2014-15 and estimated interest rates. Still recovering from the economic recession, interest rates are expected to remain relatively flat in the coming budget year; but the cash position to invest has strengthened. Thus, the City has budgeted roughly a 3.5% increase as compared to the fiscal year 2013-14 projections.

Other Financing Sources:

Installment Purchase Revenues – The City has plans to use proceeds from an installment loan for two side-loading refuse hybrid trucks for the Recycling & Waste Department, which is projected to cost the City $525,505 (this includes $283,298 funded by CMAQ grant in fiscal year 2014-15.

Transfer from the Electric Fund – The City has budgeted to transfer $1.3 million from the Electric Fund to the General Fund to balance the budget. This amount is $25,000 less than the original funding in fiscal year 2013-14. The maximum transfer allowed based on the guidelines of the 2014 transfer policy is $902,514 (50% of average of last three years of audited operating income. This calculation based on the formula is an amount not to exceed 3% of electric's gross capital assets.

Transfer from the Natural Gas Fund – The City has budgeted to transfer $912,883 from the Natural Gas Fund to the General Fund to balance the budget. This represents an increase of $23,219 as compared to fiscal year 2013-14. Current expansion activity in the Natural Gas Fund, which has increased the value of the capital assets and infrastructure, has ultimately enabled an increase in the transfer amount. The calculation based on the formula provided by the NC State Treasurer is an amount not to exceed 3% of natural gas's gross capital assets, which equals $912,883 for Natural Gas.

Payment in Lieu of Taxes (PILOT) from the Electric, Water and Wastewater, and Natural Gas Funds – The utility funds pay the General Fund an amount equal to the value of their respective capital assets within the city limits multiplied by the property tax rate.

Appropriated Fund Balance – Every effort is made to maintain a stable or reduced level of fund balance appropriations. The City is budgeting $1,017,376 in fund balance in order to balance the fiscal year 2014-15 budget. This is an increase of $41,422 as compared to the fiscal year 2013-14 original budget. Appropriations 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.

SPECIAL REVENUE FUND REVENUES

Ad Valorem Property Taxes:

Current Year Ad Valorem Property Taxes – Based on information provided by Davidson County, the government entity which bills and collects Uptown Lexington's property taxes, the assessed valuation for the Special Tax District is estimated to decrease slightly to $48.7 million for fiscal year 2014-15. Property tax collections remain down due to the local economy; therefore a 6.50% uncollectible rate was used in deriving the budget for property taxes. The property tax rate for the Special Tax District will remain at $.20 per $100 of assessed valuation for fiscal year 2014-15.

GENERAL CAPITAL PROJECT FUND REVENUES

Sales and Services:

Property Rental – Funding derived from leasing warehouse space to Lexington Furniture Industries and Carolina Apparatus Repair and Service is included in the amount of $94,902, to be used for expenditures associated with the LFI, Inc. Plant One property redevelopment.

ELECTRIC FUND REVENUES

Due to the aftermath of the recession, the revenue budget is based on no anticipated growth in power consumption in the residential and commercial classes. In addition, Lexington's industrial consumptions remain very low due to significant losses in industrial load from manufacturing plant closings since 2001.

Electric rates across all customer classes of residential, commercial and industrial have been increased by an average of 4.2% effective July 1, 2014. This adjustment in rates is necessary due to the North Carolina Municipal Power Agency No. 1 (NCMPA1) passing on a 3.2% wholesale power cost increase also effective July 1, 2014, plus the need to make critical system reliability and emergency response investments in the coming year.

Beginning in July of 2009, a surcharge is now being applied and modified annually to every electric customer's bill in order to recoup the proceeds necessary to comply with the State enactment of Renewable Energy Portfolio Standards (REPS). This legislation is an environmental provision to require 10% renewable energy sources such as solar and wind in the NCMPA1 energy portfolio by 2018. The modified surcharges effective July 1, 2014 of $6.48 per year for residential, $31.32 per year for commercial, and $323.28 per year for industrial customers are projected to generate $183,488.

WATER AND WASTEWATER FUND REVENUES

Consumption estimates are factored in to budget the water and wastewater revenues. Consumption for water and wastewater is budgeted with a slight decrease overall for all customer classes due to voluntary conservation, the aftermath of the economic recession, and industrial load loss from plant closings.

NATURAL GAS FUND REVENUES

The revenue budget is based on adding 120 residential equivalents due to customer base growth in areas of the City and Davidson County where natural gas lines are expanding. 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. Adversely impacting the revenue budget are the dwindling consumptions from the recession and plant closings in recent years.

The City is not changing the base rate charged to natural gas customers, and the cost of gas component is anticipated to increase by 5.56% next budget year compared to fiscal year 2013-14.

GOLF FUND REVENUES

The revenue budget is based on the same 33,000 rounds played in fiscal year 2013-14, cart rentals and municipal club rentals. To offset the debt payment for the golf course renovations, the General Fund subsidy to the Golf Fund has been budgeted at $168,584 which is the same as compared to the fiscal year 2013-14 original budgeted transfer. There is no fee increase expected.

INTERNAL SERVICE FUND REVENUES

Charges for Sales and Services:

Interfund Revenues – Based on estimated expenditures for services provided by the Garage, 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.

CAPITAL RESERVE FUND REVENUES

Other Financing Sources:

Transfer from Water and Wastewater Fund – Funding set aside from Water and Wastewater operations into capital reserve that is restricted for future capital infrastructure replacements and expansions for the water and wastewater utility system.

Transfer from Natural Gas Fund – Funding set aside from Natural Gas operations into capital reserve that is restricted for future capital infrastructure replacements and expansions for the natural gas utility system.

Transfer from Garage Fund – Funding set aside from Garage to fund future vehicle and equipment needs for use by all City departments.

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.

GENERAL OBLIGATION (G.O.) BONDS

The City issues G.O. bonds to finance the purchase of major capital items and the acquisition and construction of major capital facilities. G.O. bonds have been issued for both general government and proprietary activities and are being repaid from the applicable resources. All G.O. bonds are collateralized by the full faith, credit, and taxing power of the City.

REVENUE BONDS

The City issues revenue bonds to finance the purchase of major capital items and the acquisition and construction of major capital facilities. Revenue bonds were issued for a natural gas system expansion in 2006. The revenue bonds are being repaid from the Natural Gas Fund. The City has been in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order since its adoption in 2006. Section 704(a) of the Bond Order requires the debt service coverage ratio be no less than 125%. The debt service coverage ratio calculation for the year ended June 30, 2013 follows:

Operating Revenues	$ 11,619,196
Operating Expenses*	8,778,133
Operating Income	2,841,063
Nonoperating Revenues (Expenses)**	(70,156)
Income Available for Debt Service	2,770,907
Revenue Bond Debt Service Principal and Interest Paid	350,926
Debt Service Coverage Ratio	790%

*Per rate covenants, this does not include the depreciation expense of $573,748.

**Per rate covenants, this does not include revenue bond interest paid of $107,716.

TOTAL OUTSTANDING DEBT PRINCIPAL AS OF JUNE 30, 2014

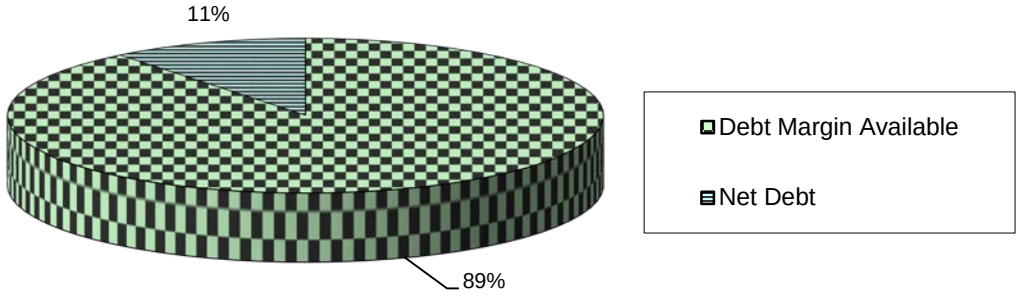
Fund	Installment Purchase	Bonds	Total Debt
General Fund	$ 2,716,074	$ 347,435	$ 3,063,509
Electric Fund	3,246,865	669,517	3,916,382
Water & Wastewater Fund	2,018,173	1,833,048	3,851,221
Natural Gas Fund	1,339,426	2,104,263	3,443,689
Golf Fund	689,154	-	689,154
Total	$ 10,009,692	$ 4,954,263	$ 14,963,955

LEGAL DEBT MARGIN AS OF JUNE 30, 2014

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*	1,422,133,873
Debt Limit (8 percent of total assessed value)	113,770,710
Debt Applicable to Limitation (Gross Debt):	
Authorized and Outstanding G.O. Bonded Debt	2,850,000
Installment Purchase	10,009,692
Statutory Deductions:	
Electric G.O. Bonds	(669,517)
Total Debt Applicable to Limitation (Net Debt)	12,190,175
Legal Debt Margin Available	$101,580,535

*Assessed valuation is presented per North Carolina Department of Revenue Form TR-2-13 2013 Municipal Certification of Valuation and Property Tax Levies for the Fiscal Year Ending June 30, 2014.



DEBT SERVICE BUDGET FOR FISCAL YEAR 2014-15

	Installment Purchase		Bonds	
Fund	Principal	Interest	Principal	Interest
General Fund	$ 481,594	$ 120,446	$ 200,661	$ 7,992
Electric Fund	471,877	154,287	154,684	15,399
Water & Wastewater Fund	400,518	81,959	414,656	42,161
Natural Gas Fund	99,330	80,074	264,355	86,792
Golf Fund	194,442	26,369	-	-
Total	$ 1,647,761	$ 463,135	$ 1,034,356	$ 152,344

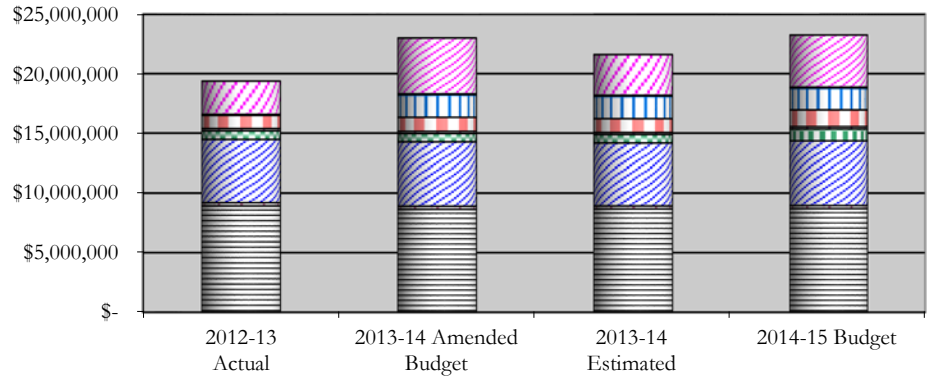
PROPOSED DEBT

The City of Lexington currently anticipates issuing debt in the amount of $525,202 in FY 2014-15 for the purchase of (2) Recycling and Waste Collection Sideloading Refuse Hybrid Trucks. Installment financing is planned for this purchase at an interest rate of 3% or less for a repayment period of 7 years. In FY 2013-2014, the City of Lexington was awarded a CMAQ Hybrid Sideloader Grant in the amount of $283,298, which will cover a portion of the total estimated purchase price of $810,500.

In addition to this short-term debt, the City of Lexington is also planning to issue long-term debt for (2) General and (1) Electric Fund projects. The City plans to issue an estimated $1,700,000 in installment purchase debt in the General Fund for public buildings improvements and for the renovation of Hillside Pool. This financing is anticipated to be issued at an interest rate of 4% or less for a repayment period of 15 years. Also, the City plans to issue an estimated $1,804,000 in installment purchase debt in the Electric Fund for the 2014 Electric System Improvements Project. The financing is anticipated to be issued at an interest rate of 4% or less for a repayment period of 15 years.

GENERAL FUND
REVENUE SUMMARY

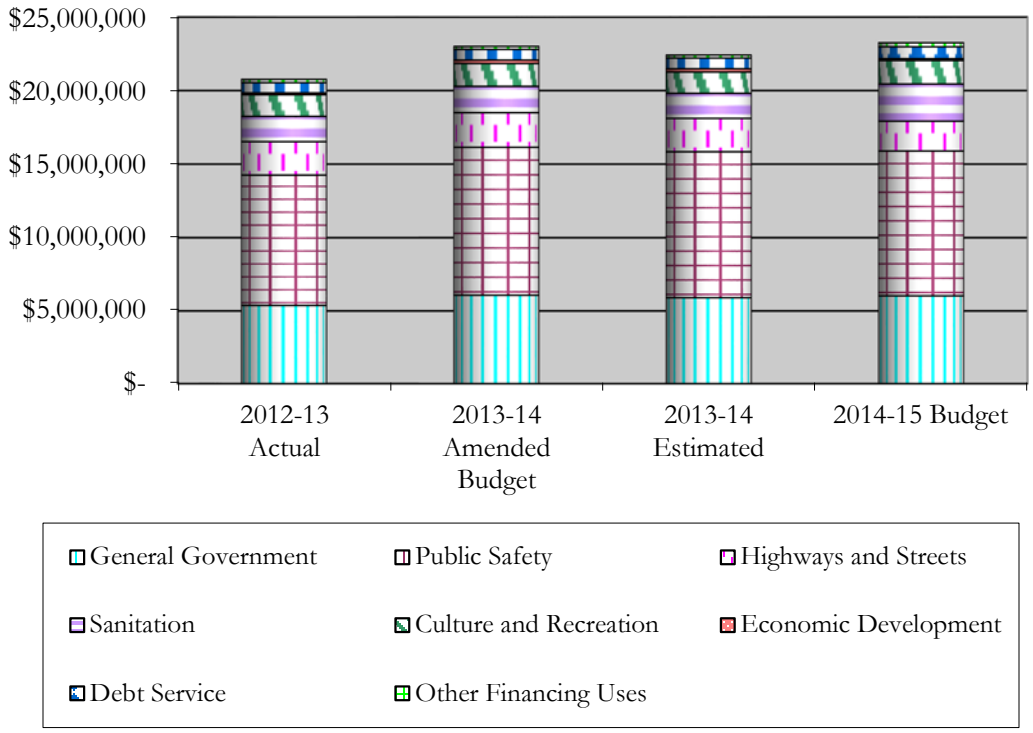
Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Ad Valorem Taxes	$ 8,925,727	$ 8,635,835	$ 8,665,692	$ 8,693,700
Other Taxes	264,915	263,385	252,482	258,000
Unrestricted Intergovernmental	5,268,973	5,366,634	5,245,643	5,393,767
Restricted Intergovernmental	731,137	693,443	712,510	1,002,748
Permits and Fees	183,454	179,300	171,050	190,450
Sales and Services	1,116,134	1,184,406	1,165,512	1,415,796
Administrative Charges	-	1,916,331	1,916,331	1,853,694
Interest	19,793	18,500	18,690	19,340
Miscellaneous	57,450	41,050	33,100	34,650
Other Financing Sources	2,799,737	4,701,434	3,424,464	4,385,485
Total	$ 19,367,320	$ 23,000,318	$ 21,605,474	$ 23,247,630



Ad Valorem Taxes | Other Taxes | Unrestricted Intergovernmental
Restricted Intergovernmental | Permits and Fees | Sales and Services
Administrative Charges | Interest | Miscellaneous
Other Financing Sources

GENERAL FUND
EXPENDITURE SUMMARY

Functions	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
General Government	$ 5,380,192	$ 6,081,626	$ 5,911,189	$ 6,045,991
Public Safety	8,872,028	10,061,164	9,926,883	9,843,445
Highways and Streets	2,269,741	2,349,795	2,271,299	2,027,738
Sanitation	1,722,243	1,791,474	1,701,668	2,527,168
Culture and Recreation	1,471,410	1,553,822	1,448,649	1,599,437
Economic Development	124,954	231,714	221,938	119,574
Debt Service	693,971	729,049	729,049	810,693
Other Financing Uses	223,571	201,674	201,674	273,584
Total	$ 20,758,110	$ 23,000,318	$ 22,412,349	$ 23,247,630



GOVERNING BOARD DEPARTMENT
GENERAL FUND

Statement of Department's Purpose:
The purpose of the Governing Board Department is for City Council to work within state and federal 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 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

2014-15 Objectives:
- To provide open, effective, and regular communication with citizens, customers, employees and partners
- To improve 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 the overall operations and services of the City
- 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 10-11	FY 11-12	FY 12-13
# of City Council members (including Mayor)	9	9	9
Monthly salary - Mayor	$500	$500	$750
Monthly salary - Council	$400	$400	$500
# of meetings/month	2	2	2
Tax rate	0.560	0.560	0.600
% General Fund expenditures funded by ad valorem taxes	47%	43%	47%
Assessed valuation	1.47 Billion	1.47 Billion	1.50 Billion

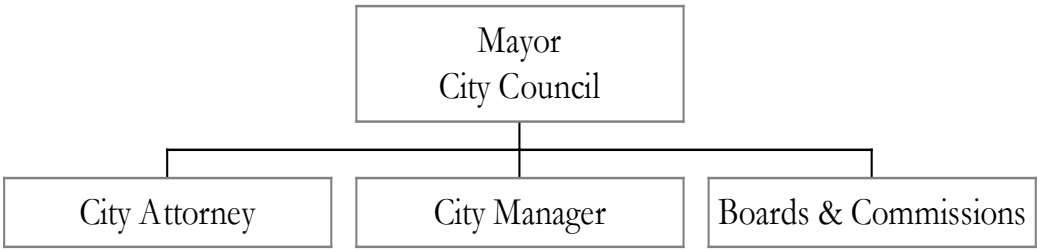
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 130,160	$ 149,489	$ 148,460	$ 157,877
Operations	40,237	29,366	22,311	29,470
Capital Outlay	-	-	-	-
Total	$ 170,397	$ 178,855	$ 170,771	$ 187,347

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Board Members	9	9	9	9

Capital Outlay: None.

City of Lexington
Governing Board



CITY MANAGER DEPARTMENT
GENERAL FUND

Statement of Department's Purpose:
The purpose of the City Manager 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, Utilities Commission, Redevelopment Commission and Tourism Authority agendas and minutes of meetings
- Advise City Council of financial condition of the City
- 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

2014-15 Objectives:
- To properly administer programs and policies approved by City Council
- To respond to citizen and City Council concerns promptly
- To prepare and administer annual budget
- To update Financial Planning Model annually and Enterprise Business Plans bi-annually
- To communicate effectively with citizens, customers, employees and partners
- To implement City Council's strategic goals
- To improve productivity, operational effectiveness, competitiveness and control costs
- To create private/public or public/public partnerships wherever possible
- To promote and invest in neighborhood revitalization and improve the quality of life in the City
- To promote customer service excellence and be customer friendly
- To pursue economic development opportunities and improve city financial strength
- To monitor utilities and golf business enterprises – minimum quarterly collaborative team meetings
- To pursue new technology innovations that will improve organizational efficiency and effectiveness
- To incorporate 2020 Renaissance Plan – a strategic plan for a greater Lexington

CITY MANAGER DEPARTMENT
GENERAL FUND

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of employees in department	5	5	5
Population	18,900	18,816	18,628
Total original city budget	95.9 Million	95.1 Million	95.4 Million
Available fund balance as % of expenditures	29%	30%	33%

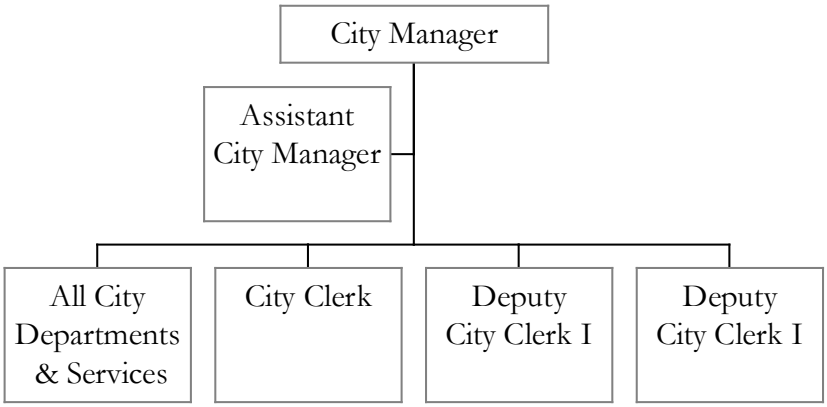
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 466,621	$ 490,263	$ 479,031	$ 514,928
Operations	51,846	40,157	31,656	68,096
Capital Outlay	-	-	-	-
Total	$ 518,467	$ 530,420	$ 510,687	$ 583,024

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	5	5	5	5

Capital Outlay: None.

City of Lexington
City Manager



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.

2014-15 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 taxes

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
Grants to agencies budget	$302,036	$305,984	$292,500
Contingency budget	$0	$50,000	$0
Property tax collection fees - real property	5.38 per bill	5.57 per bill	5.66 per bill
# of tax bills	10,137	10,074	10,045
Property tax collection fees - motor vehicles	1.50%	1.50%	1.50%
General Government expenditures	$4,908,242	$5,022,123	$5,380,192
Public Safety expenditures	$8,693,289	$8,923,159	$8,872,028
Hwy & Street expenditures	$1,614,884	$2,578,808	$2,269,741
Recycling & Waste Collection expenditures	$1,737,312	$1,690,560	$1,722,243
Culture & Recreation expenditures	$1,370,362	$1,449,196	$1,471,410
Economic and Physical Development expenditures	$0	$87,134	$124,954
Debt Service expenditures	$725,727	$748,203	$693,971
Other Financing Uses	$1,462,244	$230,809	$223,571

GENERAL ADMINISTRATION DEPARTMENT
GENERAL FUND

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 528,046	$ 666,245	$ 651,245	$ 780,744
Operations	1,921,381	2,346,268	2,330,176	2,182,667
Capital Outlay	-	-	-	-
Total	$ 2,449,427	$ 3,012,513	$ 2,981,421	$ 2,963,411

Capital Outlay: None.

GRANTS TO AGENCIES
FOR FISCAL YEAR 2014-2015

AGENCIES	AMOUNT BUDGETED FY 13-14	AMOUNT REQUESTED/ RECOMMENDED FY 14-15	AMOUNT BUDGETED FY 14-15
Non-Partner Agencies*			
Arts United for Davidson County	$ 4,000	$ 2,000	$ 2,000
Communities in Schools of Lexington & Davidson County	$ 3,000	$ 1,500	$ 1,500
Crisis Ministry of Davidson County	$ 12,750	$ 6,375	$ 6,375
Davidson County Dept Senior Services	$ 2,250	$ 1,125	$ 1,125
Davidson County Rescue Squad **(1)**	$ -	$ -	$ -
Davidson County Services for the Deaf & Hard of Hearing	$ 3,250	$ 1,625	$ 1,625
Davidson Medical Ministries	$ 5,000	$ 2,500	$ 2,500
Family Services of Davidson County	$ 4,000	$ 2,000	$ 2,000
Hospice of Davidson County	$ 3,000	$ 1,500	$ 1,500
Life Center of Davidson County	$ 1,750	$ 875	$ 875
Pastor's Pantry of Davidson County	$ 1,750	$ 875	$ 875
Path of Hope	$ 4,000	$ 2,000	$ 2,000
Positive Wellness Alliance	$ 1,750	$ 875	$ 875
Salvation Army Boys & Girls Club	$ 4,000	$ 2,000	$ 2,000
Partner Agencies			
Davidson County Economic Development Commission **(**)**	$ 41,000	$ 42,000	$ 41,000
Edward C. Smith Civic Center of Lexington	$ 80,000	$ 80,000	$ 80,000
Lexington Appearance Commission	$ 6,000	$ 5,000	$ 5,000
Lexington City Government Youth Council (City Council)	$ -	$ 1,035	$ 1,035
Lexington Historic Preservation Commission	$ 2,500	$ 2,500	$ 2,500
Lexington Housing Community Development Corporation	$ 75,000	$ 75,000	$ 50,000
Lexington Human Relations Commission	$ 4,000	$ 4,000	$ 4,000
Neighborhood Revitalization Funds (City Council)	$ 9,000	$ 7,965	$ 7,965
Uptown Lexington **(**)**	$ 40,500	$ 45,000	$ 20,000
TOTAL	**$ 308,500**	**$ 287,750**	**$ 236,750**

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

CITY MANAGER'S COMMENTS:

(1) Davidson County Rescue Squad grant replaced by lease agreement for former Fire Station 2 in FY 12-13.

(*) Funding reduced by 50% for FY 14-15. Final year of funding non-partner agencies.

(**) Economic development initiatives.

FINANCE DEPARTMENT
GENERAL FUND

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

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

2014-15 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 2014-15 budget through the post-recession period
- Assist in City's 10-year Strategic Planning Process
- Implement technology upgrades to enhance effectiveness of city-wide intranet use and to enhance efficiencies in CAFR reporting
- Assess potential for enhanced use of new and/or existing technology in performing core functions and implement ideas that enhance efficiency and effectiveness

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	10	10	10
CAFR on website	Yes	Yes	Yes
Budget on website	Yes	Yes	Yes
Who compiles CAFR?	Finance	Finance	Finance
# AP checks processed/year	4,610	4,387	4,176
% of JEs processed without error/year	99.2%	99.8%	99.4%
Rate of return on investments	0.46%	0.41%	0.25%
# of purchase orders/year	727	808	735
# of property auctions using GovDeals	24	30	35
$ value of property auctions using GovDeals	$53,953	$47,178	$45,185
Purchasing Card Rebate	$0	$20,174	$30,129
Receive CAFR award	Yes	Yes	Yes
Receive budget award	No	No	No

FINANCE DEPARTMENT
GENERAL FUND

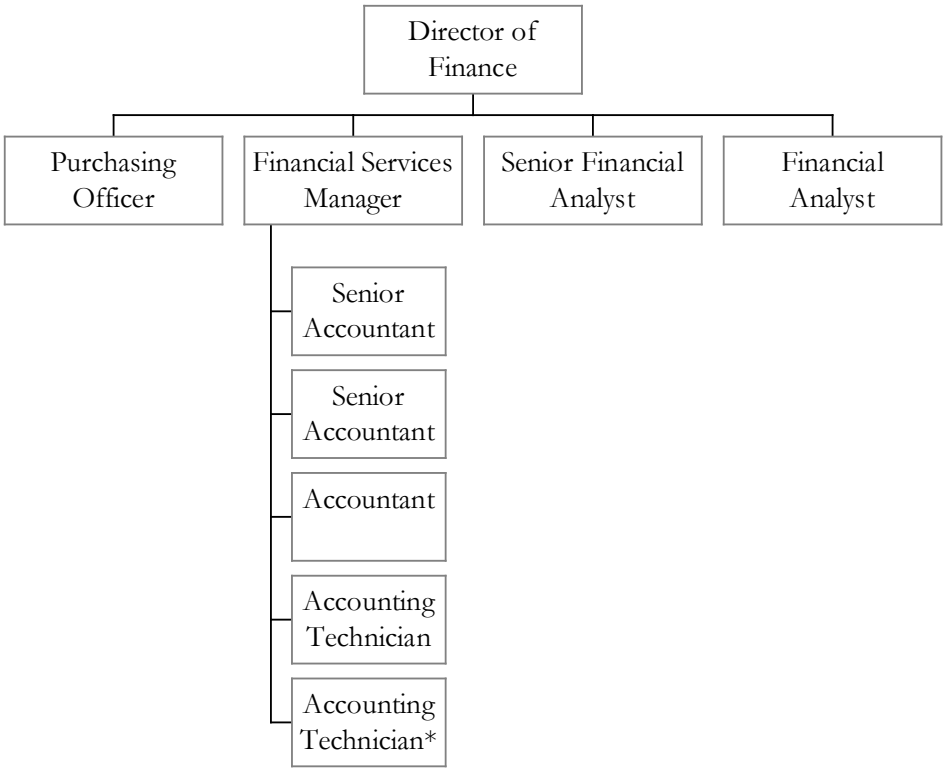
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 684,462	$ 688,126	$ 641,327	$ 680,652
Operations	39,269	49,095	36,178	40,276
Capital Outlay	-	-	-	-
Total	$ 723,731	$ 737,221	$ 677,505	$ 720,928

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	10	10	10	9

Capital Outlay: None.

City of Lexington
Finance



* 1 position not funded

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.

2014-15 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
- 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 policies and operations

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
Staff attorney	No	No	No
# of legal advisors	1	1	1
City attorney expenditures	$24,814	$26,870	$32,602
Benefits provided	No	No	No

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ -	$ -	$ -	$ -
Operations	32,602	36,921	36,921	37,000
Total	$ 32,602	$ 36,921	$ 36,921	$ 37,000

Capital Outlay: None.

HUMAN RESOURCES DEPARTMENT
GENERAL FUND

Statement of Department's Purpose:
The purpose of the Human Resources Department is to comply with federal, state, and city employment laws and policies, hire and retain qualified employees, administer benefits through a partnership with the Finance Department, and direct services to employees and retirees.

Departmental Functions:
Recruiting, compensation and benefits administration, employee relations, compliance with federal, state, and city laws and policies.

2014-15 Objectives:
- Assist departments to recruit, train and retain a quality workforce in the face of a potential "silver tsunami"
- Coordinate a group health plan to comply with healthcare reform transitions as mandated
- Expand wellness program to improve overall health of city workforce in an effort to reduce health costs

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	2	2	2
# of city employees	341	339	336
City employees per HR employee	170	169	168
Turnover rate	7%	6%	10%

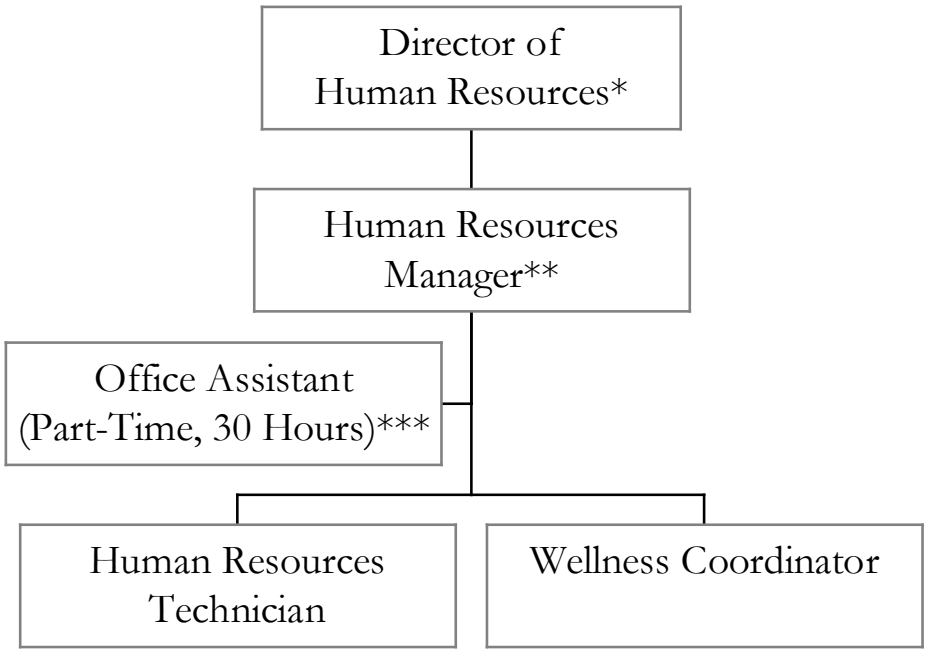
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 156,221	$ 245,058	$ 229,697	$ 315,583
Operations	59,579	78,063	75,230	86,767
Capital Outlay	-	-	-	-
Total	$ 215,800	$ 323,121	$ 304,927	$ 402,350

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	2	4	4	4

Capital Outlay: None.

City of Lexington
Human Resources



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

**Human Resources Manager funded in Human Resources but also provides leadership over the department of 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, the citywide Internet Protocol (IP) phone system; as well as software applications and suites used throughout the City including Microsoft Office, Cayenta Customer Information System (CIS), Geographic Information System (GIS), MUNIS financial system, Sungard OSSI police records management system, etc. Coordinate the creation of customized reports as requested by departments. Provide maintenance and continuous development of the City's website and intranet. Assist the Technology Steering Committee (TSC) and departments in evaluating, budgeting and acquiring technology related hardware and software to enhance productivity and efficiency.

2014-15 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
- Resurrect active participation and improve communication of the TSC
- Evaluate, improve and implement disaster recovery plans and methods
- Enhance and streamline electronic storage and archiving capabilities
- Continue to explore virtual desktop technology use as a long term efficiency measure
- Develop city-wide intranet to improve communication and efficiency for all city departments
- Enhance reliability, efficiency, and security for the entire network infrastructure

INFORMATION TECHNOLOGIES DEPARTMENT
GENERAL FUND

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of full-time employees on staff	4	5	5
# of servers supported	30	36	36
# of PCs and laptops supported	250	245	246
# of servers supported per employee	8	7	7
# of PCs/laptops supported per employee	63	49	49
# of patrol cars with computers/printers	70	68	66
Routine PC/laptop replacement schedule	Laptops only	PC/Laptops	PC/Laptops
Disaster recovery plan in place	Yes	Yes	Yes
Average # of website hits/month	22,175	57,607	18,503
Provide website/e-commerce support	Yes	Yes	Yes
Provide police support	Yes	Yes	Yes
Provide telephone support (IP, cell)	Yes	Yes	Yes
Provide 24/7 on call support	Yes	Yes	Yes

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 288,706	$ 343,444	$ 326,553	$ 346,680
Operations	446,251	423,337	419,257	390,598
Capital Outlay	159,921	108,576	108,576	93,448
Total	$ 894,878	$ 875,357	$ 854,386	$ 830,726

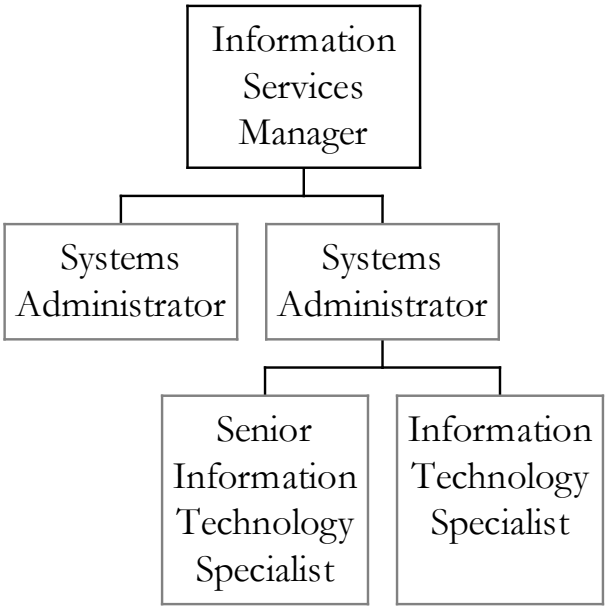
Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	5	5	5	5

INFORMATION TECHNOLOGIES DEPARTMENT
GENERAL FUND

Capital Outlay:

Item	New/Replacement	2014-15 Budget
Avamar Data Backup Upgrade	R	$ 39,948
Storage Area Network	R	45,000
Server Replacements	R	8,500
Total		$ 93,448

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 maintenance for all city facilities and custodial services for fourteen facilities.

Departmental Functions:
Maintenance, repair, 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.

2014-15 Objectives:
- Maintain Lexington Furniture Industries Plant 1 property facilities during redevelopment stages
- Work with the Fire Marshal on upgrading city buildings to new fire codes
- Oversee renovations and painting at the Municipal Club and Phase #2 of the Edward C. Smith Civic Center

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of building maintenance employees	1	2	1
# of custodians	1FT/4 PT	2FT/4PT	1FT/5PT
In-house or contracted custodians	In-house	In-house	In-house
# of employee-occupied buildings	14	14	14

PUBLIC BUILDINGS DEPARTMENT
GENERAL FUND

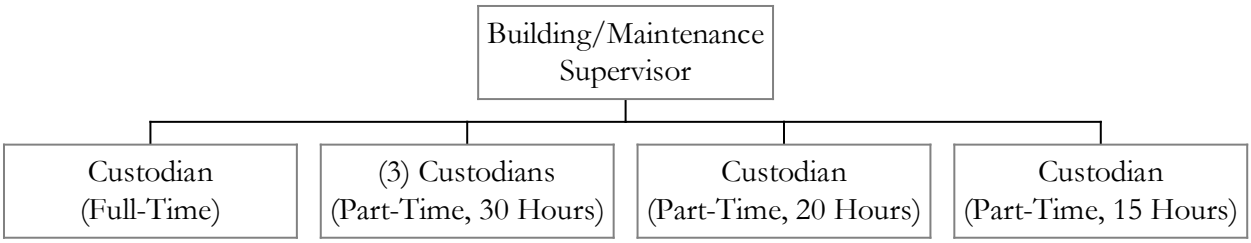
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 221,431	$ 234,740	$ 222,193	$ 243,454
Operations	153,459	152,478	152,378	77,751
Capital Outlay	-	-	-	-
Total	$ 374,890	$ 387,218	$ 374,571	$ 321,205

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	2	2	2	2

Capital Outlay: None.

City of Lexington
Public Buildings



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 Watch, traffic direction, warrant service, escorts, crime scene processing, canine searches and tracking.

2014-15 Objectives:
- Provide the most ethical, fair, efficient, cost effective and objective service to the citizens of Lexington
- Enhance the involvement of community members in the identification and solution of community problems
- Seek input from citizens about matters that impact the quality of life in their neighborhoods and strive to improve them
- Use community-based alternatives aimed at problem solving in conjunction with enforcement actions to combat criminal activity and behavior
- Work collaboratively with other city departments through community policing, community-oriented government and provide extraordinary customer service
- Increase officer productivity and efficiency by providing education and specialized training in-house at the Police Training Facility in the areas of criminal investigation, crime scene processing, customer service and other related topics to insure well rounded and professional law enforcement personnel
- Provide training to officers on crime prevention techniques, and partner with the community to help reduce preventable crime

POLICE DEPARTMENT
GENERAL FUND

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of sworn officers	69	65	65
# of civilian personnel (full time)	10	10	10
Population per sworn officer	275	289	287
# of calls for service/year	57,377	55,545	53,312
# of calls per officer/year	832	855	820
# of traffic citations issued/year	4,485	4,131	2,866
# of K-9s	2	2	3
# of neighborhood watch meetings/year	122	122	122

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 4,542,515	$ 4,672,487	$ 4,672,487	$ 4,889,221
Operations	463,655	530,642	481,950	461,342
Capital Outlay	-	30,223	30,223	100,116
Total	$ 5,006,170	$ 5,233,352	$ 5,184,660	$ 5,450,679

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	75 (1) (2)	74	73	73

(1) 1 COPS Officer funded by U.S. Department of Justice grant for fiscal year 2012-13. Grant expired June 30, 2013.

(2) 1 Traffic Officer funded by Governor's Highway Safety Program grant for fiscal year 2012-13. Grant expired September 30, 2012.

Capital Outlay:

Item	New/Replacement	2014-15 Budget
(4) Police Vehicles	R	$ 100,116
Total		$ 100,116

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

2014-15 Objectives:
- Manage risk, improve operational safety
- Improve employee health and wellness
- Improve readiness for natural disasters
- Assure continued dependability and serviceability of department fleet
- Implement service delivery per NFPA 1710 and OSHA 1910.134
- Prepare for rating inspection per NC Department of Insurance

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of firefighters	42	42	42
# of admin personnel	6	6	6
# of certified fire inspectors	38	35	32
# of calls for service/year	1,137	998	1,027
# of stations	3	3	3
Date newest station placed into service	2011	2011	2011
PPC insurance rating	3	3	3
$ value of fire loss	$1,011,605	$292,580	$608,900
# of public education programs/year	282	154	167

FIRE DEPARTMENT
GENERAL FUND

Budget Summary:

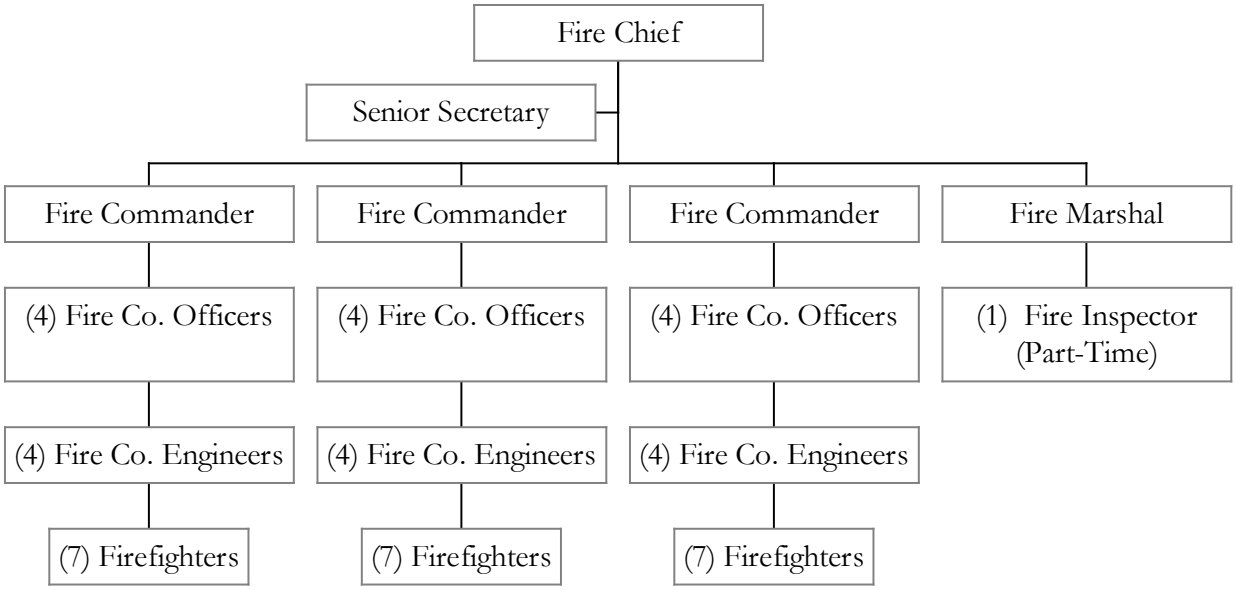
Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 2,757,068	$ 2,946,290	$ 2,946,290	$ 3,023,340
Operations	385,741	457,171	410,948	395,772
Capital Outlay	79,491	600,440	600,440	138,247
Total	$ 3,222,300	$ 4,003,901	$ 3,957,678	$ 3,557,359

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	48	51	51	51

Capital Outlay:

Item	New/Replacement	2014-15 Budget
SCBA Airpacks with Face Masks	R	$ 129,000
Voice Amplifiers	R	$ 9,247
Total		$ 138,247

City of Lexington
Fire



BUSINESS AND COMMUNITY DEVELOPMENT DEPARTMENT
GENERAL FUND

Statement of Department's Purpose:

- Protect and improve the community through enforcement of the Land Development Ordinance, State Building Code, Minimum Housing Code, and Nuisance Ordinances.
- Improve economic development and quality of life by recruiting new businesses and supporting existing business for sustainable growth.
- Guide proper and directed growth through long-range and short-range planning.
- Initiate, seek funding for, and implement redevelopment and neighborhood revitalization plans and projects.
- Increase effectiveness by working with partner agencies and interested citizens.
- Provide data, reference, and educational information on various planning and community issues.

Departmental Functions:

Code enforcement, permitting, community development, business development, grant applications and administration, complaint administration, long range / short range neighborhood and community-wide planning, special redevelopment and community improvement projects, staff support, mapping, census and demographic resource.

2014-15 Objectives:

Code Enforcement

- Implement GIS module of BluePrince software / Combine complaint system / building permits / land use cases
- Continue to move toward Paperless – digital filing for retention of land use, blight, and construction records
- Develop commercial appearance code
- Administer Enforcement and Permitting programs
- Administer Lien Program
- Administer Blight Removal Program
- Liaison to Davidson County Homebuilders
- Liaison to Davidson County Electrical Contractors
- Continuing Education / Training

Planning

- Build capacity of new City Planners
- Begin Corridor and Neighborhood Planning Initiatives
- Staff the Planning Board / Board of Adjustment
- Begin update of Land Use Plan
- Maintain the Land Use Ordinance / Map
- Oversee issuance of minor and major zoning permit for development / guide developers

Community and Economic Development

- Depot District redevelopment plan / TIGER II planning grant
- Implement Business Development Program (recruit, facilitate start-ups and development, entrepreneur development, location marketing, business incentive grant program)
- Staff Historic Preservation Commission
- Liaison to Uptown Lexington, Inc. / Assist in facilitating Uptown Redevelopment projects
- Staff Appearance Commission
- Apply for various Community and Economic Development grants
- Liaison to LHCDC / Homeownership Center
- Liaison to Local Food Program Initiative

BUSINESS AND COMMUNITY DEVELOPMENT DEPARTMENT
GENERAL FUND

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	7	7	9
# of minimum housing inspections/year	2,650	2,513	2,600
# of building inspections/year	1,613	1,663	1,318
# of housing units	8,510	8,510	8,510
% of rental housing units	50.20%	50.20%	50.20%
# of nuisance complaints/year	2,789	2,534	2,405
$ value of new residential construction	$3.2 Million	$3.7 Million	23.7 Million
$ value of new commercial construction	$30 Million	$9.1 Million	$4.8 Million

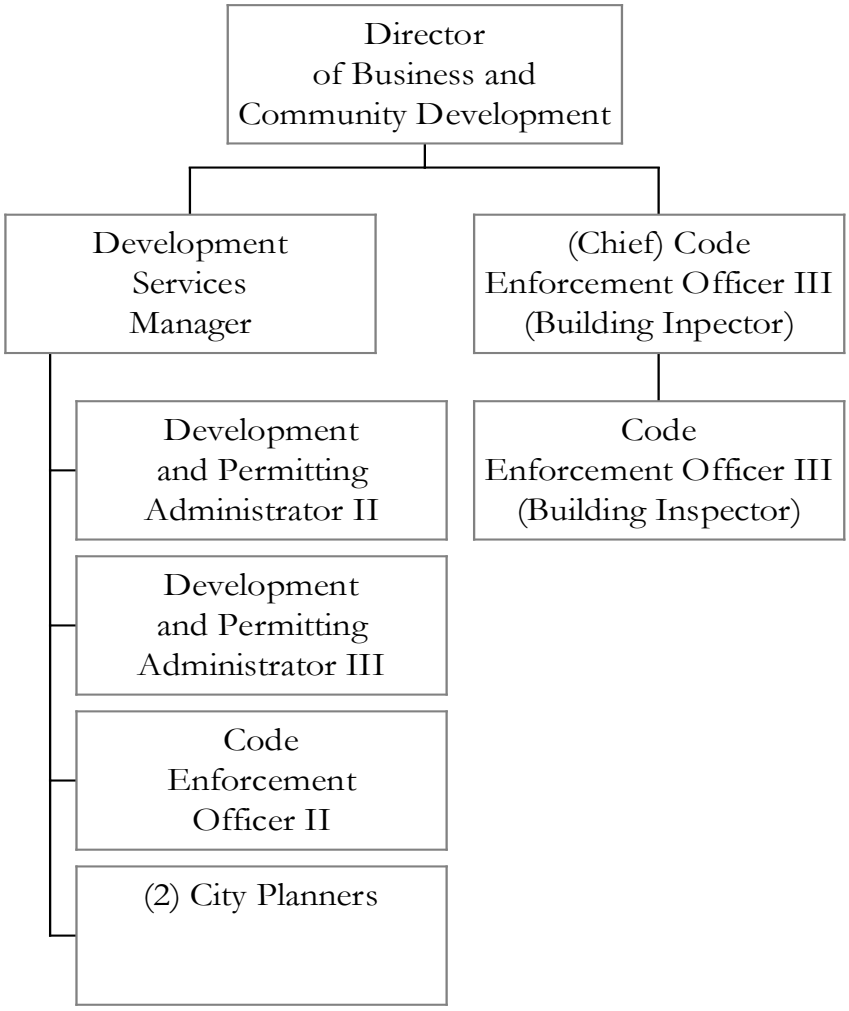
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 495,267	$ 653,374	$ 621,934	$ 686,554
Operations	140,291	170,537	162,611	148,853
Capital Outlay	8,000	-	-	-
Total	$ 643,558	$ 823,911	$ 784,545	$ 835,407

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	9	9	9	9
Board Members	9	9	9	9

Capital Outlay: None.

City of Lexington
Business and Community Development



ENGINEERING DEPARTMENT
GENERAL FUND

Statement of Department's Purpose:
The Engineering 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 right-of-ways, advertise, bid and manage all capital improvement projects as directed and approved by the City Council and the City Manager. Other engineering responsibilities include plan review, obtaining and holding applicable permits and encroachment agreements, and observing the construction of new public infrastructure to ensure compliance with local, state, and federal regulations.

Departmental Functions:
Geographic Information System (GIS) mapping, building permit & Planning Board reviews, design and construction management, pavement asset management, surveying, engineering & NC Department of Transportation (NCDOT) coordination, sewer & roadway design, certify plat review for recordation in Davidson County, FEMA compliance, Powell Bill statement & map certification, maintain 811 underground utility location grids, provide GIS support to all city departments, supervision and support to superintendents over Public Buildings and Grounds, Recycling and Waste Collection, Streets, Fleet Management, and Water and Wastewater treatment plants and line maintenance.

2014-15 Objectives:

- Support efforts to build a passenger rail stop in Lexington
- Support efforts for a large industrial park
- Coordination of NCDOT Bridge Construction Enhancements
- Coordination of Water / Wastewater conflicts on NCDOT Bridge Construction Projects
- Continue connecting Cayenta Location Points to GIS mapping
- Continue to seek and administer grants
- Support coordination efforts with NCDOT NC8 / West Bypass activities
- Manage the outsourcing of street maintenance programs
- Update and maintain "Public Web Map" available at http://lexington.connectgis.com/Map.aspx
- Update and maintain "Database Versioning" to allow field personnel to update GIS system
- Update and maintain "Automatic System Monitoring" in Lexington GIS to detect potential system malfunctions and send email alerts
- Provide maps and GIS products to support other city departments
- Maintain and enhance digital deeds and right-of-ways linked to GIS
- Collect GPS locations for quality assurance of "Georeferenced Maps" used in heads-up digitizing
- Collect GPS location data for new water, wastewater and storm drainage
- Use Facility Maintenance Approach to access best management practice for pavement, water and wastewater infrastructure
- Construction review and inspection of wastewater extensions in areas by other partners

ENGINEERING DEPARTMENT
GENERAL FUND

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	4	4	4
GIS or Manual Mapping	GIS	GIS	GIS
# of Professional Engineers	1	1	1
# of Professional Land Surveyors	1	1	1
# of street work orders/year	1,293	1,276	1,267
# of water and wastewater work orders/year	2,021	1,859	1,890

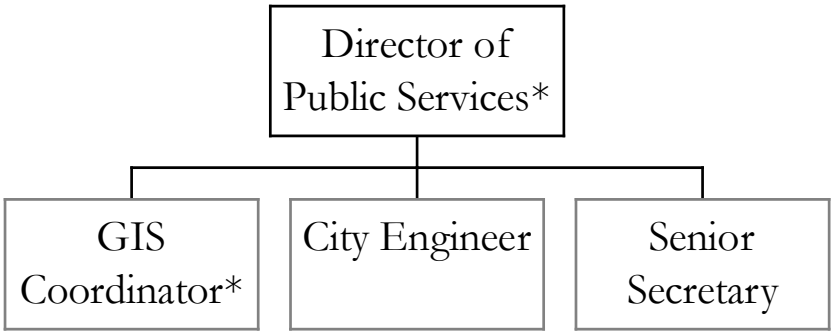
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 320,867	$ 372,162	$ 338,570	$ 161,983
Operations	81,226	105,764	94,081	100,309
Capital Outlay	-	-	-	-
Total	$ 402,093	$ 477,926	$ 432,651	$ 262,292

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	4	4	4	2

Capital Outlay: None.

City of Lexington
Engineering



* 2 positions not funded

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, curb and gutter, and storm drainage pipes and structures, 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
- 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
- Maintain existing and install new storm drainage structures and maintain ditches and drainage areas
- Sweep city streets and other city properties
- Set up traffic control for construction and city events
- Perform ice and snow control on city streets, applying brine, plowing and salting
- Keep roadways and streets clear of hazards, tree limbs and debris
- Keep right of ways and other public areas and structures within the City limits maintained to promote pleasing aesthetics

2014-15 Objectives:
- Effectively manage personnel and equipment to provide the highest level of customer service and best value for the expenditure
- Maintain an effective preventive maintenance program and minimize lifetime costs of roadways and related structures
- Continue aggressive pavement maintenance program with resurfacing and surface treatments to minimize pavement deterioration
- Continue sidewalk replacement and repair program, targeting uptown and surrounding areas
- Maintain an effective sign survey and replacement program
- Maintain sweeping program and steadily increase efficiency in the route cycle
- Target badly deteriorated curb and gutter areas and start replacement by in-house services
- Target areas of needed repair and maintenance noted on the street pothole survey
- Remain current and knowledgeable of eligible, efficient and effective uses for Powell Bill funds
- Effectively target unsightly debris, undergrowth, weeds, grass, graffiti, and other nuisances to promote a cleaner, safer and pleasing City

STREET DEPARTMENT
GENERAL FUND

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	15	15	15
Street miles	125.4	125.4	125.4
Miles per employee	8	8	8
Tons of asphalt used for pot holes	543	579	860
Feet of sidewalk replaced/repaired per year	814	1,142	990

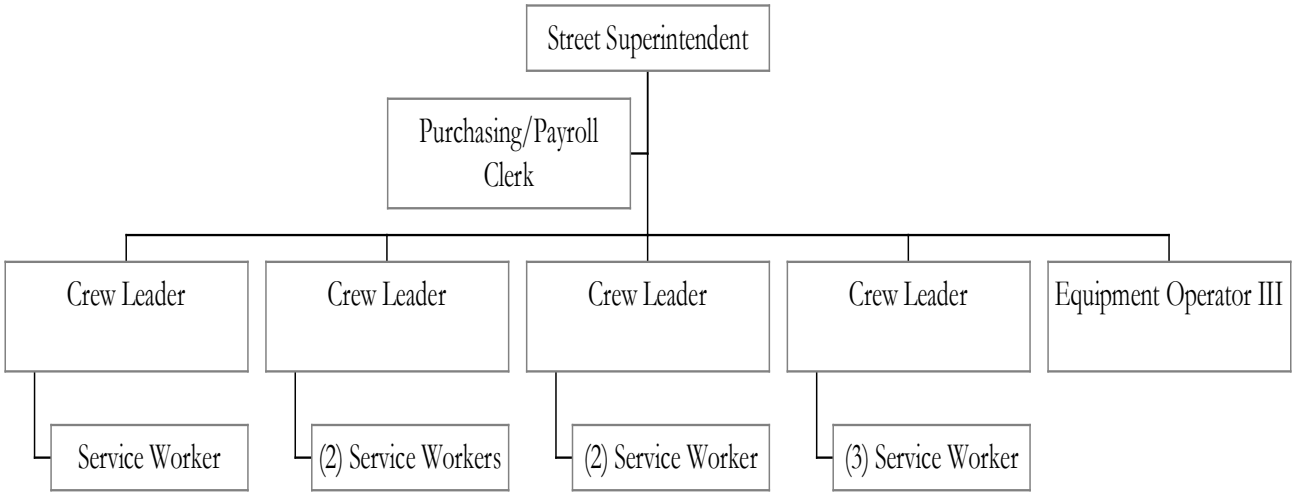
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 734,334	$ 796,891	$ 764,050	$ 800,214
Operations	1,133,314	1,074,978	1,074,598	965,232
Capital Outlay	-	-	-	-
Total	$ 1,867,648	$ 1,871,869	$ 1,838,648	$ 1,765,446

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	15	15	15	15

Capital Outlay: None.

City of Lexington
Street



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 garbage and recycling for 8,500 households
- Weekly collection and disposal of garbage and recycling for city departments
- Weekly collection and disposal of garbage and recycling for approximately 255 commercial rollout customers
- Weekly collection and disposal of recycling for approximately 100 commercial recycling rollout customers
- Weekly collection and disposal of yard waste, limbs, grass, trimmings, etc. for 8,500 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 1,900 households
- Cleanup for special Uptown Lexington events (BBQ Festival, National Night Out, Christmas Open House, etc.)

2014-15 Objectives:
- Provide monthly activity-based cost reports to administration
- Provide support and participation in the Public Services Mission – City wide cleanup campaign
- Continue customer education efforts regarding waste collection and recycling services and additional recycling mandates – utilize website opportunities
- Comprehensive review of City Waste Collection Code
- Expand the commercial and residential rollout recycling programs

RECYCLING AND WASTE COLLECTION DEPARTMENT
GENERAL FUND

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	18	18	18
# of residences	8,500	8,500	8,500
Tons of garbage collected/year (residential)	7,520	7,125	6,590
Tons of recycling/year (residential)	540	505	580
% of customers who recycle	30%	30%	30%
Monthly rate charged for residential collection	$8	$8	$9
Tipping fees per ton	$36	$36	$36
Ratio of revenues to expenditures	1 to 2.14	1 to 2.08	1 to 2.13

Budget Summary:

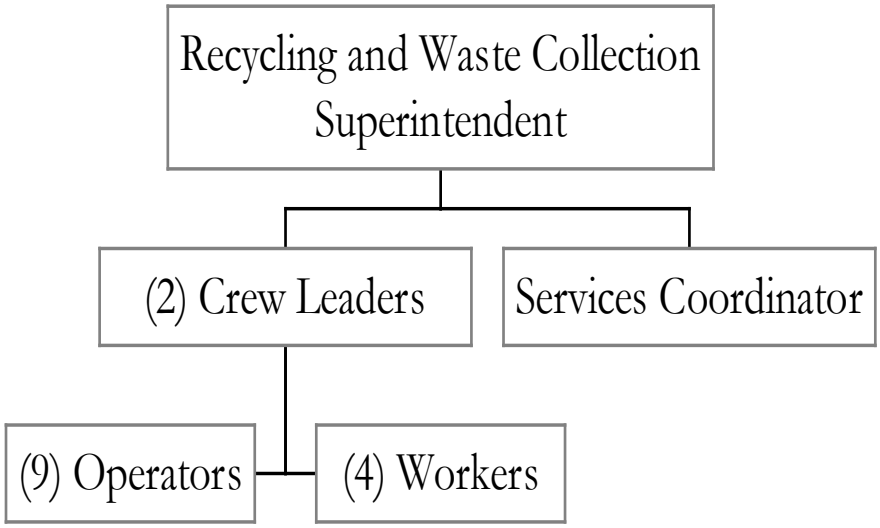
Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 851,459	$ 917,232	$ 853,955	$ 864,490
Operations	834,302	874,242	847,713	852,178
Capital Outlay	36,482	-	-	810,500
Total	$ 1,722,243	$ 1,791,474	$ 1,701,668	$ 2,527,168

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	18	18	17	17

Capital Outlay: Installment Purchase

Item	New/Replacement	2014-15 Budget
(2) Sideloading Refuse Truck/Hybrid	R	$ 810,500
Total		$ 810,500

City of Lexington
Recycling & Waste Collection



PARKS & RECREATION DEPARTMENT
GENERAL FUND

Statement of Department's Purpose:
The purpose of the Recreation Department is to provide a comprehensive year round program of recreational activities in conjunction with outstanding parks, playgrounds and facilities, in an effort to enhance the overall quality of life for all citizens of Lexington.

Departmental Functions:
Operate 20 city parks, 15 tennis courts, 9 ball fields, 3 soccer fields, 2 festivals, 13 basketball courts; and provide a year round program of recreational activities for youth and adults.

2014-15 Objectives:
- Renovate Hillside Pool for 2015 opening
- Renovate Holt-Moffitt Field House
- Work with Ernie Tompkins, Parks and Recreation Advisory Board and focus groups to recommend improvements to Washington Park including splash pad.
- Hold successful Multicultural and 4th of July festivals
- Partner with YMCA for aquatics program and youth basketball.

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees (FT)	6	6	6
Expenditures per capita	$36	$38	$41
# of sports registrants/year	809	844	905
# of youth recreation centers	0	0	0
# of pools	2	2	2
# of parks	18	19	20

PARKS & RECREATION DEPARTMENT
GENERAL FUND

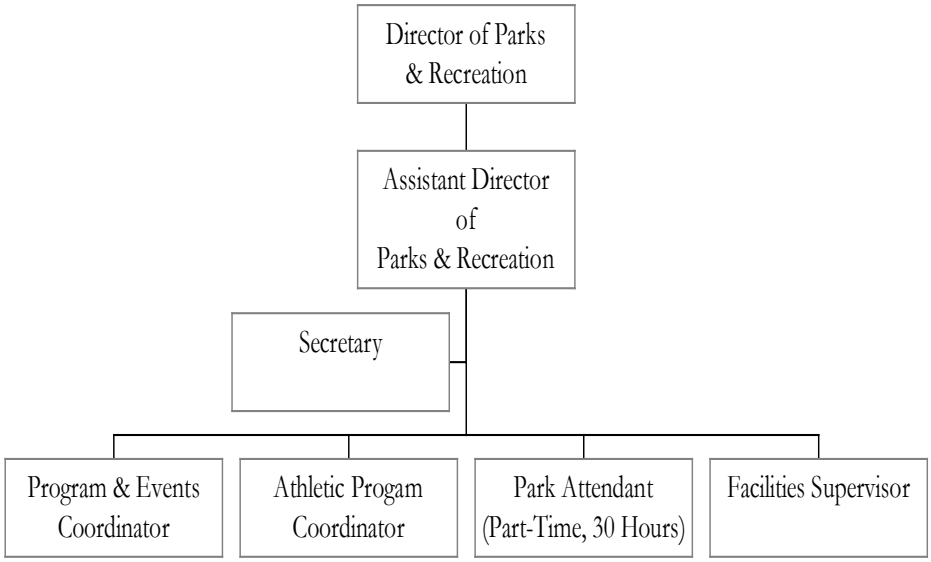
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 449,886	$ 493,491	$ 440,499	$ 505,539
Operations	243,203	268,620	238,721	293,982
Capital Outlay	63,887	15,528	8,850	-
Total	$ 756,976	$ 777,639	$ 688,070	$ 799,521

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	6	6	6	6

Capital Outlay: None.

City of Lexington
Parks & Recreation



PUBLIC GROUNDS DEPARTMENT
GENERAL FUND

Statement of Department's Purpose:
The purpose of the Public Grounds Department is to provide extraordinary customer service in the maintenance of various city facilities.

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

2014-15 Objectives:
- Provide cemetery services in an efficient and courteous manner
- Provide support to the Recreation Department in the development of Hillside Pool, Washington Park Pool and Radcliffe Pool
- Improve the playground equipment at various city parks by painting and making repairs as needed
- Continue to improve the turf on all sports fields with use of lime and fertilizer

Performance Measure Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	12	12	12
# of cemeteries	4	4	4
# of burials/year	92	75	79
# of acres maintained	480	480	480
Miles of right-of-way maintained	218	218	218
Acres maintained per employee	40	40	40
Annual maintenance cost/acre	$1,528	$1,516	$1,601

PUBLIC GROUNDS DEPARTMENT
GENERAL FUND

Budget Summary:

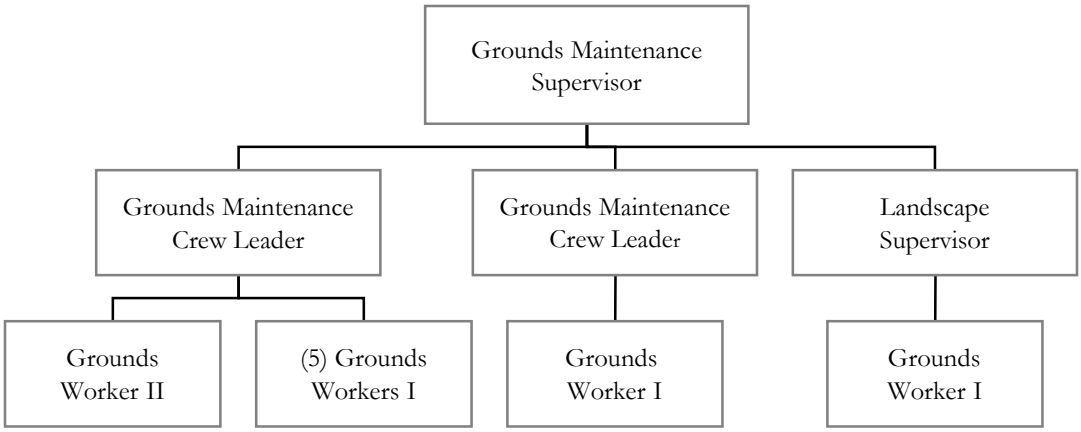
Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 520,971	$ 566,102	$ 553,912	$ 586,583
Operations	180,345	202,581	199,667	206,333
Capital Outlay	13,118	7,500	7,000	7,000
Total	$ 714,434	$ 776,183	$ 760,579	$ 799,916

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	12	12	12	12

Capital Outlay:

Item	New/Replacement	2014-15 Budget
Zero Turn Mower	R	$ 7,000
Total		$ 7,000

City of Lexington
Public Grounds



ECONOMIC DEVELOPMENT DEPARTMENT
GENERAL FUND

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

2014-15 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 10-11	FY 11-12	FY 12-13
Economic Development Expenditures	$0	$87,134	$124,954

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Operations	$ 95,156	$ 131,214	$ 121,438	$ 119,574
Capital Outlay	29,798	100,500	100,500	-
Total	$ 124,954	$ 231,714	$ 221,938	$ 119,574

Capital Outlay: None.

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 10-11	FY 11-12	FY 12-13
Net bonded GO debt to assessed valuation (%)**	0.070%	0.050%	0.040%
Net bonded GO debt per capita**	$51	$40	$30
S&P rating	AA-	AA-	AA-
Moody's rating	A1	A1	A1
Fitch rating	N/A	N/A	N/A
NC Municipal Council rating	87	87	87

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

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Debt Service	$ 693,971	$ 729,049	$ 729,049	$ 810,693
Other Financing Uses	-	-	-	-
Total	$ 693,971	$ 729,049	$ 729,049	$ 810,693

Schedule of New General Fund Installment Finance and Bonded Debt:

Installment Finance:

Item	Purchase Price	Years Financed	Interest Rate	Debt Service Payment
Public Building Improvements	1,200,000	15	4.00%	$ 64,000
Hillside Pool Renovation	500,000	15	4.00%	26,667
(2) Sideloading Refuse Truck/Hybrid	525,202	7	3.00%	41,872
Total	$ 2,225,202			$ 132,539

OTHER FINANCING USES DEPARTMENT
GENERAL FUND

Statement of Department's Purpose:
The purpose of the Other Financing Uses Department is to account for all transfers from the General Fund to other funds within the City budget.

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Transfer to Community Development Grants	$ -	$ 33,090	$ 33,090	$ -
Transfer to Assistance to Firefighters Grant	15,587	-	-	-
Transfer to Neighborhood Stabilization Program Grant	39,400	-	-	-
Transfer to General Capital Projects Fund	-	-	-	105,000
Transfer to Golf Fund	168,584	168,584	168,584	168,584
Total	$ 223,571	$ 201,674	$ 201,674	$ 273,584

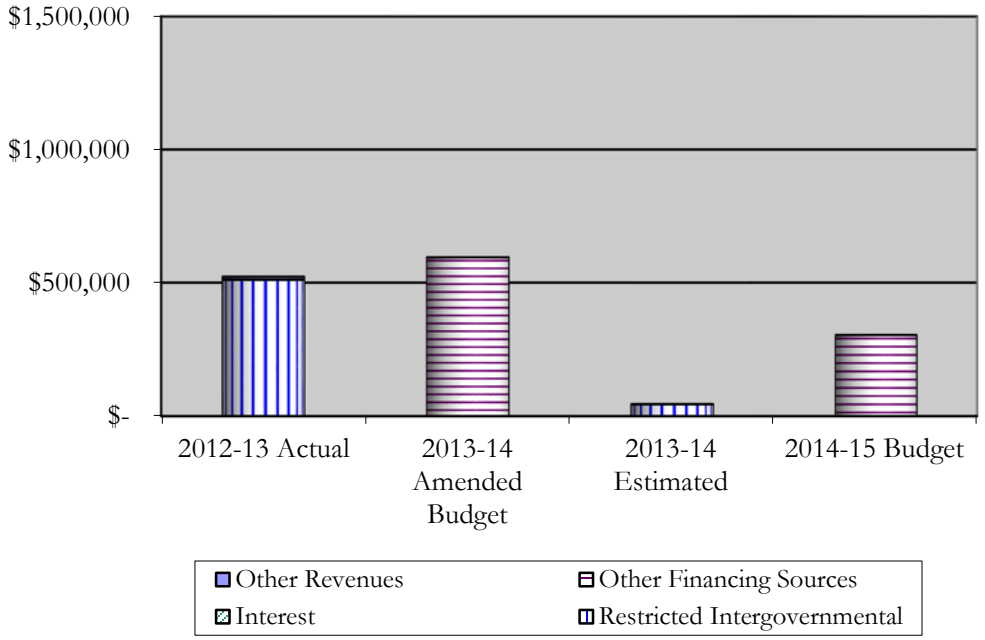
CITY OF LEXINGTON

INCORPORATED 1828

NORTH CAROLINA

CONTROLLED SUBSTANCE FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Restricted Intergovernmental	$ 510,374	$ -	$ 43,500	$ -
Interest	2,092	-	1,380	-
Other Revenues	10,054	-	-	-
Other Financing Sources	-	595,106	-	303,408
Total	$ 522,520	$ 595,106	$ 44,880	$ 303,408



CONTROLLED SUBSTANCE DEPARTMENT
SPECIAL REVENUE FUND

Statement of Department's Purpose:
The purpose of the Controlled Substance Tax 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.

2014-15 Objectives:
- Purchase new law enforcement supplies and equipment to enhance existing efforts and initiate new programs

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
Revenue received from Federal Forfeitures of Assets	$1,062,830	$347,205	$480,073
Revenue received from State Forfeitures of Assets	$17,745	$16,289	$30,301

CONTROLLED SUBSTANCE DEPARTMENT
SPECIAL REVENUE FUND

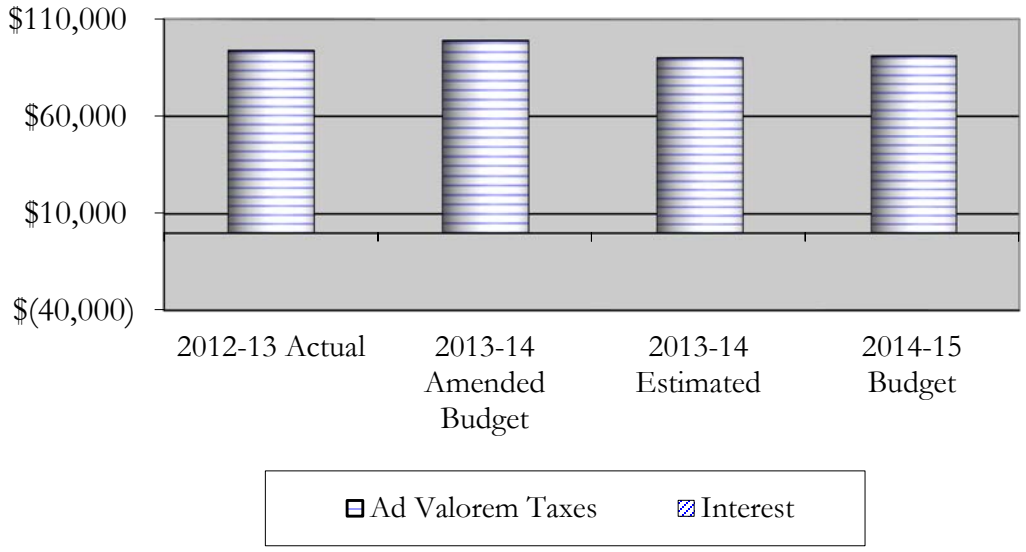
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Operations	$ 507,859	$ 498,286	$ 462,864	$ 303,408
Capital Outlay	161,082	96,820	96,820	-
Other Financing Uses	7,691	-	-	-
Total	$ 676,632	$ 595,106	$ 559,684	$ 303,408

Capital Outlay: None.

SPECIAL TAX DISTRICT FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Ad Valorem Taxes	$ 93,791	$ 98,914	$ 90,000	$ 91,000
Interest	18	-	-	-
Total	$ 93,809	$ 98,914	$ 90,000	$ 91,000



SPECIAL TAX DISTRICT DEPARTMENT
SPECIAL REVENUE FUND

Statement of Department's 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 10-11	FY 11-12	FY 12-13
Current tax rate	0.20	0.20	0.20
Tax Contribution to Uptown Lexington, Inc.	$101,669	$99,678	$93,791

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Operations	$ 93,809	$ 98,914	$ 90,000	$ 91,000
Total	$ 93,809	$ 98,914	$ 90,000	$ 91,000

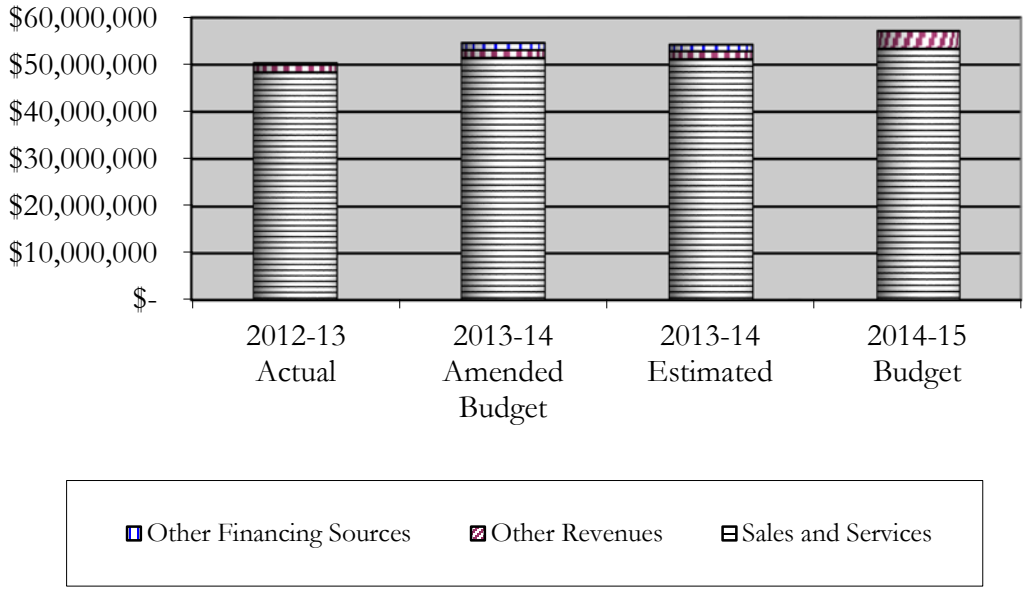
CITY OF LEXINGTON

INCORPORATED 1828

NORTH CAROLINA

ELECTRIC FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Sales and Services	$ 48,347,174	$ 51,426,502	$ 51,156,925	$ 53,402,362
Other Revenues	1,614,267	1,666,321	1,690,396	3,739,313
Other Financing Sources	340,604	1,519,950	1,392,000	-
Total	$ 50,302,045	$ 54,612,773	$ 54,239,321	$ 57,141,675



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 616 miles of distribution line, and 19,890 electric meters
- Maintenance and installation of street and area lights
- Maintain SCADA system, 11 electric substations, and two 44kV delivery substations
- Budget and maintain inventory for maintenance and new construction
- 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
- Maintain records on all older transformers that contained PCB oil for proper disposal
- Update and maintain maps 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 all special events
- Maintain ball field and tennis court lights for 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

2014-15 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
- Pursue new technology that will improve organizational efficiency
- Upgrade the electric system to improve its reliability via the use of the Capital Improvement Plan
- Maintain a strong working relationship with Davidson County Economic Development Commission
- Move towards no loss time accidents for the year by increasing 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
- Implement LED lighting technology with a LED street lighting test program and implement LED area lighting as well

ELECTRIC DEPARTMENT
ENTERPRISE FUND

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	24	23	23
Miles of line	494	616	616
Miles of line/employee	21	27	27
# of customers	18,362	18,352	18,331
# of customers/employee	765	798	797
% of system loss	5.03%	5.07%	4.86%
# of breaker outages/year	32	25	30

Budget Summary:

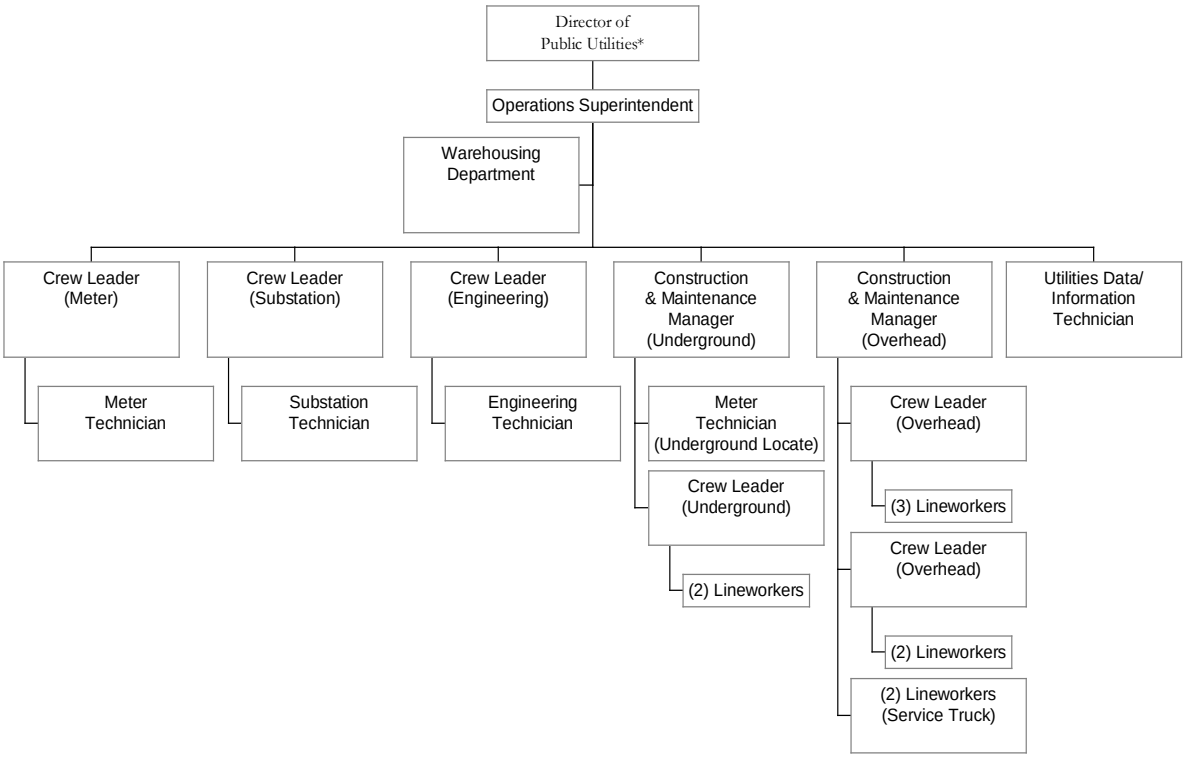
Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 1,440,773	$ 1,516,258	$ 1,411,793	$ 1,660,031
Operations	5,469,733	6,717,075	6,685,969	8,846,104
Power Purchases	40,755,523	43,524,731	43,304,980	44,693,074
Capital Outlay	26,847	118,500	118,500	399,450
Other Financing Uses	2,320,781	2,736,209	2,736,209	1,543,016
Total	$ 50,013,657	$ 54,612,773	$ 54,257,451	$ 57,141,675

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	23	21	23	23

Capital Outlay:

Item	New/Replacement	2014-15 Budget
Installation of Electric System Reclosers	N	$ 50,000
4X4 Bucket Truck	R	118,450
Digger Derrick Line Truck	R	231,000
Total		$ 399,450

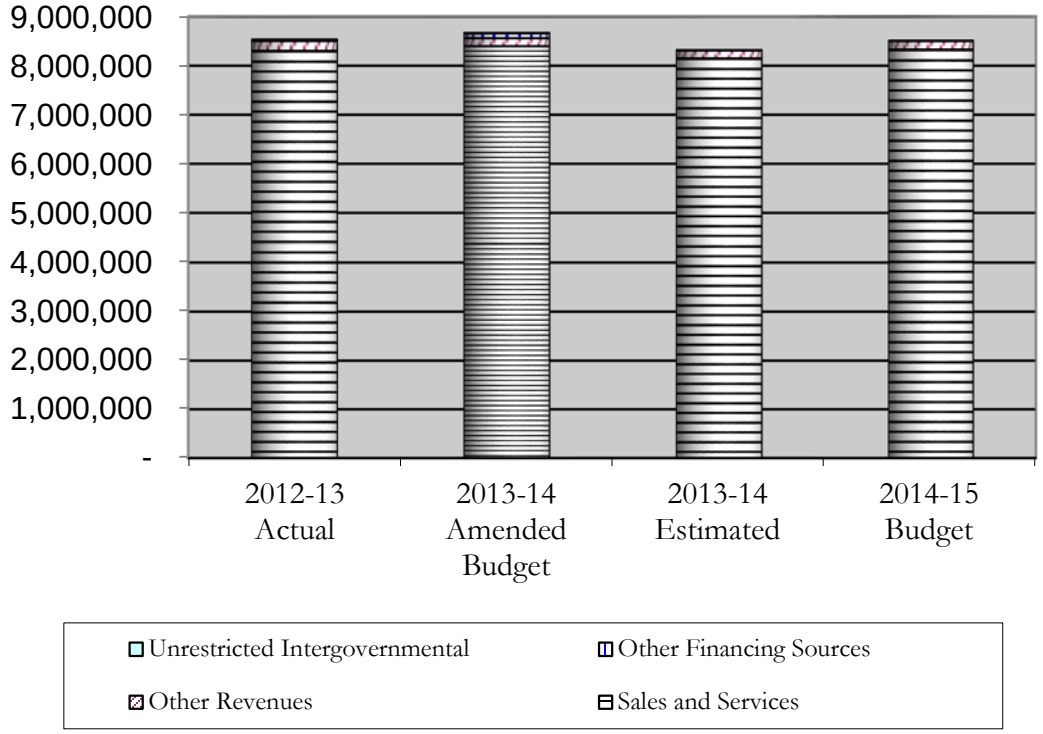
City of Lexington
Electric



*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

WATER & WASTEWATER FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Unrestricted Intergovernmental	$ 11,315	$ 10,147	$ 10,147	$ 9,178
Sales and Services	8,301,897	8,396,225	8,148,365	8,327,744
Other Revenues	198,113	162,540	159,033	171,621
Other Financing Sources	20,859	97,655	-	-
Total	$ 8,532,184	$ 8,666,567	$ 8,317,545	$ 8,508,543



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.

Departmental Functions:
- Provide administrative support for operation of the water and wastewater treatment plants
- Provide information to the City's Utilities Commission and City Council 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

2014-15 Objectives:
- 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 recreation and water quality at Lake Thom-A-Lex
- Provide staff support for water quality related initiatives in the Abbotts and Swearing Creek drainage basins
- Continue to work with property owners in the Lake Thom-A-Lex watershed to promote and acquire conservation easements
- With Thomasville and Davidson County as partners, provide staff support for the construction of the pilot greenway project that runs from Lexington's water plants to Lake Thom-a-Lex

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of administrative employees for water & wastewater	2	1	1
# of water customers	8,269	8,219	8,257
# of wastewater customers	7,940	7,922	7,954

WATER & WASTEWATER ADMINISTRATION DEPARTMENT
ENTERPRISE FUND

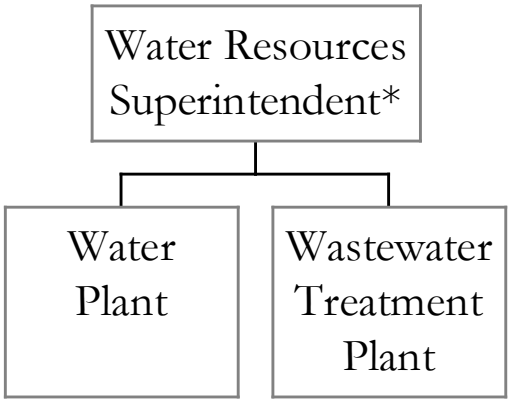
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 94,937	$ 97,219	$ 97,219	$ 100,760
Operations	2,142,407	2,224,610	2,218,523	2,138,036
Capital Outlay	-	-	-	-
Other Financing Uses	778,351	511,795	511,795	631,379
Total	$ 3,015,695	$ 2,833,624	$ 2,827,537	$ 2,870,175

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	1	1	1	1

Capital Outlay: None.

City of Lexington
Water & Wastewater
Administration



*Water Resources Superintendent funded in Water & Wastewater Administration but provides leadership over the departments of Water Plant and Wastewater Treatment Plant.

WATER PLANT DEPARTMENT
ENTERPRISE FUND

Statement of Department's Purpose:
The purpose of the Water Plant Department is to provide an adequate supply of safe and pleasing 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 upkeep of Lake Thom-A-Lex and in protecting its water quality

2014-15 Objectives:
- Provide a safe and productive work place
- Comply with state and federal regulations
- Continue maintenance program upgrades to water plant to enhance reliability
- Begin construction of two new drying beds
- Comply with new regulations taking effect in October 2013
- With Thomasville and Davidson County as partners, begin construction of the pilot greenway project that runs from Lexington's water plants to Lake Thom-a-Lex

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of water plant employees	11	11	11
# of water plants	2	2	2
Design plant capacity (mgd)	9.4	9.4	9.4
Residential water bill (3 CCF usage)	$14.86	$15.24	$15.24
Residential water bill (10 CCF usage)	$25.50	$26.16	$26.16

WATER PLANT DEPARTMENT
ENTERPRISE FUND

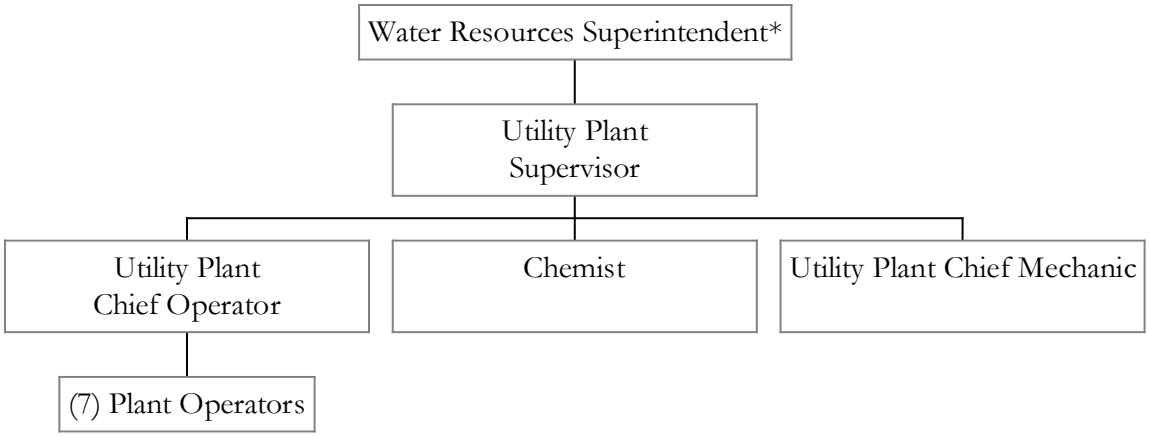
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 586,705	$ 636,757	$ 636,757	$ 682,562
Operations	794,004	1,098,402	1,028,900	1,082,330
Capital Outlay	37,336	-	-	-
Total	$ 1,418,045	$ 1,735,159	$ 1,665,657	$ 1,764,892

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	11	11	11	11

Capital Outlay: None.

City of Lexington
Water Plant



*Water Resources Superintendent funded in Water & Wastewater Administration but provides leadership over the departments of Water Plant and Wastewater Treatment Plant.

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 plan, 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

2014-15 Objectives:
- Provide a safe and productive work place
- Maintain the level of operation at the compost plant
- Continue project to upgrade capacity for the compost facility
- Renew all wastewater permits
- Put expanded compost facilities online
- Install new influent fine screen filter

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of wastewater treatment plant employees	16	16	16
# of wastewater plants	1	1	1
Plant capacity (mgd)	6.5	6.5	6.5
Residential sewer bill (3 CCF usage)	$20.11	$21.11	$21.11
Residential sewer bill (10 CCF usage)	$41.18	$43.23	$43.23

WASTEWATER TREATMENT PLANT DEPARTMENT
ENTERPRISE FUND

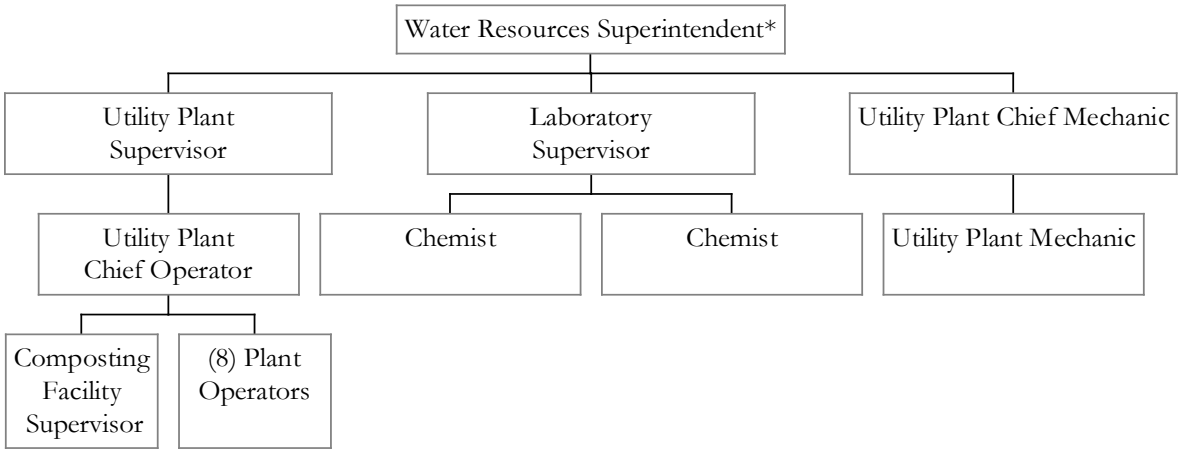
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 960,223	$ 1,026,367	$ 1,019,141	$ 1,055,854
Operations	1,118,885	1,267,100	1,235,490	1,234,309
Capital Outlay	64,000	200,000	198,481	-
Total	$ 2,143,108	$ 2,493,467	$ 2,453,112	$ 2,290,163

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	16	16	16	16

Capital Outlay: None.

City of Lexington
Wastewater Treatment Plant



*Water Resources Superintendent funded in Water & Wastewater Administration but provides leadership over the departments of Water Plant and Wastewater Treatment Plant.

PUBLIC WORKS DEPARTMENT
ENTERPRISE FUND

Statement of Department's Purpose:
To maintain the water distribution and wastewater collection systems, including but not limited to: 214 miles of wastewater mains, 192 miles of water mains, over 10,000 water taps, over 9,000 wastewater taps, 34 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).

2014-15 Objectives:
- 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
- Replace 10 old or defective fire hydrants
- Provide continuous emergency response to utility emergencies
- Negotiate and comply with the terms of the collection system permit
- Review lift stations for possible replacement with gravity lines
- Review large diameter wastewater mains for possible slip lining and renewal replacement projects
- 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
- Accomplish the goals set by City Council for the overall Public Service Mission

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of water & wastewater maintenance & construction employees	15	15	15
Water miles	187	192	192
Wastewater miles	212	212	214
Annual water sales (millions of gallons)	885	878	833
Annual water production (millions of gallons)	987	988	966
% system loss	10%	11%	11%

PUBLIC WORKS DEPARTMENT
ENTERPRISE FUND

Budget Summary:

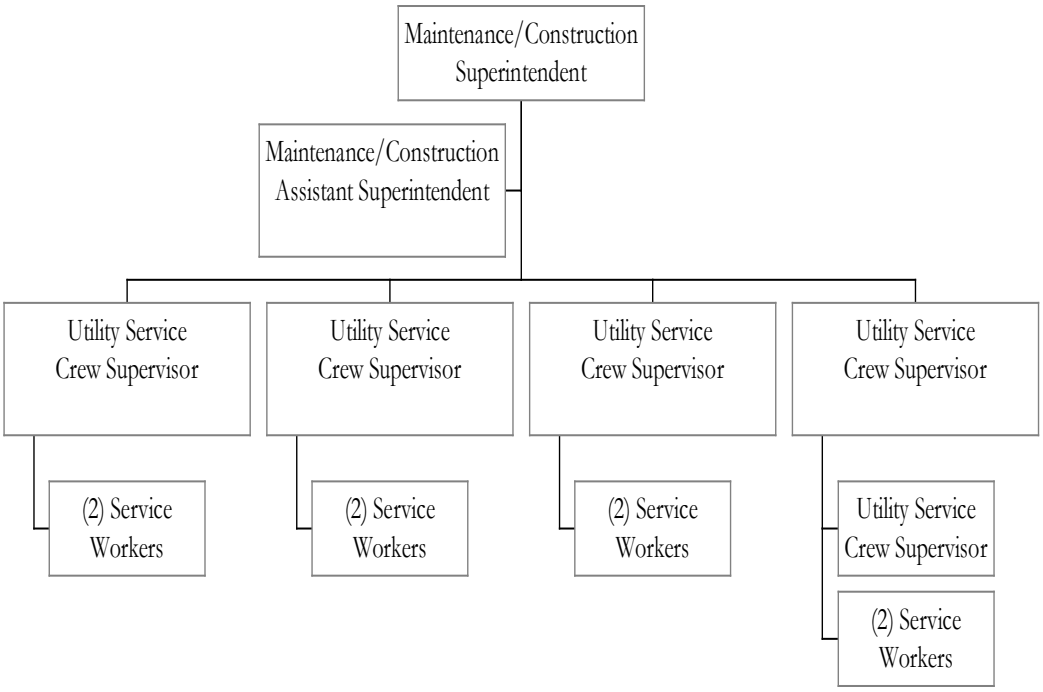
Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 749,243	$ 843,033	$ 750,819	$ 828,138
Operations	667,901	636,284	636,284	625,175
Capital Outlay	231,184	125,000	125,000	130,000
Total	$ 1,648,328	$ 1,604,317	$ 1,512,103	$ 1,583,313

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	15	15	15	15

Capital Outlay:

Item	New/Replacement	2014-15 Budget
Sewer Camera	R	$ 40,000
GPS Unit	N	10,000
Pump Station Generator	N	80,000
Total		$ 130,000

City of Lexington
Public Works Maintenance & Construction



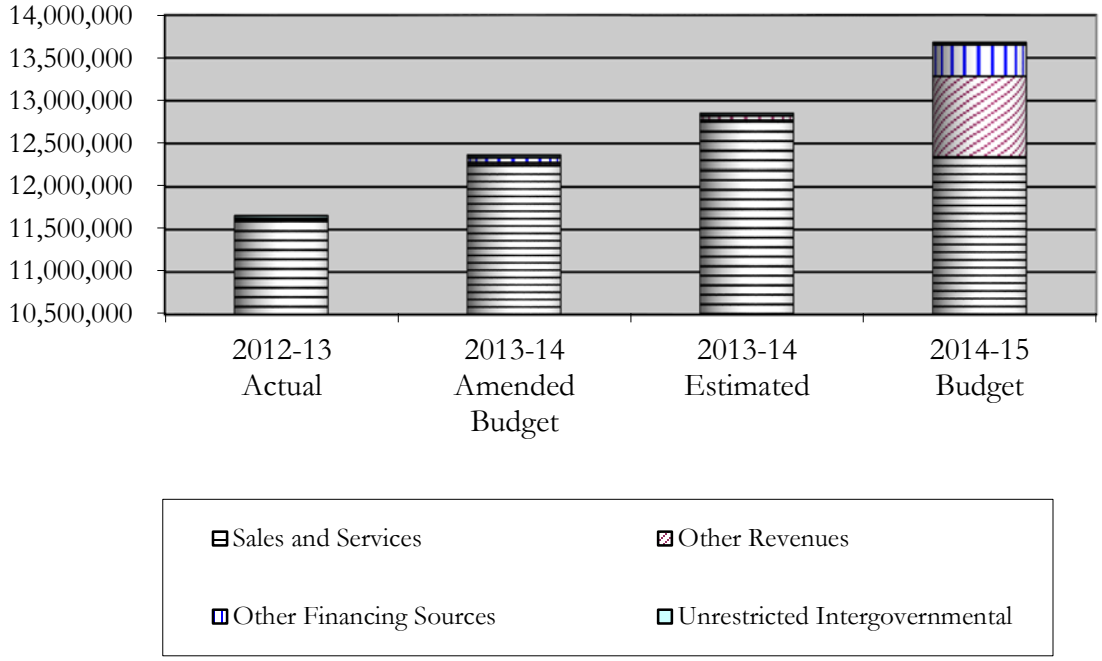
CITY OF LEXINGTON

INCORPORATED 1828

NORTH CAROLINA

NATURAL GAS FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Unrestricted Intergovernmental	$ 32,059	$ 28,752	$ 27,686	$ 26,007
Sales and Services	11,613,652	12,247,570	12,770,868	12,343,553
Other Revenues	17,832	28,200	51,281	941,409
Other Financing Sources	-	58,700	-	367,420
Total	$ 11,663,543	$ 12,363,222	$ 12,849,835	$ 13,678,389



NATURAL GAS DEPARTMENT
ENTERPRISE FUND

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

Departmental Functions:
- Maintenance (total of 673 miles of pipe to maintain: 434 miles of natural gas mains and 239 miles of service pipe, 10,324 services throughout Davidson County, 24 hour on call service for customers)
- Construction (install mains and services, manage contractors who install mains and services on the City's system, relocate and repair mains and services, repair leaks)
- Maintenance (change meters, program and maintain AMRs, atmospheric corrosion survey and repairs, test meters, regulator stations, leak surveys, and maintain the new pressure monitoring system)
- Purchasing (manage the purchasing, transportation and distribution of approximately 1.99 million DTs of natural gas annually, gas purchases, hedging, storage withdrawals and injections, capacity/asset management)
- Engineering (engineering mains with the assistance of contracted engineers, encroachments and right-of-ways, permits, Geographic Information System (GIS) mapping)
- 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)

2014-15 Objectives:
Meet the goals of the financial and business plans, which include the following:
- Add new customers, new load growth and value to the natural gas system
- Third year of construction of new Training Infrastructure on Hwy 52 property
- Complete gas line expansion from Welcome Tap Station to HWY 150
- Install side roads off of the Welcome Arcadia Road Expansion including Pickett Road and Dr. Zimmerman / Ashmoor Downs
- Continue GIS Mapping Project
- Complete the Raleigh Road Bridge Replacement
- Complete the Winston Road Bridge Replacement
- Complete Mageo Drive and White Street Replacement Projects
- Study the viability of doing installations, service, and appliance sales as a new revenue stream

NATURAL GAS DEPARTMENT
ENTERPRISE FUND

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	22	21	21
# of customers	8,948	8,940	9,054
Total DTs sold/year	2.02 Million	1.81 Million	2.03 Million
Miles of main line	420	428	434
Miles of service line	230	234	239
Yearly residential bill amount (59 therms/month)	$872	$793	$822

Budget Summary:

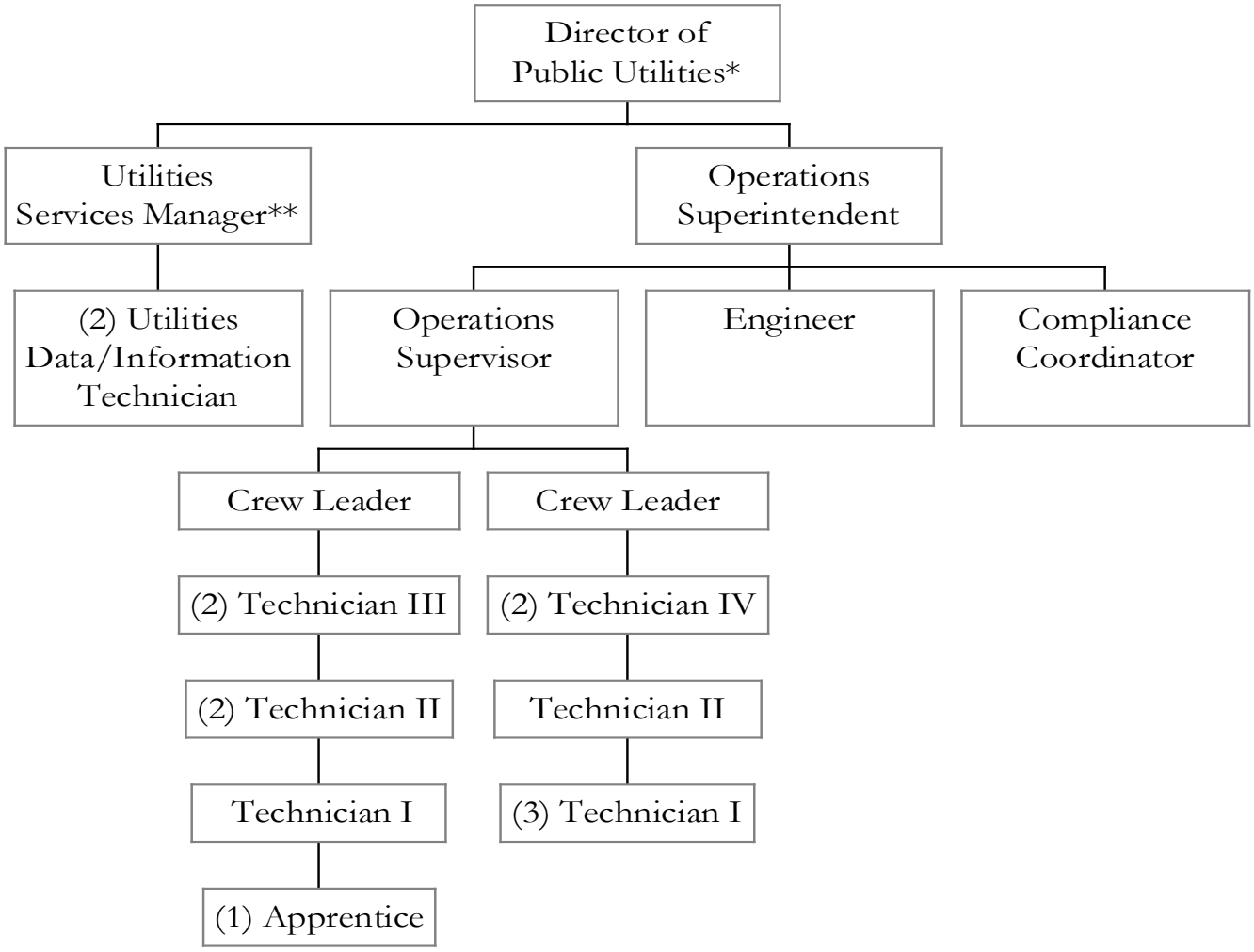
Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 1,054,469	$ 1,146,135	$ 1,108,832	$ 1,169,222
Operations	3,131,263	3,609,372	3,512,463	4,573,489
Natural Gas Purchases	5,645,816	6,433,033	6,433,033	6,856,814
Capital Outlay	11,523	25,767	20,139	24,138
Other Financing Uses	1,140,646	1,148,915	1,148,915	1,054,726
Total	$ 10,983,717	$ 12,363,222	$ 12,223,382	$ 13,678,389

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	21	21	20	20

Capital Outlay:

Item	New/Replacement	2014-15 Budget
Dead Weight Tester	N	$ 5,300
Hydraulic Squeeze Off Tools	N	13,210
Leak Detection Machine	R	5,628
Total		$ 24,138

City of Lexington
Natural Gas

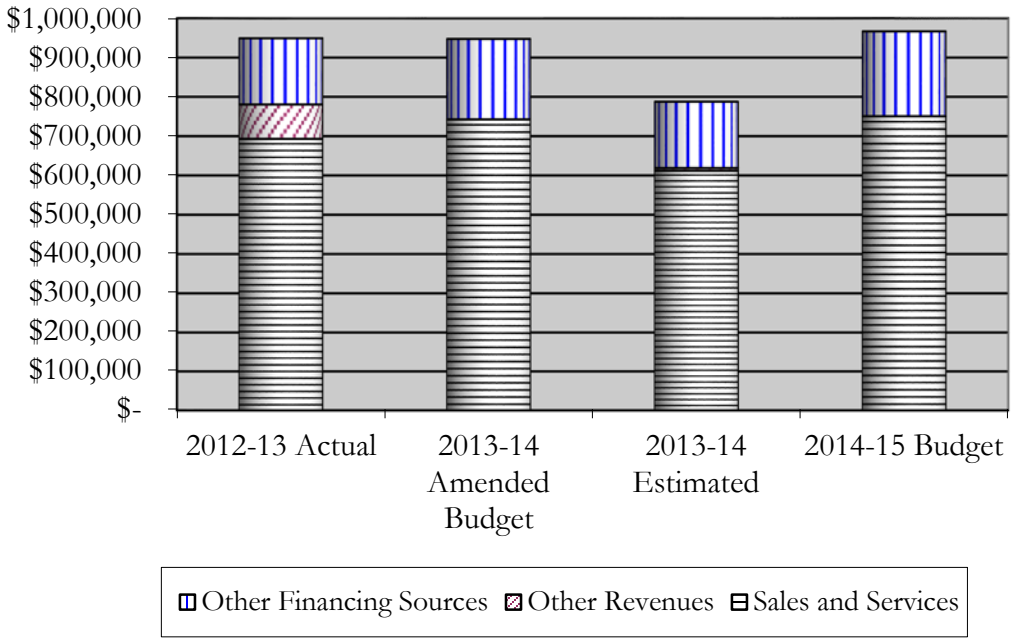


*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

**Utilities Services Manager funded in Public Utilities Administration but provides leadership over the departments of Natural Gas and Marketing.

GOLF FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Sales and Services	$ 693,059	$ 742,479	$ 611,989	$ 750,434
Other Revenues	87,384	280	6,957	215
Other Financing Sources	168,584	204,584	168,584	215,884
Total	$ 949,027	$ 947,343	$ 787,530	$ 966,533



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 Golf Department's ultimate goal is to be a constant source of revenue for the City of Lexington and to add to the quality of life.

Departmental Functions:
- All golf related operations including daily operations of golf shop and course, setting and collection of fees, golf course maintenance, golf cart maintenance, golf course marketing, originating and organizing tournaments and managing benefit golf events for the community
- Assistance in learning the game of golf through teaching and instruction
- Operation of all Municipal Club activities including rental collection, marketing and management

2014-15 Objectives:
- Maximize revenues through rounds of golf and customer service toward the goal of self-sufficiency for the golf enterprise
- Demonstrate exceptional customer service and relations with golfers, to inform and entice them to play at Lexington
- Build a database of customers to increase marketing opportunities
- Provide opportunities for growth and enrichment for staff so they can provide higher qualities of service and value
- Manage a profitable Municipal Club for the City and to provide a clean and safe facility for public functions

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
Weekday green fee	$16	$16	$16
Weekend green fee	$21	$21	$21
9 hole cart fee	$6	$6	$6
18 hole cart fee	$12	$12	$12
Weekday green & cart fee	$27	$27	$27
Weekend green & cart fee	$33	$33	$33
Senior fee (includes cart)	$21	$21	$21
# of rounds	27,094	33,637	30,808
Total golf revenues	$566,555	$719,957	$663,379
Average dollar/round	$20.91	$21.40	$21.53
Offer memberships or equivalent?	Yes	Yes	Yes

GOLF DEPARTMENT
ENTERPRISE FUND

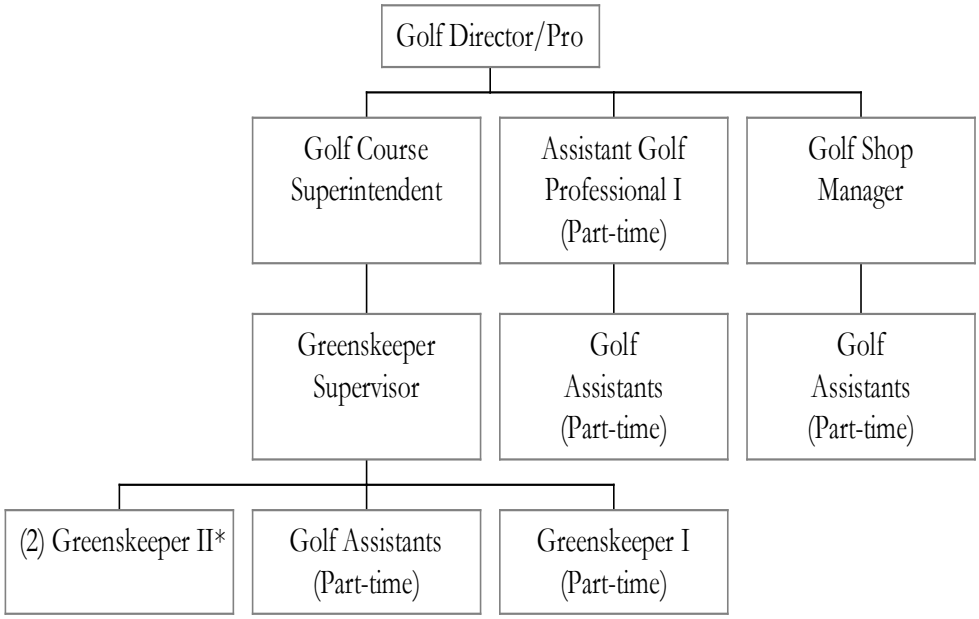
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 386,135	$ 428,148	$ 378,968	$ 439,143
Operations	664,599	518,623	504,504	527,390
Capital Outlay	-	572	572	-
Total	$ 1,050,734	$ 947,343	$ 884,044	$ 966,533

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	5	5	5	5

Capital Outlay: None.

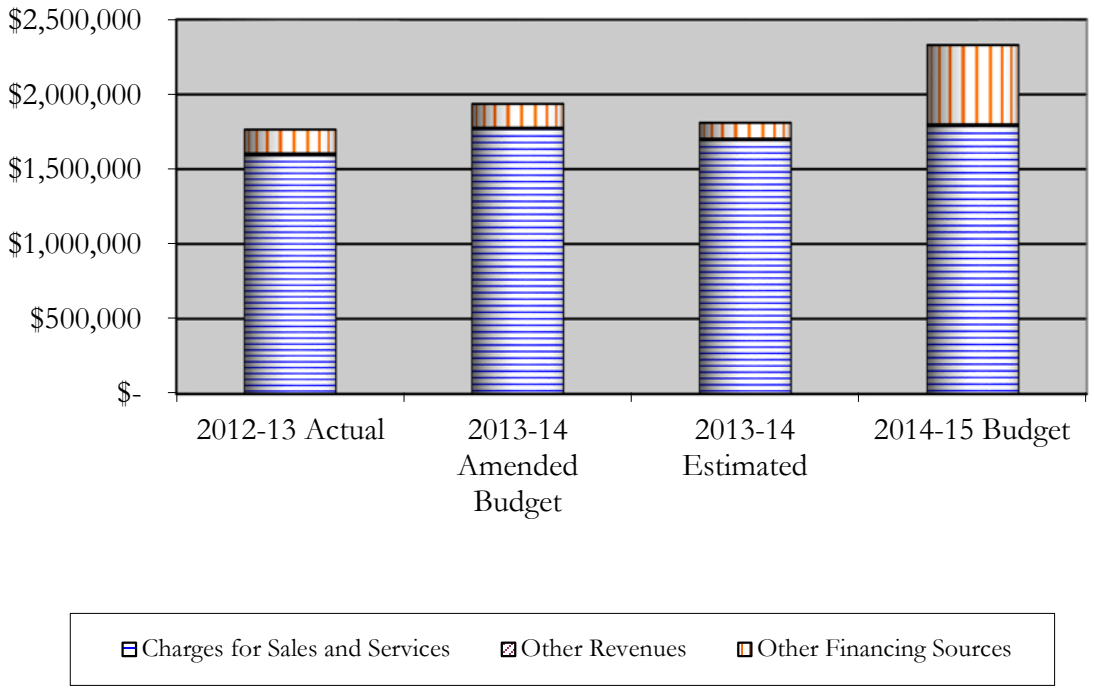
City of Lexington
Golf



*1 Position not funded

FLEET MAINTENANCE (GARAGE) FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Charges for Sales and Services	$ 1,592,705	$ 1,768,910	$ 1,694,100	$ 1,788,380
Other Revenues	13,131	8,170	10,320	11,550
Other Financing Sources	158,828	159,523	105,423	529,955
Total	$ 1,764,664	$ 1,936,603	$ 1,809,843	$ 2,329,885



FLEET MAINTENANCE (GARAGE) DEPARTMENT
INTERNAL SERVICE FUND

Statement of Department's Purpose:
The purpose of the Fleet Maintenance (Garage) 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 3,100 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.

2014-15 Objectives:
- Explore new ways to be more productive and efficient
- Upgrade mechanical skills and upgrade equipment
- Comply with industry standards for service techniques
- Reduce vehicle downtime with better scheduling and routine maintenance
- Enhance preventive maintenance program
- Maintain a teamwork environment
- Research and assist management team to maximize utilization of city fleet by managing and assigning vehicles and equipment within the City's motor pool

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	7	7	7
# of mechanics	5	5	5
# of vehicles	270	275	275
Vehicles per mechanic	54	55	55
# of other repair units	181	183	172
Repair units per mechanic	36	37	34
Average age of total fleet	14 years	14 years	14 years
Average age of vehicle fleet	11 years	11 years	12 years
# of external customers	1	0	0

FLEET MAINTENANCE (GARAGE) DEPARTMENT
INTERNAL SERVICE FUND

Budget Summary:

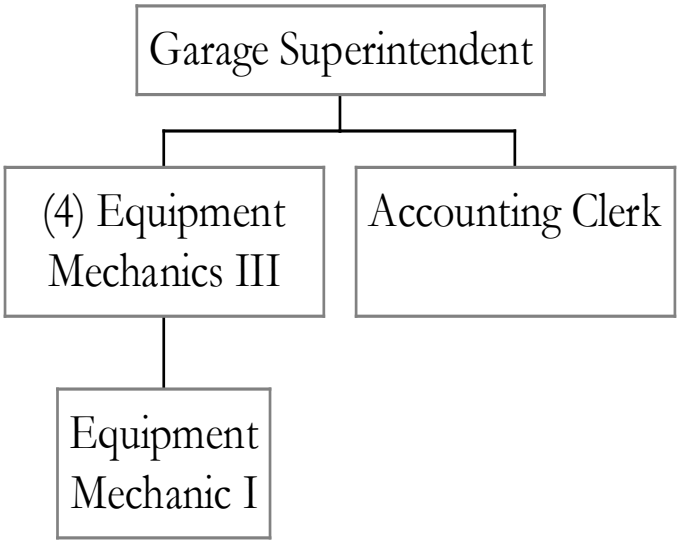
Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 417,480	$ 445,236	$ 440,927	$ 469,300
Operations	993,264	1,058,111	989,189	1,068,896
Capital Outlay	158,696	159,523	159,328	503,755
Other Financing Uses	263,793	273,733	270,000	287,934
Total	$ 1,833,233	$ 1,936,603	$ 1,859,444	$ 2,329,885

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	7	7	7	7

Capital Outlay:

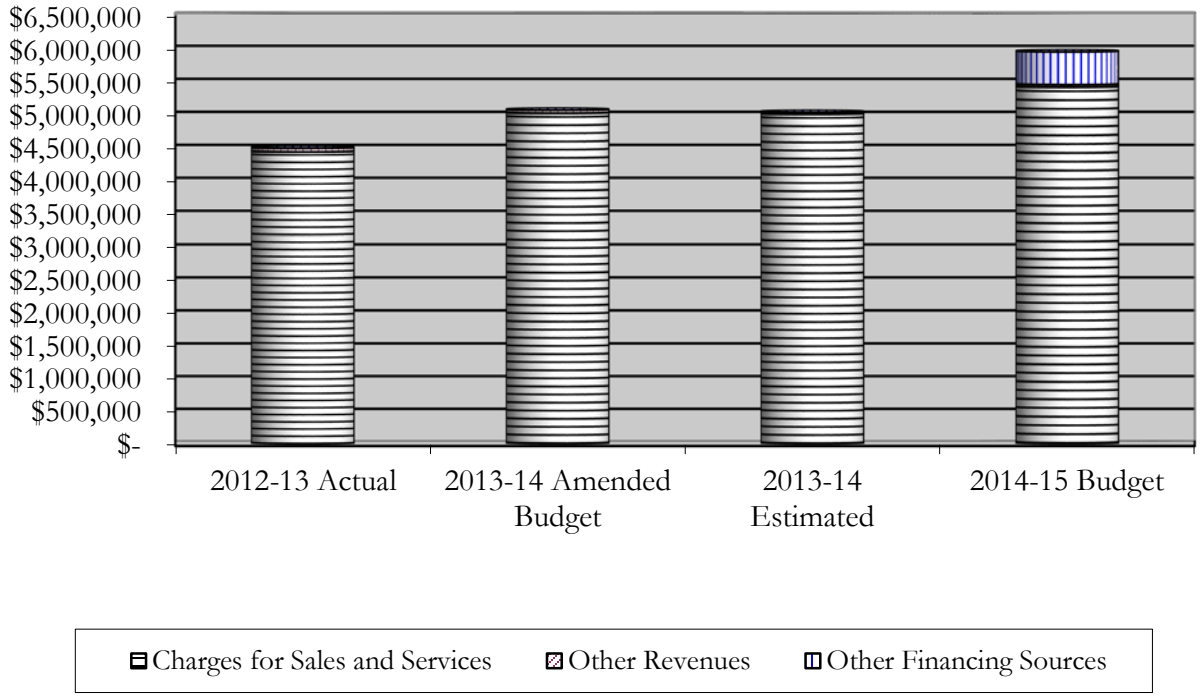
Item	New/Replacement	2014-15 Budget
Loader	R	$ 130,000
Backhoe/Loader	R	108,000
Mini Excavator	R	65,000
4X4 Tractor	R	115,000
Utility Vehicle	R	15,500
3/4 Ton 4X4 Truck	R	23,175
Service Body	R	10,000
(2) 1/4 Ton Trucks	R	37,080
Total		$ 503,755

City of Lexington
Fleet Maintenance
(Garage)



GROUP INSURANCE FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Charges for Sales and Services	$ 4,437,700	$ 5,023,883	$ 5,008,252	$ 5,418,622
Other Revenues	57,395	48,828	31,685	37,660
Other Financing Sources	-	-	-	500,000
Total	$ 4,495,095	$ 5,072,711	$ 5,039,937	$ 5,956,282



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 retirees, employees and their dependents.

2014-15 Objectives:
- To make accurate and timely payments to a third party administrator for total claims, stop loss premiums and administrative charges
- To provide city employees with the best possible health, vision and dental benefits available at the most efficient cost
- To provide funding to enhance wellness program in order to control insurance costs and improve overall health of city workforce

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of employees handling insurance	1	1	1
# of plan participants	421	426	425
Self-insured	Yes	Yes	Yes
Employee premium/week	$5.00	$5.00	$5.00
Employee/spouse premium/week	$41.94	$41.94	$41.94
Employee/one child premium/week	$29.58	$29.58	$29.58
Employee/two children premium/week	$46.58	$46.58	$46.58
Employee/family premium/week	$59.49	$59.49	$59.49
Retiree premium/week	$13.40	$13.40	$13.40
Retiree/spouse premium/week	$85.49	$85.49	$85.49
Retiree/one child premium/week	$64.29	$64.29	$64.29
Retiree/two children premium/week	$64.29	$64.29	$64.29
Retiree/family premium/week	$137.61	$137.61	$137.61

All premiums are for health and dental insurance.

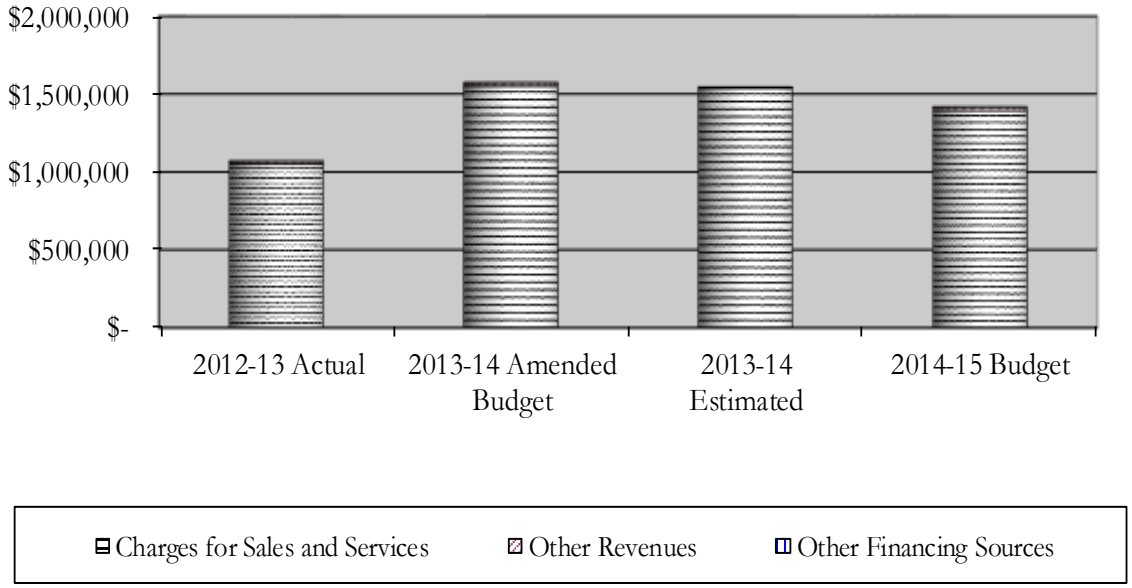
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Operations	$ 4,433,143	$ 5,017,239	$ 4,909,434	$ 5,902,496
Other Financing Uses	17,630	55,472	51,738	53,786
Total	$ 4,450,773	$ 5,072,711	$ 4,961,172	$ 5,956,282

Capital Outlay: None.

RISK MANAGEMENT FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Charges for Sales and Services	$ 1,049,877	$ 1,549,931	$ 1,535,980	$ 1,392,828
Other Revenues	18,906	22,943	7,570	23,170
Other Financing Sources	-	-	-	-
Total	$ 1,068,783	$ 1,572,874	$ 1,543,550	$ 1,415,998



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, property and liability exposures; and to operate a safety program that provides safety training and promotes employee safety with the goal of reducing employee injuries, property damage, and liability exposures in the workplace.

Departmental Functions:
Secure and maintain the City's insurance program; administer all workers compensation, general liability, property and auto claims. Record and track all claims and analyze to determine what actions are necessary to reduce exposures and/or losses. Assess the safety needs of the departments and coordinate the necessary safety training. Periodically conduct inspections to help ensure the safety of employees and customers. Administer the City's random drug testing program, hearing conservation program and assist in the City's emergency preparedness plans.

2014-15 Objectives:
- The development of a safety program and safety training that reduces or holds claims at a minimum
- Continue and expand the safety committee activities
- Continue safety awareness programs
- Initiate the workers compensation understanding program
- Reduce the number of injury claims
- Develop an insurance program that provides adequate coverage and protection for the City

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of employees in department	2	2	2
Self-insured	Yes	Yes	Yes
Amount of general liability coverage	$11,000,000 / $300,000	$11,000,000 / $300,000	$11,000,000/$300,000
Amount of property coverage	$80,524,942 Exc 1 mil	$80,737,959 Exc 1 mil	$80,277,435 Exc 1 mil
Amount of auto liability coverage	$700,000 /$300,000	$700,000 /$300,000	$700,000/$300,000
Third Party Administration fees	$11,000	$11,000	$11,000
Total premiums	$498,006	$488,587	$506,703
# of workers compensation claims	53	61	48
$ value of workers compensation claims	$57,615	$342,423	$27,280
# of lost work days	79	30	175
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

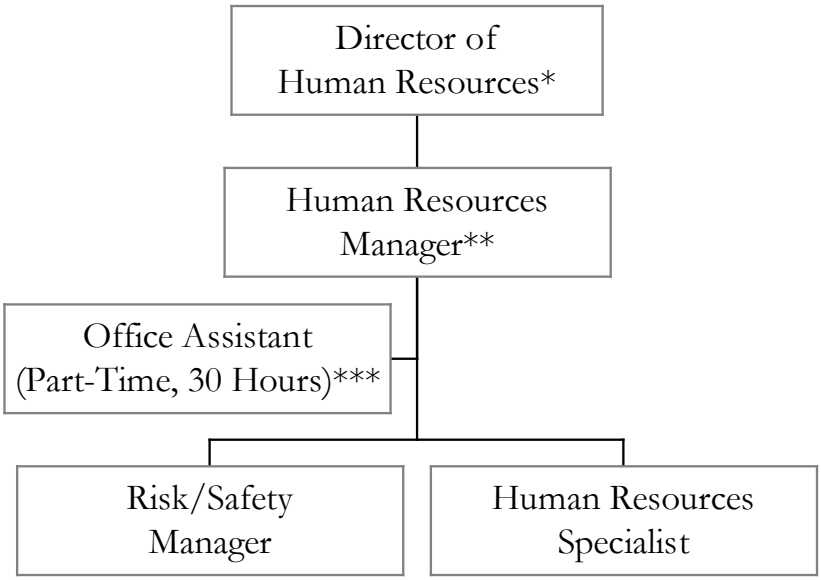
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 147,703	$ 154,363	$ 154,363	$ 160,636
Operations	793,710	1,418,511	1,313,932	1,255,362
Capital Outlay	-	-	-	-
Total	$ 941,413	$ 1,572,874	$ 1,468,295	$ 1,415,998

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	2	2	2	2

Capital Outlay: None.

City of Lexington
Risk Management



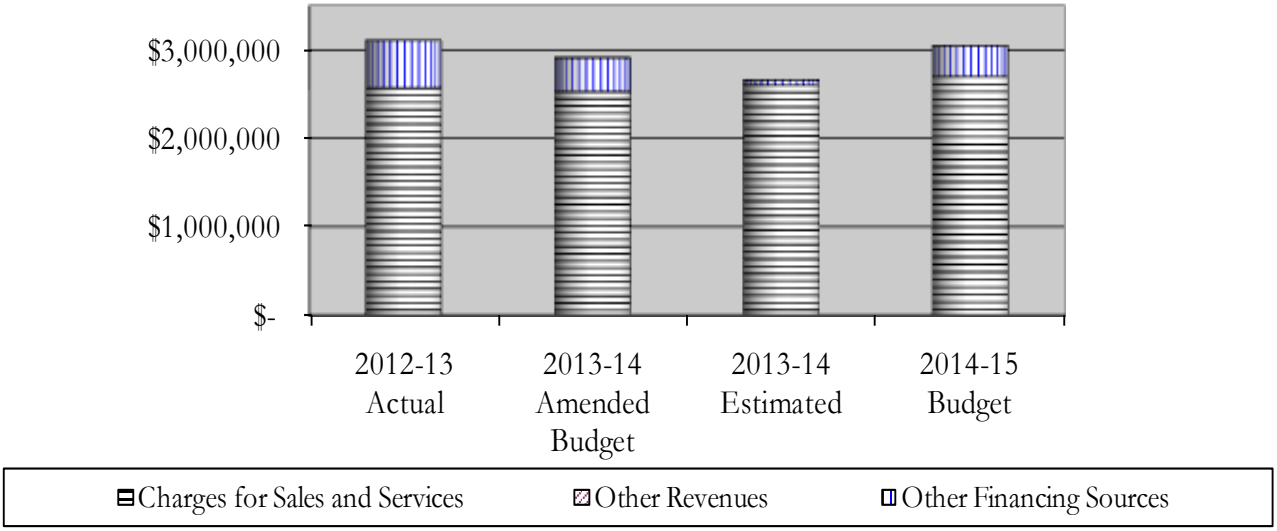
*Director of Human Resources funded in Human Resources but provides leadership over the departments of Human Resources and Risk Management.

**Human Resources Manager funded in Human Resources but provides leadership over the department of Risk Management.

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

UTILITY ADMINISTRATION FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Charges for Sales and Services	$ 2,565,793	$ 2,524,712	$ 2,600,918	$ 2,697,124
Other Revenues	625	585	530	620
Other Financing Sources	542,750	386,300	60,000	350,000
Total	$ 3,109,168	$ 2,911,597	$ 2,661,448	$ 3,047,744



UTILITY ADMINISTRATION DEPARTMENT
INTERNAL SERVICE FUND

Statement of Department's Purpose:
The purpose of the Utility Administration Department is to account for administrative supervisory and overhead costs, which are shared by the Electric, Natural Gas, Warehouse, Marketing, Customer Service, Billing and Utility Meter Technician utility departments and support functions. This department also includes the Utilities Commission, which acts as an advisory board by monitoring operational activities of the City's utilities, reporting findings and making recommendations for approval to the City Council on a monthly basis.

2014-15 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 utility retirees
- Make recommendations with regard to annual budget, rate changes, as well as utility based contracts and bids so as to reduce the burden placed on the City Council
- Provide forum for customer complaints, appeals on customer utility issues, extensions and billing
- Enhance supervisory oversight of utility functions to produce cost savings and efficiencies
- 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
- Pursue new technology that will improve organizational efficiency
- Support funding for utility capital improvement projects to improve reliability issues in all utilities
- Maintain a strong working relationship with Davidson County Economic Development Commission
- Enhance utility energy services via key customer accounts, Natural Gas Vehicles (NGVs), energy efficiency and audit programs
- Enhance department administrative efficiency by better managing common functions

Budget Summary:

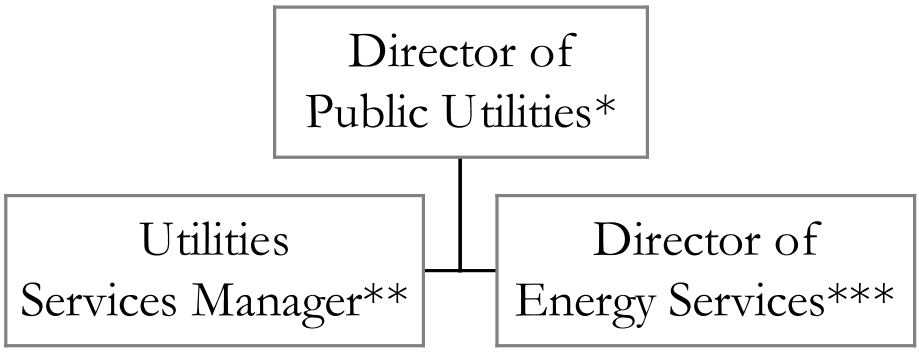
Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 534,243	$ 689,660	$ 612,524	$ 732,524
Operations	224,377	219,789	195,415	218,973
Capital Outlay	-	-	-	-
Other Financing Uses	542,750	60,000	60,000	125,000
Total	$ 1,301,370	$ 969,449	$ 867,939	$ 1,076,497

UTILITY ADMINISTRATION DEPARTMENT
INTERNAL SERVICE FUND

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	3	3	3	3
Board Members	5	5	5	5

Capital Outlay: None.

City of Lexington
Public Utilities Administration



*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

**Utilities Services Manager funded in Public Utilities Administration but provides leadership over the departments of Natural Gas and Marketing.

***Director of Energy Services funded in Public Utilities Administration but provides leadership over the departments of Customer Service and Meter Reading.

CUSTOMER SERVICE DEPARTMENT
INTERNAL SERVICE FUND

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

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

2014-15 Objectives:
- Provide 100% on time and accurate billing
- Keep satisfaction level at or above 95% based on survey response
- Maintain collection level of 99.3%
- Increase efficiency through the use of innovative ideas and technology such as online energy audits, online service requests, automated phone payments and offsite kiosk

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	14	14	13
# of bills/month	22,635	22,628	22,754
Cost of generating a bill (includes labor)	$0.97	$0.99	$0.78
# of walk-in payments	114,100	112,216	105,914
# of dr/cr card payments	10,554	11,759	13,759
# of web payments	21,500	24,143	29,495
# of automated phone payments	14,045	15,921	20,374
# of pay arrangements	25,335	25,125	26,039
# of service requests processed	4,661	4,523	5,498

CUSTOMER SERVICE DEPARTMENT
INTERNAL SERVICE FUND

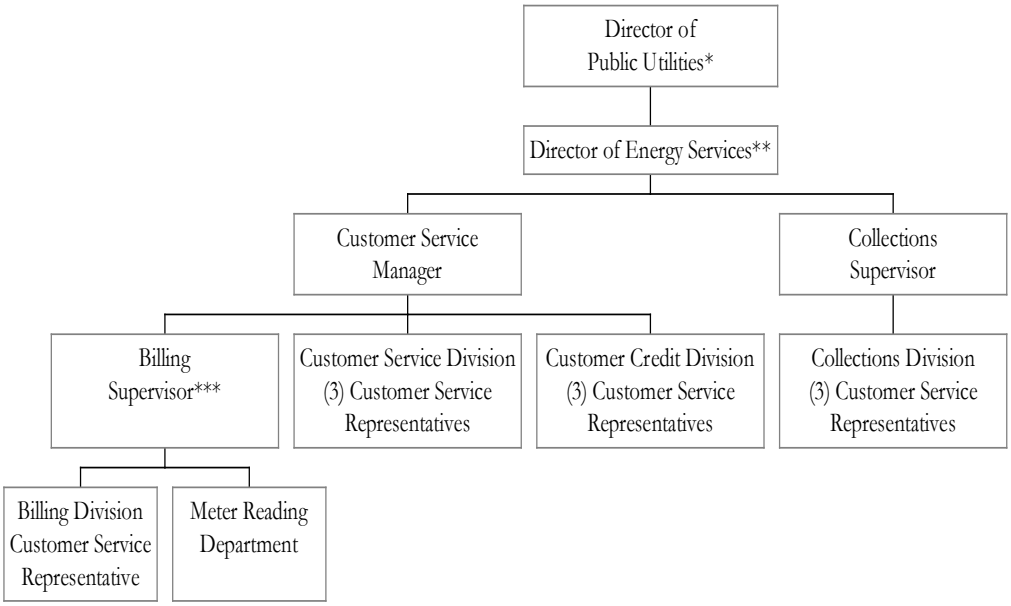
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 566,373	$ 611,277	$ 563,788	$ 630,712
Operations	275,121	306,604	282,309	371,854
Capital Outlay	20,475	-	-	-
Total	$ 861,969	$ 917,881	$ 846,097	$ 1,002,566

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	13	13	13	13

Capital Outlay: None.

City of Lexington
Customer Service



*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

**Director of Energy Services funded in Public Utilities Administration but provides leadership over the departments of Customer Service and Meter Reading.

***Billing Supervisor funded in Customer Service but provides direct supervision over the Utility Services Technicians.

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, Natural Gas and the Public Works division of the Water and Wastewater utilities; and to maintain materials and equipment in support of utilities maintenance and construction projects.

Departmental Functions:
- Purchase all material for Natural Gas, Electric and Public Works
- Maintain adequate inventory levels for all three utilities
- Send quotations out for best pricing for all three utilities
- Review inventory levels and identify minimum reorder quantities
- Maintain clean and safe warehouses
- Monitor remote site, the Young Drive storage yard, for accurate inventory levels
- Dispose of PCB transformers and maintain required records

2014-15 Objectives:
- Reorganize and efficiently utilize the outside storage area at the central warehouse
- Continue training new employees in regard to receiving, storing, issuing and accountability
- Continue safe, accident-free and injury-free daily operations

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of dept. employees	3	3	3
$ value of inventory	1.80 Million	2.00 Million	2.08 Million
# of inventory items	1,875	1,944	1,944
# of departments served	3	3	3
# of pick tickets or work orders/year	900	800	850
# of pick tickets or work orders/employee	300	267	283

WAREHOUSING DEPARTMENT
INTERNAL SERVICE FUND

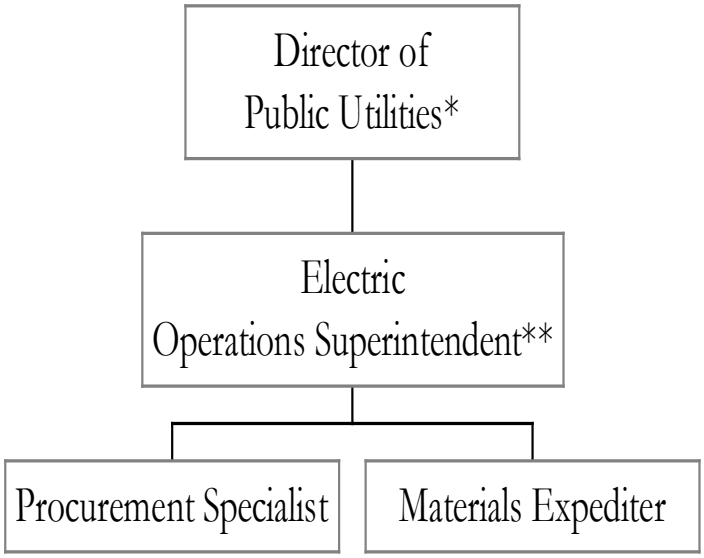
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 173,455	$ 181,461	$ 181,461	$ 187,924
Operations	16,080	67,266	39,692	16,870
Capital Outlay	-	-	-	-
Total	$ 189,535	$ 248,727	$ 221,153	$ 204,794

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	3	3	2	3

Capital Outlay: None.

City of Lexington
Warehousing



*Director of Public Utilities funded in Public Utilities Administration but provides leadership over the following departments: Electric, Natural Gas, Public Utilities Administration, Customer Service, Warehousing, Meter Reading and Marketing.

**Electric Operations Superintendent funded in Electric but provides leadership over Warehousing.

METER READING DEPARTMENT
INTERNAL SERVICE FUND

Statement of Department's Purpose:
The purpose of the Meter Reading Department is to inspect and read all utility meters as scheduled, handle move-in and move-out service orders while 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.

2014-15 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 10-11	FY 11-12	FY 12-13
# of employees reading meters	3	2	2
# of employees dedicated to disconnects, cut-offs, cut-ons	2	2	2
# of AMR meters	32,286	36,722	40,165
# of non-AMR meters	7,604	2,099	417
Non-AMR meters read per employee	2,534	1,050	209
# of disconnects per year for non-payment	2,366	3,096	4,456
# of miles driven	76,704	77,385	75,277

METER READING DEPARTMENT
INTERNAL SERVICE FUND

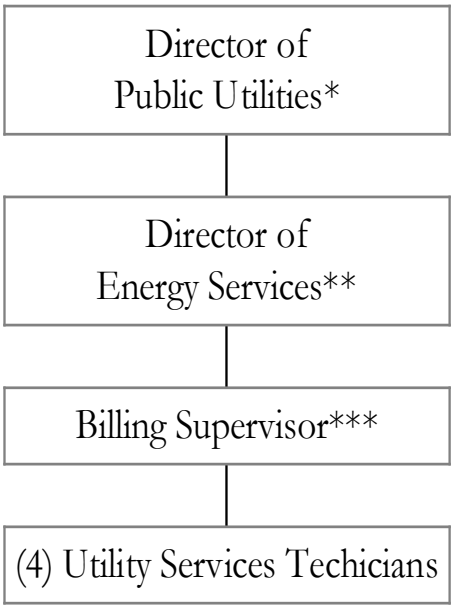
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 222,184	$ 223,408	$ 195,943	$ 209,712
Operations	78,278	55,396	41,373	49,646
Capital Outlay	-	10,520	10,520	-
Total	$ 300,462	$ 289,324	$ 247,836	$ 259,358

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	4	4	4	4

Capital Outlay: None.

City of Lexington
Meter Reading



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**Director of Energy Services funded in Public Utilities Administration but provides leadership over the departments of Customer Service and Meter Reading.

***Billing Supervisor funded in Customer Service but provides direct supervision over the Utility Services Technicians.

MARKETING DEPARTMENT
INTERNAL SERVICE FUND

Statement of Department's Purpose:
The purpose of the Marketing Department is to promote Lexington Utilities to existing and potential customers.

Departmental Functions:
- Awareness through festivals, events, and individual contact
- Public awareness through school visits
- Energy audits
- Energy conservation
- Utility incentive rebates
- Utility advertisements – TV, radio, newspapers, magazines, internet and sponsorships

2014-15 Objectives:
- Promote growth of the Lexington Utilities customer base
- Market natural gas service to potential customers in emerging markets
- Market natural gas "infill" to grow base
- Provide incentive rebates to customers
- Improve safety awareness program for schools and community organizations
- Explore new avenues of marketing our utilities to help generate revenues

Performance Measures Summary:

Measures	FY 10-11	FY 11-12	FY 12-13
# of staff hours dedicated to marketing/week	60	70	70
Advertising budget	$133,674	$164,431	$147,300
Water heater rebates	$30,450	$31,350	$29,700
Heat pump rebates	$71,550	$62,500	$35,450
Natural Gas incentives	$35,158	$41,298	$60,250
New Electric customers	72	58	50
New Natural Gas customers	188	146	154

MARKETING DEPARTMENT
INTERNAL SERVICE FUND

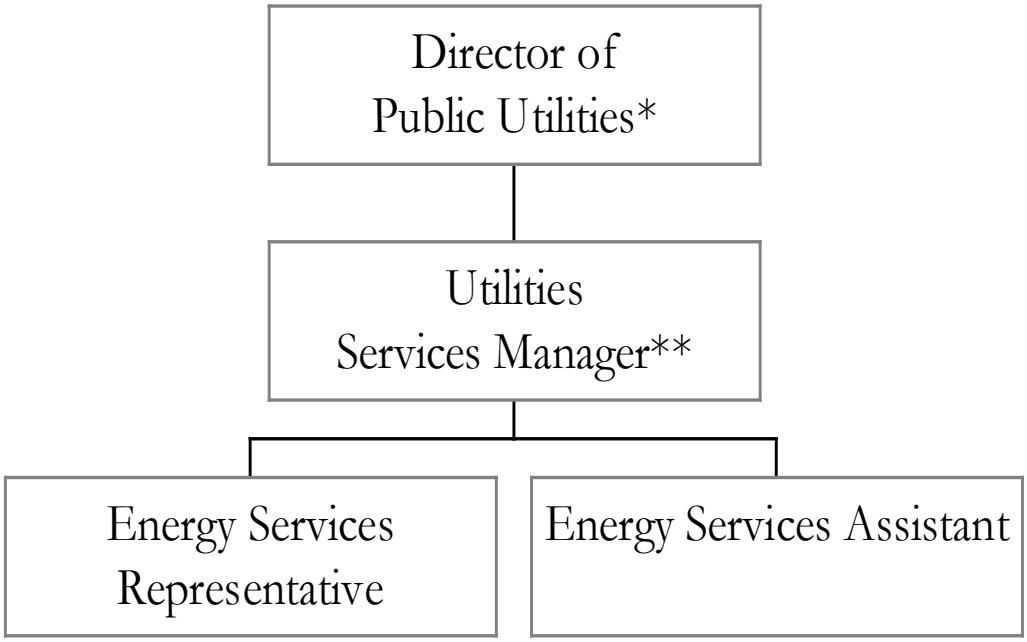
Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Personnel	$ 97,860	$ 103,232	$ 103,232	$ 114,824
Operations	291,901	375,604	375,604	389,705
Capital Outlay	-	7,380	7,380	-
Total	$ 389,761	$ 486,216	$ 486,216	$ 504,529

Personnel Positions	2012-13 Authorized	2013-14 Authorized	2014-15 Authorized	2014-15 Funded
Full Time	2	1	2	2

Capital Outlay: None.

City of Lexington
Marketing



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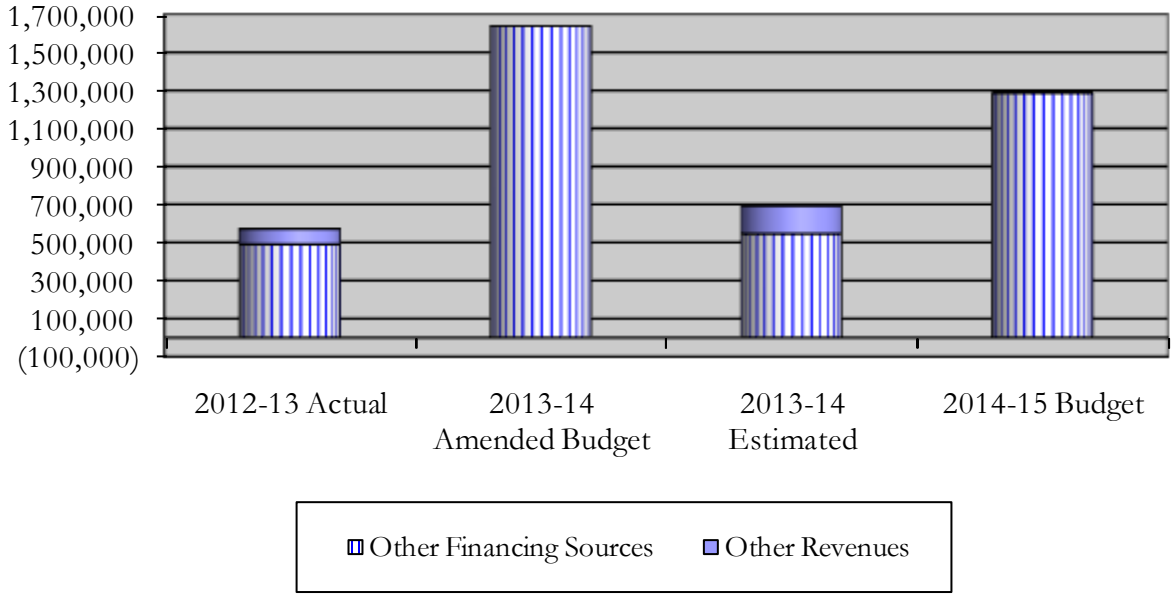
**Utilities Services Manager funded in Public Utilities Administration but provides leadership over the departments of Natural Gas and Marketing.

CAPITAL RESERVE FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Other Revenues	$ 82,802	$ -	$ 146,320	$ -
Other Financing Sources	488,793	1,638,161	545,000	1,285,116
Total	$ 571,595	$ 1,638,161	$ 691,320	$ 1,285,116



CAPITAL RESERVE
INTERNAL SERVICE FUND

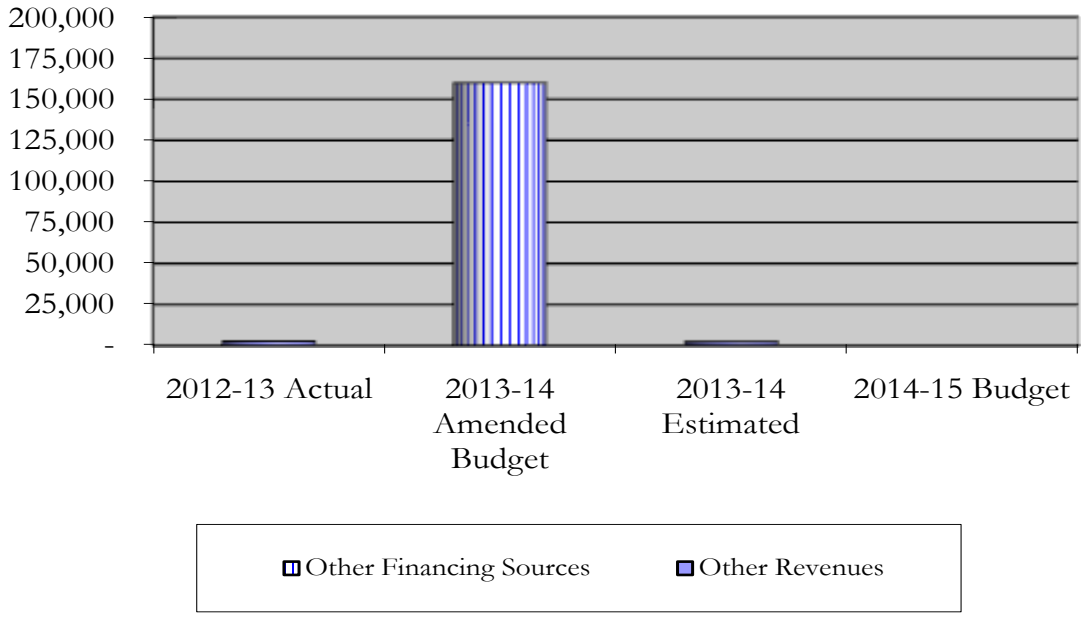
Statement of Department's Purpose:
The Capital Reserve Fund provides for the accumulation of financial resources for future capital project and equipment needs in the Electric, Water and Wastewater and Natural Gas utilities, as well as for the Golf Course and Garage vehicle and equipment fleet.

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Capital Reserve	$ -	$ 548,733	$ -	$ 487,934
Other Financing Uses	408,828	1,089,428	1,089,428	797,182
Total	$ 408,828	$ 1,638,161	$ 1,089,428	$ 1,285,116

RATE STABILIZATION FUND
REVENUE SUMMARY

Sources	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Other Revenues	$ 2,704	$ -	$ 2,400	$ -
Other Financing Sources	-	160,000	-	-
Total	$ 2,704	$ 160,000	$ 2,400	$ -



RATE STABILIZATION
INTERNAL SERVICE FUND

Statement of Department's Purpose:
The Rate Stabilization Fund provides for the accumulation of financial resources for retail rate stabilization for the Electric and Natural Gas utility customers.

Budget Summary:

Expenditure Summary	2012-13 Actual	2013-14 Amended Budget	2013-14 Estimated	2014-15 Budget
Other Financing Uses	$ 82,000	$ 160,000	$ 160,000	$ -
Total	$ 82,000	$ 160,000	$ 160,000	$ -

CAPITAL PROJECTS SUMMARY
FY 2014-15 BUDGET

General Fund:	
Lexington Furniture Industries Plant One Property (1)	$94,902
Total General Fund Capital Projects	$94,902
Water & Wastewater Fund:	
Brown Street Force Main Project (2)	$200,000
Total Water & Wastewater Fund Capital Projects	$200,000
Natural Gas Fund:	
Phase III Training Qualifications Center Construction (3)	$40,000
Total Natural Gas Fund Capital Projects	$40,000
Utility Administration Fund:	
Work Order System Acquisition and Implementation Project (4)	$125,000
Total Utility Administration Fund Capital Projects	$125,000
Grand Total - Capital Projects	**$459,902**

(1) Funding for redevelopment of Lexington Furniture Industries Plant One Property in FY14-15 will be provided in the amount of $94,902, primarily by leasing warehouse space to two tenants, Lexington Furniture Industries and Carolina Apparatus Repair and Service.
(2) Funding for engineering services for new force main on Brown Street.
(3) $40,000 will be transferred from Natural Gas operations to fund this capital project for FY14-15.
(4) Funding for the Work Order System Acquisition and Implementation Project will be provided from each fund as follows: Electric Fund $65,000; Water and Wastewater Fund $29,000; Natural Gas Fund $31,000.

CITY OF LEXINGTON

INCORPORATED 1828

NORTH CAROLINA

CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 14-19

BUDGET ORDINANCE FOR THE CITY OF LEXINGTON GENERAL, SPECIAL REVENUE, AND ENTERPRISE FUNDS FOR FISCAL YEAR JULY 1, 2014 THROUGH JUNE 30, 2015.

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, 2014, and ending June 30, 2015, in accordance with the chart of accounts heretofore established for this City:

General Government	$ 6,045,991
Public Safety	9,843,445
Highways and Streets	2,027,738
Sanitation	2,527,168
Culture and Recreation	1,599,437
Economic Development	119,574
Debt Service	810,693
Other Financing Uses	273,584
Total Appropriations	$ 23,247,630

Section 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2014, and ending June 30, 2015:

Ad Valorem Taxes	$ 8,693,700
Other Taxes	258,000
Unrestricted Intergovernmental	5,393,767
Restricted Intergovernmental	1,002,748
Permits and Fees	190,450
Sales and Services	1,415,796
Administrative Charges	1,853,694
Interest	19,340
Miscellaneous	34,650
Other Financing Sources	4,385,485
Total Appropriations	$ 23,247,630

Section 3. The following amounts are hereby appropriated in the Special Revenue Fund - Controlled Substance for the fiscal year beginning July 1, 2014, and ending June 30, 2015, in accordance with the chart of accounts heretofore established for this City:

Public Safety	$ 303,408
Total Appropriations	$ 303,408

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, 2014, and ending June 30, 2015:

Other Financing Sources	$ 303,408
Total Estimated Revenues	$ 303,408

Section 5. The following amounts are hereby appropriated in the Special Revenue Fund - Special Tax District for the fiscal year beginning July 1, 2014, and ending June 30, 2015, in accordance with the chart of accounts heretofore established for this City:

Economic Development	$ 91,000
Total Appropriations	$ 91,000

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, 2014, and ending June 30, 2015:

Ad Valorem Taxes	$ 91,000
Total Estimated Revenues	$ 91,000

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, 2014, and ending June 30, 2015, in accordance with the chart of accounts heretofore established for this City:

Electric Utility Operations	$ 54,802,412
Debt Service	796,247
Other Financing Uses	1,543,016
Total Appropriations	$ 57,141,675

Section 8. It is estimated that the following revenues will be available in the Electric Fund for the fiscal year beginning July 1, 2014, and ending June 30, 2015:

Sales and Services	$ 53,402,362
Other Revenues	3,739,313
Total Estimated Revenues	$ 57,141,675

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, 2014, and ending June 30, 2015, in accordance with the chart of accounts heretofore established for this City:

Water and Wastewater Utility Operations	$ 6,937,870
Debt Service	939,294
Other Financing Uses	631,379
Total Appropriations	$ 8,508,543

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, 2014, and ending June 30, 2015:

Unrestricted Intergovernmental	$ 9,178
Sales and Services	8,327,744
Other Revenues	171,621
Total Estimated Revenues	$ 8,508,543

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, 2014, and ending June 30, 2015, in accordance with the chart of accounts heretofore established for this City:

Natural Gas Utility Operations	$ 12,093,112
Debt Service	530,551
Other Financing Uses	1,054,726
Total Appropriations	$ 13,678,389

Section 12. It is estimated that the following revenues will be available in the Natural Gas Fund for the fiscal year beginning July 1, 2014, and ending June 30, 2015:

Unrestricted Intergovernmental	$ 26,007
Sales and Services	12,343,553
Other Revenues	941,409
Other Financing Sources	367,420
Total Estimated Revenues	$ 13,678,389

Section 13. The following amounts are hereby appropriated in the Golf Fund for the operation of the golf course for the fiscal year beginning July 1, 2014, and ending June 30, 2015, in accordance with the chart of accounts heretofore established for this City:

Golf Course Operations	$	745,722
Debt Service		220,811
Total Appropriations	$	966,533

Section 14. It is estimated that the following revenues will be available in the Golf Fund for the fiscal year beginning July 1, 2014, and ending June 30, 2015:

Sales and Services	$	750,434
Other Revenues		215
Other Financing Sources		215,884
Total Estimated Revenues	$	966,533

Section 15. There is hereby levied a tax at the rate of sixty cents ($.60) per one hundred dollars ($100) assessed valuation of property as listed for taxes as of January 1, 2014, 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 $1,502,500,000 and the Fiscal Year 2013-2014 estimated rate of collection of 93.50%.

Section 16. 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, 2014, 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 $48,688,000 and the Fiscal Year 2013-2014 estimated rate of collection of 93.50%.

Section 17. The 2014-2015 Budget Ordinance may be adjusted during the year for Revenue and Expenditure or for policy that has not been determined. All changes will be approved by City Council.

Section 18. Pursuant to authority granted to the Budget Officer by North Carolina General Statute 159-15, the Budget Officer (City Manager or Assistant City Manager) is authorized to transfer appropriations within this budget without a report being required, subject to the following limitations:

1. The total expenditures of any functional area or fund do not exceed the original appropriation or any amended amount approved by the City Council;

2. No transfer can take place between functional areas in a fund or between funds without prior City Council action;

3. No transfer can grant a salary increase or create a position not duly authorized by existing personnel policy or City Council action;

4. No transfer can authorize the purchase of a capital outlay item $20,000 or greater that has not been previously approved by the City Council; if the purchase results in an increase to the City's fleet of vehicles, a report is required at the next regular meeting of City Council;

5. No transfer from a contingency line item in any fund can be made without prior City Council approval, except in an emergency as defined in N.C. General Statute 159-13.

6. No transfer or appropriation from City Council Neighborhood Revitalization Funds can be made without 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 19. The City Council incorporates the budget on file with the Finance Officer and the City Clerk for direction in the collection and disbursement of funds and for public inspection.

Section 20. This ordinance is effective upon its adoption. This the 9th day of June, 2014.

Newell Clark, Mayor

Sara S. Lanier, MMC
City Clerk

CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 14-20

FINANCIAL PLAN FOR THE CITY OF LEXINGTON INTERNAL SERVICE FUNDS FOR FISCAL YEAR JULY 1, 2014 THROUGH JUNE 30, 2015.

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

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, 2014, and ending June 30, 2015.

FLEET MANAGEMENT FUND	
Appropriations Authorized	$ 2,329,885
Anticipated Revenues	$ 2,329,885
GROUP INSURANCE FUND	
Appropriations Authorized	$ 5,956,282
Anticipated Revenues	$ 5,956,282
RISK MANAGEMENT FUND	
Appropriations Authorized	$ 1,415,998
Anticipated Revenues	$ 1,415,998
UTILITY ADMINISTRATION FUND	
Appropriations Authorized	$ 3,047,744
Anticipated Revenues	$ 3,047,744

Section 2. The 2014-2015 Budget Ordinance may be adjusted during the year for Revenue and Expenditure or for policy that has not been determined. All changes will be approved by City Council.

Section 3. Pursuant to authority granted to the Budget Officer by North Carolina General Statute 159-15, the Budget Officer (City Manager or Assistant City Manager) is authorized to transfer appropriations within this budget without a report being required, subject to the following limitations:

1. The total expenditures of any functional area or fund do not exceed the original appropriation or any amended amount approved by the City Council;

2. No transfer can take place between functional areas in a fund or between funds without prior City Council action;

3. No transfer can grant a salary increase or create a position not duly authorized by existing personnel policy or City Council action;

4. No transfer can authorize the purchase of a capital outlay item $20,000 or greater that has not been previously approved by the City Council; if the purchase results in an increase to the City's fleet of vehicles, a report is required at the next regular meeting of City Council;

5. No transfer from a contingency line item in any fund can be made without prior City Council approval, except in an emergency as defined in N.C. General Statute 159-13.

Section 4. The City Council incorporates the financial plan on file with the Finance Officer and the City Clerk for direction in the collection and disbursement of funds and for public inspection.

Section 5. This ordinance is effective upon its adoption. This the 9th day of June, 2014.

Newell Clark, Mayor

Sara S. Lanier, MMC
City Clerk

CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 14-21

BUDGET ORDINANCE FOR THE CITY OF LEXINGTON CAPITAL PROJECT FUNDS FOR FISCAL YEAR JULY 1, 2014 THROUGH JUNE 30, 2015.

BE IT ORDAINED by the City Council of the City of Lexington, North Carolina, that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. The General Capital Project amended is the redevelopment of Lexington Furniture Industries (LFI) Plant One Property to be financed by leasing warehouse space to two tenants, Lexington Furniture Industries and Carolina Apparatus Repair and Service, and revenues received from the sale of surplus property.

The Water and Wastewater Construction in Progress project authorized is the engineering services for the new force main on Brown Street to be financed by a transfer from the Water and Wastewater Fund.

The Natural Gas Construction in Progress project authorized is the Phase III Training Qualifications Center Construction project to be financed by a transfer from the Natural Gas Fund.

The Utility Administration Construction in Progress project authorized is the Work Order System Acquisition and Implementation Project to be financed by a transfer from the Utility Administration Fund consisting of funds provided by the Electric, Water and Wastewater and Natural Gas Funds.

Section 2. The officers of this unit are hereby directed to proceed with the capital projects within the terms of the budget contained herein.

Section 3. The following amounts are appropriated for the General Capital Projects Fund:

LFI Plant One Property	$	94,902
Total Appropriations	$	94,902

Section 4. The following revenues are anticipated to be available for the General Capital Projects Fund:

Property Rental (LFI Plant One Property)	$	94,897
Sales - Capital Assets/City Property (LFI Plant One Property)		5
Total Estimated Revenues	$	94,902

Section 5. The following amounts are appropriated for the Water and Wastewater Construction in Progress Fund:

Brown Street Force Main	$ 200,000
Total Appropriations	$ 200,000

Section 6. The following revenues are anticipated to be available for the Water and Wastewater Construction in Progress Fund:

Other Financing Sources - Transfer from Water & Wastewater Fund	$ 200,000
Total Estimated Revenues	$ 200,000

Section 7. The following amounts are appropriated for the Natural Gas Construction in Progress Fund:

Phase III Training Qualifications Center Construction	$ 40,000
Total Appropriations	$ 40,000

Section 8. The following revenues are anticipated to be available for the Natural Gas Construction in Progress Fund:

Other Financing Sources - Transfer from Natural Gas Fund	$ 40,000
Total Estimated Revenues	$ 40,000

Section 9. The following amounts are appropriated for the Utility Administration Construction in Progress Fund:

Work Order System Acquisition and Implementation	$ 125,000
Total Appropriations	$ 125,000

Section 10. The following revenues are anticipated to be available for the Utility Administration Construction in Progress Fund:

Other Financing Sources - Transfer from Utility Administration Fund	$ 125,000
Total Estimated Revenues	$ 125,000

Section 11. The Finance Officer is hereby directed to maintain within these funds sufficient specific detailed accounting records.

Section 12. Copies of this capital project ordinance shall be furnished to the Clerk, City Council, Budget Officer and the Finance Officer for direction in carrying out these projects.

Section 13. The Budget Officer (City Manager or Assistant City Manager) is hereby authorized to transfer funds from one line item to another line item within each project without further approval by the City Council.

Section 14. The 2014-2015 Budget Ordinance may be adjusted during the year for Revenue and Expenditure or for policy that has not been determined. All changes will be approved by City Council.

Section 15. The City Council incorporates the budget on file with the Finance Officer and the City Clerk for direction in the collection and disbursement of funds and for public inspection.

Section 16. This ordinance is effective upon its adoption. This the 9th day of June, 2014.

Newell Clark, Mayor

Sara S. Lanier, MMC
City Clerk

CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 14-22

ORDINANCE AMENDING THE ESTABLISHMENT AND MAINTENANCE OF THE CAPITAL RESERVE FUND FOR FISCAL YEAR JULY 1, 2014 THROUGH JUNE 30, 2015.

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

Section 1. Whereas, the City of Lexington owns and operates a municipal electric system, water and wastewater system, natural gas system and golf course collectively known as the Enterprise Funds; as well as a Fleet Management (Garage) Internal Service Fund which accounts for activities related to maintaining the City's fleet of vehicles and equipment; and

Section 2. Whereas, the continued operation of the Enterprise Funds and the Fleet Management Fund requires significant capital expenditures to maintain a high degree of quality and service; and

Section 3. Whereas, the City of Lexington has established a Capital Reserve Fund for the purpose of future acquisition and/or construction of capital assets and infrastructure; and

Section 4. Whereas, the Capital Reserve Fund will remain operational until such time it is no longer practical; and

Section 5. Whereas, the Capital Reserve Fund should accumulate funds sufficient to provide for at least one year's average capital acquisition and construction expenditures; the reserves accumulated will be used for planned improvements, economic development opportunities, emergency expenditures, and vehicle and equipment purchases; and

Section 6. Whereas, the Enterprise Funds will make transfers to the Capital Reserve Fund when financially feasible and as City Council approves; these transfers will be restricted for future use by each respective enterprise fund; and

Section 7. Whereas, the Capital Reserve Fund will also derive funds from the collection of water and wastewater capital recovery fees for the purpose of future water and wastewater capacity expenditures; these funds will be restricted for future use by the Water and Wastewater Enterprise Fund; and

Section 8. Whereas, the Fleet Management Fund will make transfers to the Capital Reserve Fund when funds are received by the Fleet Management Fund from other City departments for the replacement of vehicles and equipment rented out to these respective departments and as City Council approves; these transfers will be restricted for future use by the Fleet Management Fund; and

Section 9. Whereas, for the City of Lexington to have available funds for future capital assets and infrastructure needs, and in accordance with N.C. General Statute 159 Sections 18-22, the following amounts are hereby appropriated in the Capital Reserve Fund for the fiscal year beginning

July 1, 2014 and ending June 30, 2015, in accordance with the chart of accounts heretofore established for this City:

Capital Reserve - Water and Wastewater	$	200,000
Capital Reserve - Fleet Management		287,934
Other Financing Uses - Transfer to Natural Gas		293,427
Other Financing Uses - Transfer to Fleet Management		503,755
Total Appropriations	$	1,285,116

Section 10. It is estimated that the following revenues will be available in the Capital Reserve Fund for the fiscal year beginning July 1, 2014, and ending June 30, 2015:

Other Financing Sources	$	1,285,116
Total Estimated Revenues	$	1,285,116

ADOPTED this the 9th day of June, 2014.

Newell Clark, Mayor

Sara S. Lanier, MMC
City Clerk

CITY OF LEXINGTON, NC
RESOLUTION NO. 26-14

RESOLUTION APPROVING FEE AND RATE CHANGES FOR BUSINESS AND COMMUNITY DEVELOPMENT, RECYCLING AND WASTE COLLECTION AND ELECTRIC DEPARTMENTS.

WHEREAS, the City of Lexington City Council has reviewed the fees and rates for the Business and Community Development, Recycling and Waste Collection and Electric Departments and in an effort to provide sufficient revenues to meet budgetary demands, the Lexington City Council finds it necessary to make the following revisions to the City's Fee and Rate Schedules; and

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

1. The amendments to the fee and rate schedules are attached hereto and incorporated by reference as:

   Attachment A - Business and Community Development Fees
   Attachment B – Recycling and Waste Collection Fees
   Attachment C - Electric Rates

2. The fees and rates will be amended effective with the dates denoted on each Attachment.

ADOPTED this the 9th day of June, 2014.

Newell Clark, Mayor

Sara S. Lanier, MMC
City Clerk

BUSINESS & COMMUNITY DEVELOPMENT FEES

Type of Fee	Current Fee	Proposed Fee* 7/1/2014
Internet Sweepstakes Business / Internet Cafes:		
Annual License Fee [1]	$1,000 each	$0.00
Electronic Sweepstakes computer terminal or machine equipped with sweepstakes software [2]	$500 each	$0.00
Minor Zoning Permit and Transfer of License Fee [3]	$500 each	$0.00

[1] Limit of six (6) business license fees will be issued by the City at any given time. Each license will expire on July 1st of each year if not renewed.

[2] Minimum of thirty (30) electronic sweepstakes computer terminals per license.

[3] A change in ownership of a licensed business requires a minor zoning permit and a transfer of license fee

*Remove fee due to change in State Legislature.

RECYCLING & WASTE COLLECTION FEES

Type of Fee	Current Fee	Proposed Fee 7/1/2014
Residential Rollout Service	$9.00 per container per month	$11.50 per container per month
Commercial Rollout Service	$9.00 per container per pickup	$11.50 per container per pickup

Residential Service
Schedule R

Availability

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

Type of Service

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

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

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

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

Residential		
	Summer (June-September)	**Non-Summer (October-May)**
Basic Facilities Charge	$19.00	$19.00
Minimum Charge:	Basic Facilities Charge	
Energy Charges:		
First 500 kWh	$.1336 per kWh	$.1261 per kWh
Next 500 kWh	$.1290 per kWh	$.1216 per kWh
Over 1,000 kWh	$.1260 per kWh	$.1187 per kWh

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

Minimum Bill

The minimum bill shall be the basic facilities charge.

Residential Service – All Electric
Schedule RA

Availability

Available only to residential customers in residences, condominiums, mobile homes or individually metered apartments that provide independent and permanent facilities complete for living, sleeping, eating, cooking and sanitation. In addition, all energy required for all water heating, cooking, clothes drying, and environmental space conditioning must be supplied electrically, and all electric energy used in such dwelling must be recorded through a single meter.

To qualify for service under this Schedule, the environmental space conditioning system and a separate electric water heater must be permanently installed in accordance with sound engineering practices and the manufacturer's recommendations, and both shall meet the following conditions.

Electric Space Heating:

1. Room-type systems shall be controlled by individual room thermostats.

2. Heat pumps shall be controlled by two-stage heating thermostats, the first stage controlling compressor operation and the second stage controlling all auxiliary resistance heaters. Auxiliary heaters shall be limited to 48 amps (11.5kW at 240 volts) each and shall be switched so that the energizing of each successive heater is controlled by a separate adjustable outdoor thermostat. A manual switch for by-pass of the first stage and the interlock of the second stage of the heating thermostat will be permitted.

3. Excess heating capacity (15% more than total calculated heat losses) may be disconnected at option of the City.

4. The residence shall be insulated so that total heat losses (as calculated by the current edition of ASHRAE Guide) shall not exceed 0.158 watts (0.539 BTUH) per sq. ft. of net heated area per degree F. temperature differential. Duct or pipe losses shall be included in the computation of total heat losses.

Electric Domestic Water Heater:

1. Water heaters shall be of the automatic insulated storage type, of not less than 30-gallon capacity, and may be equipped with only a lower element or with a lower element and an upper element.

2. Heaters having only a lower element may have wattage up to but not exceeding the specific wattage as shown below for various tank capacities.

Residential Service – All Electric
Schedule RA

Tank Capacity in Gallons	Maximum Single Element Wattage
30 – 39	3,500
40 – 49	4,500
50 and Larger	5,500

3. Heaters having both a lower and an upper element may have wattage in each element up to but not exceeding the specific wattage set forth in the table above for single element heaters, but they must have interlocking thermostats to prevent simultaneous operation of the two elements. However, if the sum of the wattage of the two elements does not exceed the specific wattage for single element heaters set forth in the table above, no interlocking device will be required.

4. Heaters of 120 gallons capacity and larger shall be subject to special approval.

Type of Service

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

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

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

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

Residential Service – All Electric
Schedule RA

Residential - All Electric		
	Summer (June-September)	**Non-Summer (October-May)**
Basic Facilities Charge	$19.00	$19.00
Minimum Charge:	Basic Facilities Charge	
Energy Charges:		
First 500 kWh	$.1261 per kWh	$.1187 per kWh
Next 500 kWh	$.1211 per kWh	$.1137 per kWh
Over 1,000 kWh	$.1176 per kWh	$.1102 per kWh

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

Minimum Bill

The minimum bill shall be the basic facilities charge.

Residential-Other Structures Service
Schedule RO

Availability

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

Type of Service

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

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

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

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

Residential-Other Structure		
	Summer (June-September)	**Non-Summer (October-May)**
Basic Facilities Charge	$30.00	$30.00
Minimum Charge:	Basic Facilities Charge	
Energy Charges:		
All kWh	$.1282 per kWh	$.1210 per kWh

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

Minimum Bill

The minimum bill shall be the basic facilities charge.

Small Commercial Service
Schedule SC

Availability

Available to the non-residential customer with monthly demand of 50 kW or less.

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single site.

Power delivered under this Schedule shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for, under any other Schedule of the City, except at the option of the City, under special terms and conditions expressed in writing with the contract with the Customer.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at the available voltage.

The type of service supplied will depend upon the voltage available. Prospective customers should determine the available voltage by contacting the City before purchasing equipment.

Motors less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators and all motors of more than 25 H.P. must be the slip ring type except that the City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

For Billing Months Energy		Rate
Basic Facilities Charge		$64.20
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
First 10 kW	$6.24 per kW	$6.24 per kW
All Over 10 kW	$12.91 per kW	$12.91 per kW
Energy Charge:		
First 100 kWh per kW Billing Demand Per Month		
First 3,000 kWh	$.1134 per kWh	$.1064 per kWh
All Over 3,000 kWh	$.0825 per kWh	$.0755 per kWh
Next 200 kWh per kW Billing Demand Per Month		
All kWh	$.0787 per kWh	$.0715 per kWh
All Over 300 kWh per kW Billing Demand Per Month		
All kWh	$.0678 per kWh	$.0606 per kWh

Small Commercial Service
Schedule SC

Determination of Billing Demand

At its option, the City may install a demand meter to measure demand for any customer served under this schedule.

The demand charge each month is computed by multiplying the applicable demand rate times the maximum integrated 30-minute demand measured during the month.

The billing demand for computing energy charges each month shall be the maximum integrated 30-minute demand measured during the month, but not less than 30 kW.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Power Factor Correction

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing the resultant value by the average power factor in percent for that month.

Contract Period

Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

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

Small Commercial Service – All Electric
Schedule SCA

Availability

Available to the non-residential Customer with a monthly demand of 50 kW or less in which environmental space conditioning is required and all energy for all such conditioning (heating and cooling) is supplied electrically through the same meter as all other electric energy used in the establishment. However, if any such establishment contains residential housekeeping units, all energy for all water heating and cooking for such units is also supplied electrically.

To qualify for service under this Schedule, space-conditioning systems shall be permanently installed in accordance with sound engineering practices and the manufacturer's recommendation.

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single site.

This Schedule is not available to the individual customer who qualifies for a residential or industrial schedule nor for auxiliary or breakdown service. Power delivered under this Schedule shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for, under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing with the contract with the Customer.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at the available voltage.

The type of service supplied will depend upon the voltage available. Prospective customers should determine the available voltage by contacting the City before purchasing equipment.

Motors less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators and all motors of more than 25 H.P. must be the slip ring type except that the City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

Small Commercial Service – All Electric
Schedule SCA

For Billing Months Energy		Rate
Basic Facilities Charge		$71.32
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
First 10 kW	$6.24 per kW	$6.24 per kW
All Over 10 kW	$12.91 per kW	$12.91 per kW
Energy Charge:		
First 100 kWh per kW Billing Demand Per Month		
First 1,875 kWh	$.1326 per kWh	$.1255 per kWh
All Over 1,875 kWh	$.0927 per kWh	$.0855 per kWh
Next 200 kWh per kW Billing Demand Per Month		
All kWh	$.0819 per kWh	$.0750 per kWh
All Over 300 kWh per kW Billing Demand Per Month		
All kWh	$.0685 per kWh	$.0614 per kWh

Determination of Billing Demand

At its option, the City may install a demand meter to measure demand for any customer served under this schedule.

The demand charge each month is computed by multiplying the applicable demand rate times the maximum integrated 30-minute demand measured during the month.

The billing demand for computing energy charges each month shall be the maximum integrated 30-minute demand measured during the month, but not less than 15 kW.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Small Commercial Service – All Electric
Schedule SCA

Power Factor Correction

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing the resultant value by the average power factor in percent for that month.

Contract Period

Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

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

Medium Commercial Service
Schedule MC

Availability

Available to the non-residential customer whose monthly demand exceeds 50 kW in any three months of the preceding twelve months but is less than 250 kW.

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single site.

Power delivered under this Schedule shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for, under any other Schedule of the City, except at the option of the City, under special terms and conditions expressed in writing with the contract with the Customer.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at the available voltage.

The type of service supplied will depend upon the voltage available. Prospective customers should determine the available voltage by contacting the City before purchasing equipment.

Motors less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators and all motors of more than 25 H.P. must be the slip ring type except that the City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

For Billing Months Energy		Rate
Basic Facilities Charge		$85.59
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
All kW	$12.91 per kW	$12.91 per kW
Energy Charge:		
First 100 kWh per kW Billing Demand Per Month		
All kWh	$.1044 per kWh	$.0989 per kWh
Next 200 kWh per kW Billing Demand Per Month		
All kWh	$.0945 per kWh	$.0876 per kWh
All Over 300 kWh per kW Billing Demand Per Month		
All kWh	$.0833 per kWh	$.0764 per kWh

Medium Commercial Service
Schedule MC

Determination of Billing Demand

At its option, the City may install a demand meter to measure demand for any customer served under this schedule.

The demand for billing purposes each month shall be the maximum integrated 30-minute demand measured during the month.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Power Factor Correction

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing the resultant value by the average power factor in percent for that month.

Contract Period

Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

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

Medium Commercial Service – All Electric
Schedule MCA

Availability

Available to the non-residential customer whose monthly demand exceeds 50 kW in any three months of the preceding twelve months but is less than 250 kW and in which environmental space conditioning is required and all energy for all such conditioning (heating and cooling) is supplied electrically through the same meter as all other electric energy used in the establishment. However, if any such establishment contains residential housekeeping units, all energy for all water heating and cooking for such units is also supplied electrically.

To qualify for service under this Schedule, space-conditioning systems shall be permanently installed in accordance with sound engineering practices and the manufacturer's recommendation.

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single site.

This Schedule is not available to the individual customer who qualifies for a residential or industrial schedule nor for auxiliary or breakdown service. Power delivered under this Schedule shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for, under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing with the contract with the Customer.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at the available voltage.

The type of service supplied will depend upon the voltage available. Prospective customers should determine the available voltage by contacting the City before purchasing equipment.

Motors less than 5 HP may be single-phase. All motors of more than 5 HP must be equipped with starting compensators and all motors of more than 25 HP must be the slip ring type except that the City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

Medium Commercial Service – All Electric
Schedule MCA

For Billing Months Energy		Rate
Basic Facilities Charge		$213.97
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
All kW	$12.91 per kW	$12.91 per kW
Energy Charge:		
First 100 kWh per kW Billing Demand Per Month		
All kWh	$.0962 per kWh	$.0890 per kWh
Next 200 kWh per kW Billing Demand Per Month		
All kWh	$.0890 per kWh	$.0820 per kWh
All Over 300 kWh per kW Billing Demand Per Month		
All kWh	$.0741 per kWh	$.0670 per kWh

Determination of Billing Demand

At its option, the City may install a demand meter to measure demand for any customer served under this schedule.

The demand for billing purposes each month shall be the maximum integrated 30-minute demand measured during the month.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Power Factor Correction

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing the resultant value by the average power factor in percent for that month.

Medium Commercial Service – All Electric
Schedule MCA

Contract Period

Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

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

Large Commercial Service
Schedule LC

Availability

Available to the non-residential customer whose monthly demand is 250 kW or greater in any three months of the preceding twelve months.

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single site.

Power delivered under this Schedule shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for, under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing with the contract with the Customer.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at the available voltage.

The type of service supplied will depend upon the voltage available. Prospective customers should determine the available voltage by contacting the City before purchasing equipment.

Motors less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators and all motors of more than 25 H.P. must be the slip ring type except that the City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

For Billing Months Energy		Rate
Basic Facilities Charge		$241.11
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
All kW	$12.91 per kW	$12.91 per kW
Energy Charge:		
First 100 kWh per kW Billing Demand Per Month		
All kWh	$.0949 per kWh	$.0877 per kWh
Next 200 kWh per kW Billing Demand Per Month		
All kWh	$.0848 per kWh	$.0775 per kWh
All Over 300 kWh per kW Billing Demand Per Month		
All kWh	$.0715 per kWh	$.0643 per kWh

Large Commercial Service
Schedule LC

Determination of Billing Demand

At its option, the City may install a demand meter to measure demand for any customer served under this schedule.

The demand for billing purposes each month shall be the maximum integrated 30-minute demand measured during the month.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Power Factor Correction

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing the resultant value by the average power factor in percent for that month.

Contract Period

Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

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

Medium Industrial Service
Schedule MI

Availability

Available only to establishments classified as "Manufacturing Industries" by the Standard Industrial Classification Manual, 1957 or later version, published by the Bureau of Budget, United States Government, and where more than 50% of the electric consumption of such establishment is used for its manufacturing processes whose monthly demand exceeds 50 kW in any three months of the preceding twelve months but is less than 250 kW.

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single site.

This Schedule is not available for auxiliary or breakdown service. Power delivered under this Schedule shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for, under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing with the contract with the Customer.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at the available voltage.

The type of service supplied will depend upon the voltage available. Prospective customers should determine the available voltage by contacting the City before purchasing equipment.

Motors less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators and all motors of more than 25 H.P. must be the slip ring type except that the City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

For Billing Months Energy	Rates
Basic Facilities Charge	$148.69
Minimum Charge:	Basic Facilities Charge
Demand Charge:	
All kW	$12.91 per kW
Energy Charge:	
First 100 kWh per kW Billing Demand Per Month	
All kWh	$.0655 per kWh
Next 200 kWh per kW billing Demand Per Month	
All kWh	$.0635 per kWh
All Over 300 kWh per kW Billing Demand Per Month	
All kWh	$.0611 per kWh

Medium Industrial Service
Schedule MI

Determination of Billing Demand

At its option, the City may install a demand meter to measure demand for any customer served under this schedule.

The demand for billing purposes each month shall be the maximum integrated 30-minute demand measured during the month.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Power Factor Correction

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing the resultant value by the average power factor in percent for that month.

Contract Period

Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

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

Large Industrial Service
Schedule LI

Availability

Available only to establishments classified as "Manufacturing Industries" by the Standard Industrial Classification Manual, 1957 or later version, published by the Bureau of Budget, United States Government, and where more than 50% of the electric consumption of such establishment is used for its manufacturing processes whose monthly demand exceeds 250 kW in any three months of the preceding twelve months but is less than 1,000 kW.

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single site.

This Schedule is not available for auxiliary or breakdown service. Power delivered under this Schedule shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for, under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing with the contract with the Customer.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at the available voltage. The type of service supplied will depend upon the voltage available. Prospective customers should determine the available voltage by contacting the City before purchasing equipment.

Motors less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators and all motors of more than 25 H.P. must be the slip ring type except that the City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

For Billing Months Energy	Rates
Basic Facilities Charge	$440.56
Minimum Charge:	Basic Facilities Charge
Demand Charge:	
All kW	$12.91 per kW
Energy Charge:	
First 100 kWh per kW Billing Demand Per Month	
All kWh	$.0700 per kWh
Next 200 kWh per kW billing Demand Per Month	
All kWh	$.0658 per kWh
All Over 300 kWh per kW Billing Demand Per Month	
All kWh	$.0614 per kWh

Large Industrial Service
Schedule LI

Determination of Billing Demand

At its option, the City may install a demand meter to measure demand for any customer served under this schedule.

The demand for billing purposes each month shall be the maximum integrated 30-minute demand measured during the month.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Power Factor Correction

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing the resultant value by the average power factor in percent for that month.

Contract Period

Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

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

Very Large Industrial Service
Schedule VLI

Availability

Available only to establishments classified as "Manufacturing Industries" by the Standard Industrial Classification Manual, 1957 or later version, published by the Bureau of Budget, United States Government, and where more than 50% of the electric consumption of such establishment is used for its manufacturing processes whose monthly demand is 1,000 kW or greater in any three months of the preceding twelve months.

Service under this Schedule shall be used solely by the contracting Customer in a single enterprise, located entirely on a single site.

This Schedule is not available for auxiliary or breakdown service. Power delivered under this Schedule shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for, under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing with the contract with the Customer.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at the available voltage. The type of service supplied will depend upon the voltage available. Prospective customers should determine the available voltage by contacting the City before purchasing equipment.

Motors less than 5 H.P. may be single-phase. All motors of more than 5 H.P. must be equipped with starting compensators and all motors of more than 25 H.P. must be the slip ring type except that the City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

For Billing Months Energy	Rates
Basic Facilities Charge	$693.88
Minimum Charge:	Basic Facilities Charge
Demand Charge:	
All kW	$12.91 per kW
Energy Charge:	
First 100 kWh per kW Billing Demand Per Month	
All kWh	$.0656 per kWh
Next 200 kWh per kW billing Demand Per Month	
All kWh	$.0621 per kWh
All Over 300 kWh per kW Billing Demand Per Month	
All kWh	$.0586 per kWh

Very Large Industrial Service
Schedule VLI

Determination of Billing Demand

At its option, the City may install a demand meter to measure demand for any customer served under this schedule.

The demand for billing purposes each month shall be the maximum integrated 30-minute demand measured during the month.

Minimum Bill

The minimum bill shall be the basic facilities charge.

Power Factor Correction

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing the resultant value by the average power factor in percent for that month.

Contract Period

Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

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

Building Construction Service
Schedule BC

	Rate
Basic Facilities Charge	$31.41
Minimum Charge:	Basic Facilities Charge
Energy Charges:	
First 50 kWh	$.2185 per kWh
All Over 50 kWh	$.1319 per kWh

Minimum Bill:

For single-phase service, the monthly minimum charge shall be the basic facilities charge.

The definition of "Sales Tax" is contained within the General Terms and Conditions and are pertinent to this rate schedule. The General Terms and Conditions Section and the Lexington Utilities Customer Service Policy Manual are an integral part of this tariff.

Street Lighting Service
Schedule SL

Monthly Rate

(A) Bracket Mounted Luminaries
All-night outdoor lighting service using overhead conductors and City standard equipment mounted on wood poles.

Lamp Rating In Lumens	kWh Per Month	Type of Luminary
7,500	75	Mercury Vapor
20,000	152	Mercury Vapor
9,500	47	High Pressure Sodium Vapor
16,000	70	High Pressure Sodium Vapor
27,500	104	High Pressure Sodium Vapor
38,000	136	High Pressure Sodium Vapor

(B) Other Luminaries
Decorative and non-standard luminaries can be installed on request, at the City's option, at the rate listed below plus an additional monthly charge of $6.45 per luminary.

For Billing Months Energy	**Rate**
All kWh	$.0989 per kWh

The definition of "Sales Tax" is contained within the General Terms and Conditions and are pertinent to this rate schedule. The General Terms and Conditions Section and the Lexington Utilities Customer Service Policy Manual are an integral part of this tariff.

Traffic Signal Service
Schedule TS

Availability

Available to city, county, state and federal authorities, in areas served by the City, for the energy requirements of traffic and safety signal systems.

Power delivered hereunder shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for under any other schedule of the City.

Type of Service

The City will furnish 60 Hertz service through one meter, at one delivery point, at 120/240 volts, single phase.

	Rate
Basic Facilities Charge	$8.76
Minimum Charge:	Basic Facilities Charge
Energy Charges:	
First 50 kWh	$.2282 per kWh
All Over 50 kWh	$.0910 per kWh

Minimum Bill

The minimum bill shall be the basic facilities charge.

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

Area Lighting Service
Schedule AL

Availability

Available to the individual Customer at locations on the City's distribution system.

Monthly Rate

(A) Bracket Mounted Luminaries
All-night outdoor lighting service using overhead conductors and City standard package equipment mounted on wood poles:

(B) Decorative Luminaries
All-night outdoor lighting service using underground service and City standard package equipment mounted on fiberglass poles:

Lamp Rating in Lumens	kWh Per Month	Type of Luminary	Monthly Rate
7,500	75	175 Watt Mercury Vapor	$9.39
20,000	152	400 Watt Mercury Vapor	$16.69
9,500	47	100 Watt High Pressure Sodium	$9.39
27,500	104	250 Watt High Pressure Sodium	$16.69
4,800	18	48 Watt Light Emitting Diode	$9.39
36,000	136	400 Watt Metal Halide	$16.69
9,500	47	100 Watt Decorative Lantern	$14.57
9,500	47	100 Watt Decorative Acorn	$23.31
14,000	60	175 Watt Metal Halide Acorn	$22.55
38,000	136	400 Watt Metal Halide Shoe-Box Single	$27.83
38,000	272	400 Watt Metal Halide Shoe-Box Twin	$41.76

Service using overhead conductors is not available in any area designated by the City as underground distribution area, not in any area, location, or premises being served from an underground source.

Explanatory Notes

Lamps should burn from approximately one half-hour after sunset until approximately one half-hour before sunrise. The City will replace burned-out lamps and otherwise maintain the luminaries during regular daytime working hours as soon as practicable following notification by the Customer of the necessity.

Luminaries will be installed only on City-owned poles or structures. All facilities necessary for service under this Schedule, including fixtures, lamps, controls, poles, or other structures, hardware, transformers, conductors, and other appurtenances shall be owned and maintained by the City.

Area Lighting Service
Schedule AL

Equipment (such as disconnecting switches) other than that supplied by the City as standard is not available under this Schedule, and shall not be installed by the Customer.

This Schedule is not available for seasonal or other part-time operation of outdoor luminaries.

A service charge will be billed for any conversion of luminaries.

Location of the luminary or luminaries shall be designated by the Customer, but the location must be within the distance that can be reached by a secondary extension from the City's nearest distribution facilities.

Contract Period

The original terms of any contract may be from a minimum of one year to a maximum of 15 years. Contracts will continue after the original term until terminated by either party on thirty days' written notice. Minimum term of contract for specific situations shall be as follows:

(a) One year for all luminaries designated as standard by the City, bracket mounted on standard wood poles served by overhead conductors.
(b) Five years for all luminaries served by underground conductors.
(c) Ten years for all luminaries designated as non-standard by the City, and all standard luminaries mounted on supports other than standard wood poles.
(d) Fifteen years for all luminaries or supports designated by the City as decorative or other unusual design.

The definition of "Sales Tax" is contained within the General Terms and Conditions and are pertinent to this rate schedule. The General Terms and Conditions Section and the Lexington Utility Services Manual are an integral part of this tariff.

Cable Amplifier and Repeater Service
Schedule CA

Availability

Available to establishments which provide cable amplification and repeater service for the provision of cable television.

Type of Service

The City will furnish 60-Hertz service through one meter, at one delivery point, at 120/240 volts, single phase.

	Rate
Monthly Charge	$49.88

The definition of "Sales Tax" is contained within the General Terms and Conditions and is pertinent to this rate schedule. The General Terms and Conditions Section and the Lexington Utility Services Manual are an integral part of this tariff.

Coincident Peak Rate –98-1
Schedule CP 98-1

AVAILABILITY

Available only to new commercial or industrial loads which began receiving service after July 1, 1998. The demand of the new load must equal or exceed 100 kW but be less than 500 kW during at least three months of a twelve-month period.

Service under this Schedule shall be used solely by the contracting customer in a single enterprise, located entirely on a single contiguous site or premises.

This Schedule is not available for auxiliary or breakdown service and power delivered hereunder shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the City in regard to supplying power are dependent upon its securing and retaining all necessary rights-of-ways, privileges, franchises, and permits for the delivery of such power, and the City shall not be liable to any customer or applicant for power in the event the City is delayed in, or is prevented from furnishing the power by its failure to secure and retain such rights-of-way, rights, privileges, franchises, and/or permits.

TYPE OF SERVICE

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

Single-phase, 120/240 volts; or
3 phase, 208Y/120 volts, 480Y/277 volts; or
3 phase, 3 wire, 240, 480, 575, or 2400 volts, or
3 phase, 4160Y/2400, 12470Y/7200, or
3 phase voltages other than the foregoing, but only at the City's option, and provided that the size of the Customer's load and the duration of the Customer's contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the city's specifications.

The type of service supplied will depend upon the voltage available at or near the Customer's location. Prospective customers should ascertain the available voltage by inquiry at the office of the City before purchasing equipment.

Motors of less than 5 HP may be single-phase. All motors of more than 5 HP must be equipped with starting compensators and all motors of more than 25 HP must be of the slip ring type except that the

Coincident Peak Rate –98-1
Schedule CP 98-1

City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

MONTHLY RATE

A. Basic Facilities Charge (Minimum Charge)	$73.12
B. Demand Charge:	
Monthly CP Demand	
Summer (June-Sept.)	$25.07 per kW
Winter (Oct.-May)	$ 7.33 per kW
Excess Demand (all months)	$ 2.20 per kW
C. Energy Charges:	
First 438 kWh per CP kW of Billing Demand	$0.0511 per kWh
All remaining kWh	$0.0467 per kWh

DEFINITION OF "MONTH"

The term "month" as used in the Schedule means the period intervening between meter readings for the purposes of monthly billing, such reading being taken once a month.

DETERMINATION OF BILLING DEMAND

Billing Demand:
Billing Demand shall be the average of the integrated clock hour kW demands measured during the hours of the On-Peak Period on the day identified as the Peak Management Day used by the North Carolina Municipal Power Agency Number 1 (NCMPA1) for wholesale billing purposes during the corresponding month of Customer's billing.

On-Peak Periods:
On-peak periods are non-holiday weekdays during the following times:

June-September	2pm – 6pm
December-February	7am – 9am
All other months	7am – 9am and 2pm – 6pm

Holidays:
The following days of each calendar year are considered holidays: New Years Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday following Thanksgiving Day, and Christmas Day. In the event that any of the forgoing Holidays falls on a Saturday, the preceding Friday shall be deemed to be the Holiday. In the event any of the foregoing Holidays falls on a Sunday, the following Monday shall be deemed to be the Holiday.

Coincident Peak Rate –98-1
Schedule CP 98-1

Peak Management Days:
Peak Management Days are those days on which NCMPA1 notifies its Participants to activate their peak management programs during On-Peak periods. The Peak Management Day used to establish the city's wholesale billing demand is the one Peak Management Day during the month on which NCMPA1 experienced the greatest average load (determined as the average of NCMPA1's integrated hourly loads during the hours of the On-Peak Period).

EXCESS DEMAND

Excess demand shall be the difference between the maximum integrated clock hour kW demand recorded during the current billing month and the Billing Demand for the same billing month.

NOTIFICATION BY CITY

The City will use diligent efforts to predict each monthly system peak and provide advance notice to the Customer. However, the City does not guarantee an accurate prediction, nor does the City guarantee that advance notice will be provided. Notification by the City will be provided to the Customer by direct telephone communications or automatic signal, as mutually agreed. The Customer will hold the City harmless in connection with its response to notification.

DETERMINATION OF ENERGY

The kWh of energy shall be the sum of all energy used during the current billing month as indicated by watt-hour meter readings.

POWER FACTOR CORRECTION

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing by the average power factor in percent for that month.

CONTRACT PERIOD

Each customer shall enter into a contract to purchase electricity from the City for a minimum original term of one (1) year, and thereafter from year to year upon the condition that either party can terminate the contract at the end of the original term, or at any time thereafter, by giving at least sixty (60) days prior notice of such termination in writing; but the City may require a contract for a longer original term of years where the requirement is justified by the circumstances.

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 the above electric rates.

Originally Adopted July 1, 1998

Coincident Peak Rate –98-1A
Schedule CP 98-1A

AVAILABILITY

Available only to new commercial or industrial loads which began receiving service after April 1, 1999. The demand of the new load must equal or exceed 100 kW but be less than 500 kW during at least three months of a twelve-month period and maintain an average annual load factor of at least 65%.

Service under this Schedule shall be used solely by the contracting customer in a single enterprise, located entirely on a single contiguous site or premises.

This Schedule is not available for auxiliary or breakdown service and power delivered hereunder shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the City in regard to supplying power are dependent upon its securing and retaining all necessary rights-of-ways, privileges, franchises, and permits for the delivery of such power, and the City shall not be liable to any customer or applicant for power in the event the City is delayed in, or is prevented from furnishing the power by its failure to secure and retain such rights-of-way, rights, privileges, franchises, and/or permits.

TYPE OF SERVICE

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

Single-phase, 120/240 volts; or
3 phase, 208Y/120 volts, 480Y/277 volts; or
3 phase, 3 wire, 240, 480, 575, or 2400 volts, or
3 phase, 4160Y/2400, 12470Y/7200, or
3 phase voltages other than the foregoing, but only at the City's option, and provided that the size of the Customer's load and the duration of the Customer's contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the city's specifications.

The type of service supplied will depend upon the voltage available at or near the customer's location. Prospective customers should ascertain the available voltage by inquiry at the office of the City before purchasing equipment.

Motors of less than 5 HP may be single-phase. All motors of more than 5 HP must be equipped with starting compensators and all motors of more than 25 HP must be of the slip ring type except that the

Coincident Peak Rate –98-1A
Schedule CP 98-1A

City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

MONTHLY RATE

A. Basic Facilities Charge (Minimum Charge)	$73.12
B. Demand Charge:	
Monthly CP Demand	
Summer (June-Sept.)	$23.31 per kW
Winter (Oct.-May)	$ 2.92 per kW
Excess Demand (all months)	$ 2.20 per kW
C. Energy Charges:	
First 438 kWh per CP kW of Billing Demand	$0.0500 per kWh
All remaining kWh	$0.0453 per kWh

DEFINITION OF "MONTH"

The term "month" as used in the Schedule means the period intervening between meter readings for the purposes of monthly billing, such reading being taken once a month.

DETERMINATION OF BILLING DEMAND

Billing Demand:
Billing Demand shall be the average of the integrated clock hour kW demands measured during the hours of the On-Peak Period on the day identified as the Peak Management Day used by the North Carolina Municipal Power Agency Number 1 (NCMPA1) for wholesale billing purposes during the corresponding month of Customer's billing.

On-Peak Periods
On-peak periods are non-holiday weekdays during the following times:

June-September	2pm – 6pm
December-February	7am – 9am
All other months	7am – 9am and 2pm – 6pm

Holidays:
The following days of each calendar year are considered holidays: New Years Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday following Thanksgiving Day, and Christmas Day. In the event that any of the forgoing Holidays falls on a Saturday, the preceding Friday shall be deemed to be the Holiday. In the event any of the foregoing Holidays falls on a Sunday, the following Monday shall be deemed to be the Holiday.

Coincident Peak Rate –98-1A
Schedule CP 98-1A

Peak Management Days:
Peak Management Days are those days on which NCMPA1 notifies its Participants to activate their peak management programs during On-Peak periods. The Peak Management Day used to establish the city's wholesale billing demand is the one Peak Management Day during the month on which NCMPA1 experienced the greatest average load (determined as the average of NCMPA1's integrated hourly loads during the hours of the On-Peak Period).

EXCESS DEMAND

Excess demand shall be the difference between the maximum integrated clock hour kW demand recorded during the current billing month and the Billing Demand for the same billing month.

NOTIFICATION BY CITY

The City will use diligent efforts to predict each monthly system peak and provide advance notice to the Customer. However, the City does not guarantee an accurate prediction, nor does the City guarantee that advance notice will be provided. Notification by the City will be provided to the Customer by direct telephone communications or automatic signal, as mutually agreed. The Customer will hold the City harmless in connection with its response to notification.

DETERMINATION OF ENERGY

The kWh of energy shall be the sum of all energy used during the current billing month as indicated by watt-hour meter readings.

POWER FACTOR CORRECTION

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing by the average power factor in percent for that month.

CONTRACT PERIOD

Each customer shall enter into a contract to purchase electricity from the City for a minimum original term of one (1) year, and thereafter from year to year upon the condition that either party can terminate the contract at the end of the original term, or at any time thereafter, by giving at least sixty (60) days prior notice of such termination in writing; but the City may require a contract for a longer original term of years where the requirement is justified by the circumstances.

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 the above electric rates.

Originally Adopted April 1, 1999

Coincident Peak Rate –98-2
Schedule CP 98-2

AVAILABILITY

Available to (1) new commercial or industrial loads which began receiving service after July 1, 1998 or (2) commercial or industrial loads previously served under the City's ED 1-A rate, which was closed December 31, 2003. The demand of the load must equal or exceed 500 kW but be less than 3,000 kW during at least three months of a twelve-month period.

Service under this Schedule shall be used solely by the contracting customer in a single enterprise, located entirely on a single contiguous site or premises.

This Schedule is not available for auxiliary or breakdown service and power delivered hereunder shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the City in regard to supplying power are dependent upon its securing and retaining all necessary rights-of-ways, privileges, franchises, and permits for the delivery of such power, and the City shall not be liable to any customer or applicant for power in the event the City is delayed in, or is prevented from furnishing the power by its failure to secure and retain such rights-of-way, rights, privileges, franchises, and/or permits.

TYPE OF SERVICE

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

Single-phase, 120/240 volts; or
3 phase, 208Y/120 volts, 480Y/277 volts; or
3 phase, 3 wire, 240, 480, 575, or 2400 volts, or
3 phase, 4160Y/2400, 12470Y/7200, or
3 phase voltages other than the foregoing, but only at the City's option, and provided that the size of the Customer's load and the duration of the Customer's contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the city's specifications.

The type of service supplied will depend upon the voltage available at or near the Customer's location. Prospective customers should ascertain the available voltage by inquiry at the office of the City before purchasing equipment.

Motors of less than 5 HP may be single-phase. All motors of more than 5 HP must be equipped with starting compensators and all motors of more than 25 HP must be of the slip ring type except that the

Coincident Peak Rate –98-2
Schedule CP 98-2

City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

MONTHLY RATE

A. Basic Facilities Charge (Minimum Charge)	$365.54
B. Demand Charge:	
Monthly CP Demand	
Summer (June-Sept.)	$24.36 per kW
Winter (Oct.-May)	$ 4.40 per kW
Excess Demand (all months)	$ 2.20 per kW
C. Energy Charges:	
First 438 kWh per CP kW of Billing Demand	$0.0500 per kWh
All remaining kWh	$0.0440 per kWh

DEFINITION OF "MONTH"

The term "month" as used in the Schedule means the period intervening between meter readings for the purposes of monthly billing, such reading being taken once a month.

DETERMINATION OF BILLING DEMAND

Billing Demand:
Billing Demand shall be the average of the integrated clock hour kW demands measured during the hours of the On-Peak Period on the day identified as the Peak Management Day used by the North Carolina Municipal Power Agency Number 1 (NCMPA1) for wholesale billing purposes during the corresponding month of Customer's billing.

On-Peak Periods:
On-peak periods are non-holiday weekdays during the following times:

June-September	2pm – 6pm
December-February	7am – 9am
All other months	7am – 9am and 2pm – 6pm

Holidays:
The following days of each calendar year are considered holidays: New Years Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday following Thanksgiving Day, and Christmas Day. In the event that any of the forgoing Holidays falls on a Saturday, the preceding Friday shall be deemed to be the Holiday. In the event any of the foregoing Holidays falls on a Sunday, the following Monday shall be deemed to be the Holiday.

Coincident Peak Rate –98-2
Schedule CP 98-2

Peak Management Days:
Peak Management Days are those days on which NCMPA1 notifies its Participants to activate their peak management programs during On-Peak periods. The Peak Management Day used to establish the city's wholesale billing demand is the one Peak Management Day during the month on which NCMPA1 experienced the greatest average load (determined as the average of NCMPA1's integrated hourly loads during the hours of the On-Peak Period).

EXCESS DEMAND

Excess demand shall be the difference between the maximum integrated clock hour kW demand recorded during the current billing month and the Billing Demand for the same billing month.

NOTIFICATION BY CITY

The City will use diligent efforts to predict each monthly system peak and provide advance notice to the Customer. However, the City does not guarantee an accurate prediction, nor does the City guarantee that advance notice will be provided. Notification by the City will be provided to the Customer by direct telephone communications or automatic signal, as mutually agreed. The Customer will hold the City harmless in connection with its response to notification.

DETERMINATION OF ENERGY

The kWh of energy shall be the sum of all energy used during the current billing month as indicated by watt-hour meter readings.

POWER FACTOR CORRECTION

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing by the average power factor in percent for that month.

CONTRACT PERIOD

Each customer shall enter into a contract to purchase electricity from the City for a minimum original term of one (1) year, and thereafter from year to year upon the condition that either party can terminate the contract at the end of the original term, or at any time thereafter, by giving at least sixty (60) days prior notice of such termination in writing; but the City may require a contract for a longer original term of years where the requirement is justified by the circumstances.

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 the above electric rates.

Originally Adopted July 1, 1998

Coincident Peak Rate –98-3
Schedule CP 98-3

AVAILABILITY

Available only to new industrial loads which began receiving service after July 1, 1998. The demand of the new load must equal or exceed 3,000 kW during at least three months of a twelve-month period.

Service under this Schedule shall be used solely by the contracting customer in a single enterprise, located entirely on a single contiguous site or premises.

This Schedule is not available for auxiliary or breakdown service and power delivered hereunder shall not be used for resale or exchange or in parallel with other electric power, or as a substitute for power contracted for or which may be contracted for under any other schedule of the City, except at the option of the City, under special terms and conditions expressed in writing in the contract with the Customer.

The obligations of the City in regard to supplying power are dependent upon its securing and retaining all necessary rights-of-ways, privileges, franchises, and permits for the delivery of such power, and the City shall not be liable to any customer or applicant for power in the event the City is delayed in, or is prevented from furnishing the power by its failure to secure and retain such rights-of-way, rights, privileges, franchises, and/or permits.

TYPE OF SERVICE

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

Single-phase, 120/240 volts; or
3 phase, 208Y/120 volts, 480Y/277 volts; or
3 phase, 3 wire, 240, 480, 575, or 2400 volts, or
3 phase, 4160Y/2400, 12470Y/7200, or
3 phase voltages other than the foregoing, but only at the City's option, and
provided that the size of the Customer's load and the duration of the Customer's contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the city's specifications.

The type of service supplied will depend upon the voltage available at or near the Customer's location. Prospective customers should ascertain the available voltage by inquiry at the office of the City before purchasing equipment.

Motors of less than 5 HP may be single-phase. All motors of more than 5 HP must be equipped with starting compensators and all motors of more than 25 HP must be of the slip ring type except that the City reserves the right, when in its opinion the installation would not be detrimental to the service of the City, to permit other types of motors.

Coincident Peak Rate –98-3
Schedule CP 98-3

MONTHLY RATE

A. Basic Facilities Charge (Minimum Charge)	$360.00
B. Demand Charges:	
Monthly Billing Demand	
Summer (June-Sept.)	$18.89 per kW
Winter (Oct.-May)	$ 3.57 per kW
C. Energy Charges:	
On-Peak Energy	
Summer (June-Sept.)	$0.0578 per kWh
Winter (Oct.-May)	$0.0518 per kWh
Off-Peak Energy	
Summer (June-Sept.)	$0.0407 per kWh
Winter (Oct.-May)	$0.0371 per kWh

DEFINITION OF "MONTH"

The term "month" as used in the Schedule means the period intervening between meter readings for the purposes of monthly billing, such reading being taken once a month.

DETERMINATION OF BILLING DEMAND

Billing Demand:
Billing Demand shall be the average of the integrated clock hour kW demands measured during the hours of the On-Peak Period on the day identified as the Peak Management Day used by the North Carolina Municipal Power Agency Number 1 (NCMPA1) for wholesale billing purposes during the corresponding month of Customer's billing.

On-Peak Demand Periods
On-peak demand periods are non-holiday weekdays during the following times:

June-September	2pm – 6pm
December-February	7am – 9am
All other months	7am – 9am and 2pm – 6pm

Holidays:
The following days of each calendar year are considered holidays: New Years Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday following Thanksgiving Day, and Christmas Day. In the event that any of the forgoing Holidays falls on a Saturday, the preceding Friday shall be deemed to be the Holiday. In the event any of the foregoing Holidays falls on a Sunday, the following Monday shall be deemed to be the Holiday.

Coincident Peak Rate –98-3
Schedule CP 98-3

Peak Management Days:
Peak Management Days are those days on which NCMPA1 notifies its Participants to activate their peak management programs during On-Peak periods. The Peak Management Day used to establish the city's wholesale billing demand is the one Peak Management Day during the month on which NCMPA1 experienced the greatest average load (determined as the average of NCMPA1's integrated hourly loads during the hours of the On-Peak Period).

EXCESS DEMAND

Excess demand shall be the difference between the maximum integrated clock hour kW demand recorded during the current billing month and the Billing Demand for the same billing month.

NOTIFICATION BY CITY

The City will use diligent efforts to predict each monthly system peak and provide advance notice to the Customer. However, the City does not guarantee an accurate prediction, nor does the City guarantee that advance notice will be provided. Notification by the City will be provided to the Customer by direct telephone communications or automatic signal, as mutually agreed. The Customer will hold the City harmless in connection with its response to notification.

DETERMINATION OF ENERGY

The kWh of energy shall be the sum of all energy used during the current billing month as indicated by watt-hour meter readings.

On-Peak Energy:
For billing purposes in any month, on-peak energy (kWh) shall be the metered energy during the on-peak energy period, whereby the on-peak energy period is defined as non-holiday weekdays from 7:00am to 11:00pm.

Off-Peak Energy:
For billing purposes in any month, off-peak energy (kWh) shall be the metered total monthly energy less the amount of energy billed in that month under on-peak energy.

POWER FACTOR CORRECTION

When the average monthly power factor of the Customer's power requirements is less than 90 percent, the City may correct the integrated demand in kilowatts for that month by multiplying by 90 percent and dividing by the average power factor in percent for that month.

CONTRACT PERIOD

Each customer shall enter into a contract to purchase electricity from the City for a minimum original term of one (1) year, and thereafter from year to year upon the condition that either party can terminate

Coincident Peak Rate –98-3
Schedule CP 98-3

the contract at the end of the original term, or at any time thereafter, by giving at least sixty (60) days prior notice of such termination in writing; but the City may require a contract for a longer original term of years where the requirement is justified by the circumstances.

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 the above electric rates.

Originally Adopted July 1, 1998

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	$ 0.54	$ 0.00	$ 0.54/customer
Commercial	$ 2.61	$ 0.00	$ 2.61/customer
Industrial	$26.94	$ 0.00	$26.94/customer

Exceptions

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

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

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

Renewable Energy Portfolio Standards Charge
Rider REPS

Sales Tax

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

Originally Adopted June 8, 2009

Renewable Energy Credit Rider No. 3
Rider REC-3

AVAILABILITY

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

The Fixed Long-Term Rates on this Rider are available only to Customers who have executed a Power Purchase Agreement with the City before July 1, 2015 for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the Power Purchase Agreement.

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

MONTHLY CREDIT

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

Wind and Biomass Energy Credit ($ Per kWh):

		Fixed Long-term Rate		
	Variable	**5 Years**	**10 Years**	**15 Years**
On-peak energy*	$0.0306	$0.0314	$0.0349	$0.0382
Off-peak energy	$0.0097	$0.0103	$0.0110	$0.0115

Renewable Energy Credit Rider No. 3
Rider REC-3

Solar Photovoltaic Energy Credit ($ Per kWh):

		Fixed Long-term Rate		
	Variable	**5 Years**	**10 Years**	**15 Years**
All energy*	$0.0327	$0.0337	$0.0371	$0.0402

* These energy credits include a capacity component.

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

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

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

CONTRACT PERIOD

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

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

GENERAL

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

Renewable Energy Credit Rider No. 3
Rider REC-3

SPECIAL CONDITIONS

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

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

Adopted June 9, 2014.

CITY OF LEXINGTON

INCORPORATED 1828

NORTH CAROLINA

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.

INTEREST EARNED ON INVESTMENTS: 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 interest earned is then allocated back to the individual funds based on the average daily cash balance in each respective fund.

INTERFUND TRANSFERS: Amounts transferred from one fund to another.

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.