

CITY OF LEXINGTON



**Annual Budget
for
Fiscal Year
2012-2013**

CITY OF LEXINGTON NORTH CAROLINA

2012-13 BUDGET

For the Fiscal Year Ending June 30, 2013



MAYOR AND CITY COUNCIL

Newell Clark, Mayor

Ronald F. Reid – Ward 1

Donald K. McBride – Ward 2

D. Linwood Bunce, II – Ward 3

L. Wayne Alley, Mayor Pro Tem – Ward 4

Tonya A. Lanier – Ward 5

E. Lewis Phillips – Ward 6

Frank D. Callicutt – At Large

James B. Myers – At Large

CITY OFFICIALS

John L. Gray – City Manager

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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.



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CITY MANAGER'S BUDGET MESSAGE

May 29, 2012

Mayor and City Council
City of Lexington

Dear Mayor Clark and City Council Members,

In accordance with North Carolina General Statutes, I hereby present you with the fiscal year 2012-13 proposed budget for the City of Lexington. The Census 2010 results, struggling local economy and lingering effects from the recent national recession 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 a new vision from the recent election results of a new Mayor and Council members. Of particular note, the proposed budget of \$95.4 million is up from the current year by a margin of \$353,060, which is generally due to the new goals and initiatives set by City Council at their annual retreat in February 2012. Additional revenues are generated in order to fund City Council goals such as a new economic development and business friendly focus, making WIFI available in Uptown Lexington and government buildings, green initiatives in the areas of recycling and paperless City Council meeting agendas, and strong support for quality of life issues involving the Edward C. Smith Civic Center and city parks. In addition, the budget includes \$700,000 for street resurfacing, which is an increase of \$200,000 above current year levels of funding in the General Fund. A projected decreased wholesale cost of natural gas mitigates an increased wholesale cost of electricity and unfunded federal and state mandates placing upward pressure on the cost of service in the natural gas and water utilities. A 4 cent increase in the property tax rate is included in the budget, increasing the rate from \$.56 to \$.60 per \$100 of assessed valuation. The budget includes transfers made to the General Fund from the Electric and Natural Gas Funds of \$1.35 million and \$877,425, respectively. The proposed budget maintains existing City service levels and enhances efforts to pursue a new economic direction designed to rebuild Lexington's economy.

One key public service name of a City department is proposed to be changed in the budget. The former Office of Community Development department will be renamed Office of Business and Community Development, in order to aid businesses and residents in better identifying the services provided by the department and to promote a 'business friendly' community.

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 revenue loss 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 66 cents. The constant drain of lowered revenues and job losses is reflected in all utility funds, in the General Fund and is even felt at the golf course. Mergers and acquisitions, new technology, the foreign labor market and most recently the recession have been driving forces behind the local closings. Despite recent positive signals of recovery, such as a \$23 million newly constructed Save-A-Lot distribution center in the industrial park, equal economic replacement value remains in the distance for Lexington.

The national recession persists with a lingering effect on unemployment rates, consumer confidence and interest rates, which has an adverse effect on City revenue sources. Sales tax revenue experienced a drop in the current year budget of \$392,000 and is expected to remain at that level next year due to the Census 2010 figures, as discussed in further detail in the 'Other Major Impacts' section below. Interest rates are not expected to climb significantly in the next budget year; thus, interest income on City cash and investment balances in the proposed budget is projected to remain relatively stable with current year projections. To lesson the impact of dwindling revenue streams, the City took previous action to mitigate health insurance increases, which is reaping benefit in the proposed budget. By dramatically altering the health plan with reduced benefits effective May 1, 2009, City Council lessened the impact of future health insurance cost escalations. This change resulted in an 8% and 10% savings over the last two years and essentially held flat in the proposed budget next year, while still providing adequate health insurance coverage to employees and retirees.

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 over previous budget years. 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 \$84,077 of rental income from leased warehouse space to tenants, including Lexington Home Brands, is included in the proposed budget to offset the costs of redevelopment efforts of the property. The City has received environmental testing results demonstrating the vast majority of the property to be free of limitations on redevelopment. City Council also 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 passenger rail stop in the depot district, which encompasses the LFI Plant 1 property.

OTHER MAJOR IMPACTS

The City's Census 2010 population figure of 18,931 became available in the spring of 2011. The Census 2010 number is a 5% drop or 1,022 decrease in population from the last official census in 2000. However, the 18,931 population is a 2,489 or 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 30% of the City's street maintenance budget. Despite Lexington's recorded loss of population, various other local governments

in Davidson County and the County itself experienced population growth with the Census 2010 figures, which results in further detriment to Lexington's weighted share of the revenues. Thus, the current budget reflects an estimated minimum loss of \$445,000 in sales tax, beer and wine tax and Powell Bill gasoline tax revenues to support government services funded in the General Fund; and due to the timing of revenue distribution straddling both fiscal years, the exact impact of those revenue losses are not yet known and will carry forward into the proposed budget.

In addition to the census impact and local economy remaining unpredictable, there are other factors that have posed a significant impact on the budget. Unfunded federal and state mandates in Fire, Natural Gas, Electric and Water and Wastewater have affected the City budget collectively by \$636,000. Effective January 1, 2013, the Federal Communications Commission (FCC) is requiring the Fire Department to narrowband two-way emergency radio equipment, resulting in the mandated purchase of a new radio system. 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 seven years, electric customers will be paying 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.

Continued reduced industrial consumptions in electric, natural gas and water utilities are anticipated in the proposed budget year due to the local economy and plant closings, energy conservation and recession impacts. For example, industrial consumptions for City electric service have lowered by 83 million kWh or 74% since 2001. The North Carolina Municipal Power Agency No. 1 (NCMPA1) will implement a 5% wholesale electric rate increase in July 2012 that equates to approximately 4.8% purchased power cost increase to the City. The cost impact to the City is reduced slightly due to the NCMPA1 transitioning over 9 years to true up the allocation of demand costs across the agency members.

Weather has a profound impact on utilities' operating costs and revenues. Moderate winters, 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. Given typical weather, economic and energy efficiency trends, utility revenues in next year's budget have been predicated on lower consumptions. Mandates, industrial closings, pipeline demand capacity costs and weather trends prompted an independent rate study in natural gas in the current year, intended to equitably allocate costs across customer rate classes. The results of the natural gas cost of service rate study recommended an average base rate increase of .56% in the proposed budget, with the impacts to customers varying. Virtually all commercial and industrial customers will see a moderate decrease; while no customer class, such as residential, should experience more than a 2% base rate increase. The cost of gas component is budgeted lower at \$5 per dekatherm next budget year, compared to \$6 budgeted in fiscal year 2011-12, which should mitigate the base rate increase impact.

Twenty-one non-profit agencies requested funding for Grants to Agencies totaling \$366,600, which was reduced to \$292,500 in the proposed budget. City departments made over \$2 million in capital outlay requests; however, these requests were reduced to a total funding level of \$1,011,753. 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 reduce spending levels to minimize the impact of local economic conditions and losses

from State collected local revenues due to the Census 2010 population decline, account for the major differences between the current year budget and the proposed 2012-13 budget.

CITY ACCOMPLISHMENTS DESPITE THE RECESSION

Despite the recession that officially spanned December 2007 through June 2009 and the lingering impacts that continue still today, Lexington City government has been able to accomplish the following during this time:

- Maintained key service levels in public safety, recycling and waste collection, public utilities, streets, and recreation and parks
- Renovated Historic Southern Railway Freight Depot to house Farmers Market
- Attacked foreclosure problem by supporting establishment of Homeownership Center and successfully competed for and won \$2.1 million Neighborhood Stabilization Program grant
- Sought and won \$645,000 grant to build new Green Needles Park and expand Erlanger Park
- Received NC Rail Division support for restoration of passenger rail service to Lexington
- Sought and received \$700,000 federal grant to design multi-modal transportation station including passenger rail
- Completed modern Lexington Police Department Training Center paid entirely by confiscated illegal drug money, which is bringing other public safety units from across the State to Lexington to use the facility in exchange for free training for Lexington Police Department officers
- Completed new Natural Gas/Public Works Operations Center, new equipment sheds for the Street and Recycling and Waste Collection departments to replace outdated, inadequate facilities, and the replacement of a 1999 ineffective Street-sweeper
- Completed new construction and relocated Fire Station No. 2 at the Davidson County Airport
- City Government has improved its credit rating to a AA-, received clean audit reports and the national Government Finance Officers' Association Certificate of Achievement for Excellence in Financial Reporting for 19 consecutive years
- Approved economic development grant incentives for United Furniture, Save-A-Lot distribution center, Vitacost, Sauers and Company Veneers, Diamondback Products, Johnson Concrete, Valendrawers, Piedmont Candy Company and Arneg resulting in the creation and/or retention of 1,100 jobs
- Out of 576 micropolitan areas in the United States, Lexington-Thomasville was the top ranked U.S. micropolitan area in both 2007 and 2010 for total corporate real estate expansion
- Continued support of Multicultural, July 4th and Barbeque festivals, and Uptown Lexington events such as the second annual BBQ Capital Cook-Off
- Expanded natural gas system to serve Southmont and Tyro communities
- Sought and awarded grant and installed new South State Street traffic signals
- Sought and awarded grant and installed Raleigh Road sidewalks
- Began green initiative of commercial rollout recycling program
- Sought and awarded \$310,263 Energy Efficiency grants to install energy efficient and sustainability improvements in city buildings
- City employees, City Council and retirees donated \$193,058 to United Way and the City was awarded 2011 Donna H. Black Award of Excellence
- Approved lease agreement for college wooden bat baseball team to play at Holt-Moffitt field
- Crime rate has dropped significantly
- Upgraded \$1.5 million of essential Fire Department equipment including aerial ladder and pumper trucks
- City Council and City Manager received Main Street Champions Award from NC Department of Commerce

- Electric Department received Reliable Public Power Award from American Public Power Association
- Approved extension of the City wastewater collection service to Central Davidson and Southmont areas, bringing to twelve the number of County schools that are now served and off failed septic tanks.

Via the aforementioned accomplishments and countless others, the Mayor and City Council have demonstrated leadership and vision in making investments in Lexington's new economy even in the face of financial distress.

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 basic City services and partnerships for services be continued with the loss of \$445,000 from the Census 2010 population results?
- Does the election of a new Mayor and Council members signal citizens' desire for change?
- Will the citizens support a property tax rate increase to fund City Council's new goals and priorities and invest in a new economy and an improved quality of life for Lexington?
- What is the lingering impact of industrial plant closings, rising gasoline prices and relentless double digit unemployment on the City's budget?
- Is the City facing further decline or a jumpstart to a new economic direction?
- What impact will unfunded federal and state mandates have on the City's budget?
- 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 the new 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 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 years to come.

In addition, our staff continues to research investments in new technology to increase productivity, 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 prevent job layoffs while maintaining service levels in a struggling economy. Continued support of partners and volunteers in cooperative efforts to maintain the quality of life for the citizens, especially during these difficult economic times, and to promote new economic development initiatives were important objectives.

In order to cope with the industrial losses in revenues over the past few years, the City has limited the amount of funds spent on capital vehicles and equipment. In addition, personnel and operating

spending have been severely restricted and strategic uses of fund balance have been used to balance the budget. The City has aggressively pursued and been successful in acquiring federal stimulus economic funding, federal and state grants, and drug forfeiture funds to help finance personnel, equipment and new initiatives; these efforts will definitely continue next year.

The proposed 2012-13 budget is balanced with \$768,000 in fund balance, an increase of \$33,560 from the current year. Fund balance, otherwise known as the City's General Fund savings account, is most likely estimated to increase by an additional \$100,000 in the current year. The projected increase to fund balance in the current year is due to restrained spending, lapsed salaries from unfilled positions, and the cost efficiencies gained from government restructuring and consolidation. Fund balance can be strategically used during difficult economic times to minimize impacts to citizens but must be preserved to maintain the financial integrity 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.

As the City evolves in a new decade and with a newly elected Mayor and Council members, important decisions affecting the City's future remain. With the manufacturing plant shutdowns, job losses and Census 2010 population decline, the City must retool itself and its image in order to compete in the global economy while reinvigorating a community sense of pride and buy-in. A citizen led committee, coined as the Lexington Strategic Planning Committee, convened over the past year to better understand the needs of citizens and provide strategic guidance, planning and a vision for city government for the coming decade. Support of this strategic planning initiative, via the use of a facilitation consultant, is incorporated in the proposed 2012-13 budget.

Only by the willingness to understand citizen needs, bridge services to meet the needs of the community, and boldly step forward to pursue actions that can remake the image of this City to one of the 21st century can we hope to restore health and vigor to our local economy and quality of life.

BUDGET INITIATIVES AND SERVICE ENHANCEMENTS

Numerous short term and long term initiatives are funded in the 2012-13 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.

Although funding requirements have significantly reduced from the initial implementation stages in prior years, the proposed budget continues to support the effective utilization and enhancement of the computerized Geographic Information System (GIS) mapping project. GIS mapping is essential for timely and effective economic development recruitment, utilities planning and operations, land use planning, enhanced customer service and crime analysis just to name a few of the benefits the City, its citizens and customers can reap.

The City is in the process of implementing the automated meter reading (AMR) project. The AMR system will result in installing a device on approximately 40,000 utility meters which enables the meter readers to drive by and record readings from a vehicle based unit, without having to exit the vehicle and physically read and enter the data from the meter in their current hand held units. Thus far, AMR has afforded a reduction in manpower of five full-time positions and associated operating and capital costs. Successful implementation of this project will continue to reduce the need for meter reader personnel in future years, as the utilities continue to expand the customer base and especially to more distant geographical areas. The proposed budget begins the seventh year of an eight-year implementation plan

to outfit electric, natural gas and water meters with AMR technology at a cost to the three utilities of \$542,750 in the proposed 2012-13 budget.

The proposed budget will leverage technology in a variety of areas. To tie into City Council's goal of new efforts to rebuild Lexington's economy, \$40,000 is included for a down payment to install Wi-Fi in Uptown Lexington as a business attraction. By leveraging a Police grant that funded base equipment and wireless access points at the Police Training Center and the Police Department in the current year, the City can install wireless computer access in virtually all city buildings at an extremely low price of \$6,400 next year. Wireless access uptown and in city government buildings will promote the City as a technology and business friendly community.

Employee productivity and City Council's goal of green initiatives will be realized by other technology enhancements in the proposed budget. First, implementing automated agenda software and incorporating the use of iPads for City Council will result in a streamlined and paperless city government agenda process, for a total of \$27,500 in the 2012-13 budget. Numerous personnel across the organization provide input to City Council agenda items. Thus, the automated agenda software and paperless agenda concept is the epitome of leveraging technology for efficiencies, productivity, cost savings and quality assurance. Second, implementing a city-wide intranet, or document library for city forms, policies and e-announcements, will improve productivity, save on printing costs, expedite information retrieval across the organization and result in real-time access to current information. The intranet, along with installing touchscreen kiosks for field employees without computer network access, is estimated to cost \$26,260 next year. Finally, included is \$25,000 to seek a technological archiving solution, which will allow for easy search and retrieval of exponentially growing electronic data of government records and save on printing costs.

Additional new technology funds include Supervisory Control and Data Acquisition (SCADA) system improvements for both the natural gas and water and wastewater utility services. The first, at a cost of \$60,000, continues third year funding of the phase-in of an efficiency improvement program to install remote radio frequency monitoring at approximately fifty natural gas regulator stations and interruptible customers. This will allow phasing out of outdated modem and telemeter technology currently used for interruptible customers and free up manpower from physically monitoring regulator stations every week. Secondly, a third year allocation of \$48,000 is included at the wastewater treatment plant in order to electronically monitor and operate lift stations for the wastewater collection system, allowing for the phasing out of the antiquated dial up system currently in place.

The current budget incorporated major restructuring and consolidation of public utilities, public services, finance and information technologies, and fire and community development building safety inspection functions. Approaching a year under the new consolidated department models, additional efficiency measures have been gained totaling \$70,000 savings next year; as the proposed budget eliminates a Senior Secretary position in Water Resources and downgrades a full-time Marketing representative to a part-time position. To adequately handle the responsibilities of the dedicated Fire Marshal established in the current year restructuring, the need has been identified to add a part-time Fire Inspector to assist in compliance with NC Office of State Fire Marshal mandated permits and inspections in the State Fire Code, as well as required documentation for insurance ratings which are a key factor to hold down commercial insurance premiums for the community. Restructuring consolidations are holding down costs, while still meeting key service delivery and public safety priorities.

The proposed 2012-13 budget expands on the restructuring government concept, in an effort to address City Council's goal of rebuilding Lexington's economy and improving quality of life. The Office of Community Development will be reengineering and renamed the Office of Business and Community Development. A Planner position will be added at an estimated cost of \$46,000; and once adequately trained, the addition of this position should free up approximately 20% of the Director's time. The Director of Business and Community Development can then embark to assume the lead role in new and existing business assistance and recruitment, without duplicating support provided by the Davidson County Economic Development Commission.

At no additional cost in the proposed budget, another City Council goal of green and sustainable initiatives will be moved forward by the title reclassification of the Director of Energy Services, formerly the Director of Customer Service. Under the umbrella of consolidated and reengineered Public Utilities, the Director of Energy Services will focus on green initiatives, key utility accounts, natural gas vehicles, and sustainable energy efficiency programs for the city and its' utility customers.

Ultimately, investments in 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.

INVESTING IN PARTNERS – GRANTS TO AGENCIES FUNDING

The City has a 20-plus year history of local support that initially began by assisting non-profit agencies with their power bills. For fiscal year 2012-13, the City received requests for grant funding from local non-profit agencies in the amount of \$366,600. The local job losses and economic conditions have impacted these agencies; and thus, are driving the increased funding requests. The current year level of funding to grant agencies is \$302,250, while the proposed budget recommends total Grants to Agencies funding of \$292,500, a 3% decrease from current year funding.

These agencies touch many people and many aspects of citizens' lives such as: the arts; community appearance; youth, elderly, and family services; the homeless; terminal illness; chemical dependency; AIDS; the disabled; public safety; affordable housing; historic preservation; economic development; and medical care for citizens with low income. The City's financial support represents a partnership with each agency and the dollars leverage services unaffordable by the City alone. Indicated below is a percentage breakdown of the grants to agencies budget by broad areas served:

- 28% budgeted for economic development
- 21% budgeted for increasing homeownership
- 7% budgeted for neighborhoods, beautification and human relations
- 29% budgeted for the arts
- 15% budgeted for human services

For a listing of each agency and the corresponding individual grant amounts, please refer to page 40 of this document.

CAPITAL EQUIPMENT

Requests from City departments for capital purchases totaled over \$2 million. In order to balance the budget, substantial reductions were made to these requests. All City departments, with specific assistance offered by the Garage 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 2012-13 budget includes \$1,011,753 for capital equipment. The major items include \$82,468 to sustain a disaster recovery and storage backup system for the City's exponentially growing data network, \$285,145 for pooled vehicle replacements now that all vehicles have been reassigned for maximum utilization in the departments, an upgrade to the city's customer service voicemail system with an estimated cost of \$22,000, as well as four patrol vehicles and two new crime scene response vans paid for out of Controlled Substance funds totaling \$141,750. 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

A key electric system reliability improvement is funded in the proposed budget. Staff will replace a 1967 substation transformer, last reconditioned in 1993, in the Wallburg area of Davidson County for an estimated amount of \$650,000. This key system upgrade will prevent rolling blackouts for customers in this key service area. This project will be partially funded from a strategic withdrawal from electric capital reserve funds, which prevents any further detrimental impact to the rate increase proposed for electric customers. Having not been formally evaluated and updated since 1994, the current budget included \$85,000 to hire an engineering consultant to review the electric distribution system and identify future capital improvement needs. That study remains in progress and the results will dictate additional electric system reliability initiatives in the coming years.

Phase I 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, city 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 second straight year and five out of the last nine years, the proposed budget does not include funding for the City's "pay for performance" employee merit plan, which was reduced in previous years from the traditional 0-5% to 0-2% due to the economic climate. By not funding the employee merit plan of 0-2% in the proposed budget, the result is a savings of \$222,293. The City's pay plan consultant recommended a 2% cost of living adjustment (COLA) effective July 2012 to keep pace with the market at a cost of \$271,710; but the COLA market salary adjustment is delayed until January 2013 for a budget savings of \$135,855. 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 \$313,252. 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 significant

reduction to the level of health insurance benefits for employees and retirees was implemented effective May 1, 2009. This cost saving measure along with a drug plan change in the fall of 2012, despite the \$24,016 addition of a part-time coordinator to expand the employee wellness program in the coming year, is resulting in a positive financial impact of a \$33,857 decrease in 2012-13 health insurance costs.

Funds 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 will continue in the coming budget year resulting in a \$232,066 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 \$100,000 reserved for the City Manager to implement a productivity and efficiency rewards program for employees and \$100,000 for enhancements to professional advancement career ladders in various departments, subsequent to a consultant's assessment this year.

Effective July 1, 2012, the Local Government Employees Retirement System Board of Trustees is decreasing the base employer contribution slightly from 6.97% of payroll to 6.74% for general City employees and from 7.05% to 6.77% of payroll for law enforcement employees, consequentially a \$20,000 decrease in personnel benefit budgets next year. After two years of increases, this reduction is a welcome reprieve. In the spring of 2010, the State notified local governments that increased contributions were necessary due to the significant market losses suffered in 2008. Prior to the first of these increases beginning July 1, 2010 in the current budget, the employer's contribution rate had not increased in over 20 years. Future budget year changes are expected based on the recommendations from the Future of Retirement Study Commission, consisting of appointees by the State Treasurer to make recommendations about the future of the state and local government retirement systems.

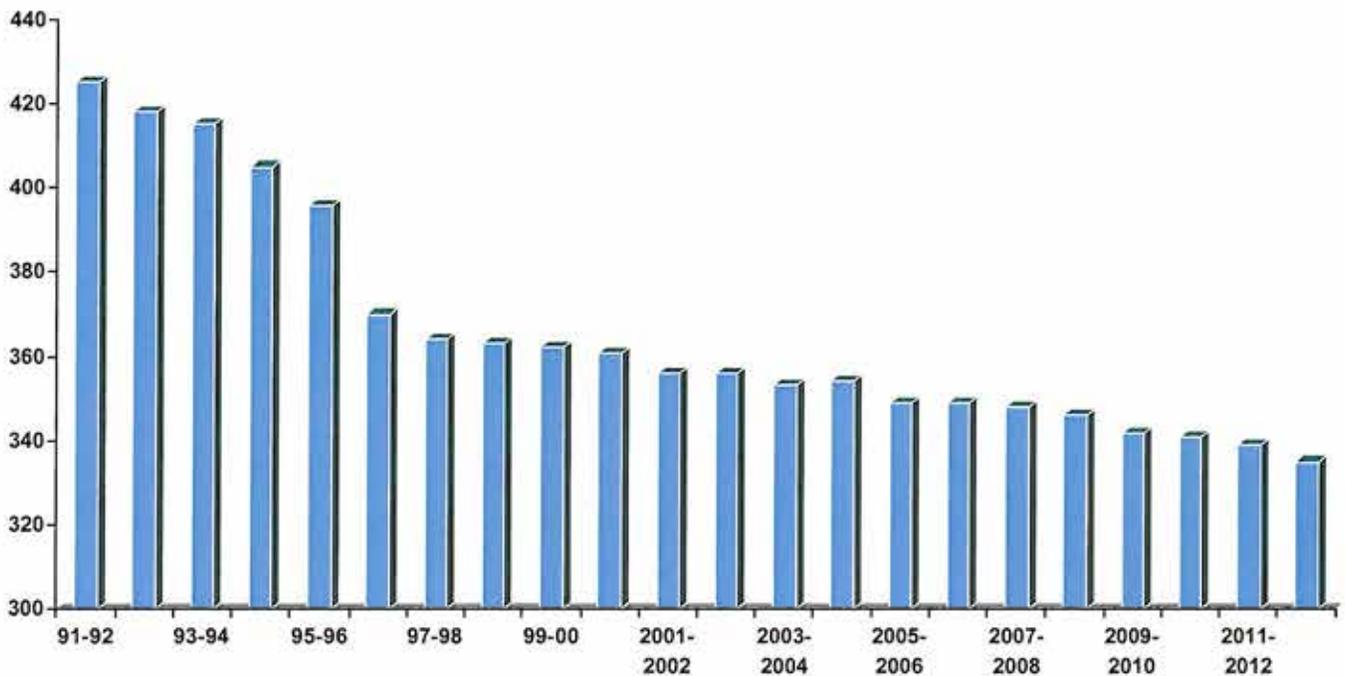
Over the last year, major restructuring and consolidation occurred in the areas of public utilities, public services, finance and information technology services, and fire and community development building safety inspection functions. Approaching a year under the new consolidated department models, additional efficiency measures have been gained totaling \$70,000 annual savings next year; as the proposed budget eliminates a Senior Secretary position in Water Resources and downgrades a full-time Marketing Representative to a part-time Energy Services Assistant position. To adequately handle the responsibilities of the dedicated Fire Marshal established in the current year restructuring, the need has been identified to add a part-time Fire Inspector for \$19,000 to assist in compliance with NC Office of State Fire Marshal mandated permits and inspections in the State Fire Code, as well as required documentation for insurance ratings which are a key factor to hold down commercial insurance premiums for the community.

The proposed 2012-13 budget expands on the restructuring government concept, in an effort to address City Council's goal of rebuilding Lexington's economy and improving quality of life. The Office of Community Development will be reengineered and renamed the Office of Business and Community Development. A Planner position will be added at an estimated partial year cost of \$46,000; and once adequately trained, the addition of this position should free up approximately 20% of the Director's time. The Director of Business and Community Development can then embark to assume the lead role in new and existing business assistance and recruitment, without duplicating support provided by the Davidson County Economic Development Corporation.

At no additional cost in the proposed budget, another City Council goal of green and sustainable initiatives will be moved forward by the title reclassification of the Director of Energy Services, formerly the Director of Customer Service. Under the umbrella of the newly consolidated and

reengineered Public Utilities departments, the Director of Energy Services will focus on green initiatives, key utility accounts, natural gas vehicles and sustainable energy efficiency programs for the city and its' utility customers. Also in Public Utilities, the proposed budget includes the addition of a full-time Utilities Data Information Technician at a cost of \$37,000, in order to handle GIS and mandated Distribution Integrity Management Program (DIMP) reporting for the natural gas utility.

The proposed budget also includes the reduction of four vacant full-time police officer positions for an annual savings of \$220,000 in the coming budget year. The net effect of total full-time positions will be reduced from 339 to 335, for a net savings of \$207,000 in the total budget next year. As depicted by the graph below, the City will have eliminated 90 full-time positions, an annual rate of reduction of virtually four to five positions a year over the 21 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 \$1.35 million, while the transfer for the Natural Gas Fund currently stands at \$832,602. The Electric Fund transfer remains budgeted for 2012-13 at \$1.35 million; while the Natural Gas Fund transfer is budgeted at \$877,425, a \$44,823 increase. The expansion of the natural gas system allows for the increased transfer. The budgeted transfer amounts for fiscal year 2012-13 are within 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

The 2012-13 proposed budget contains no contingency appropriations.

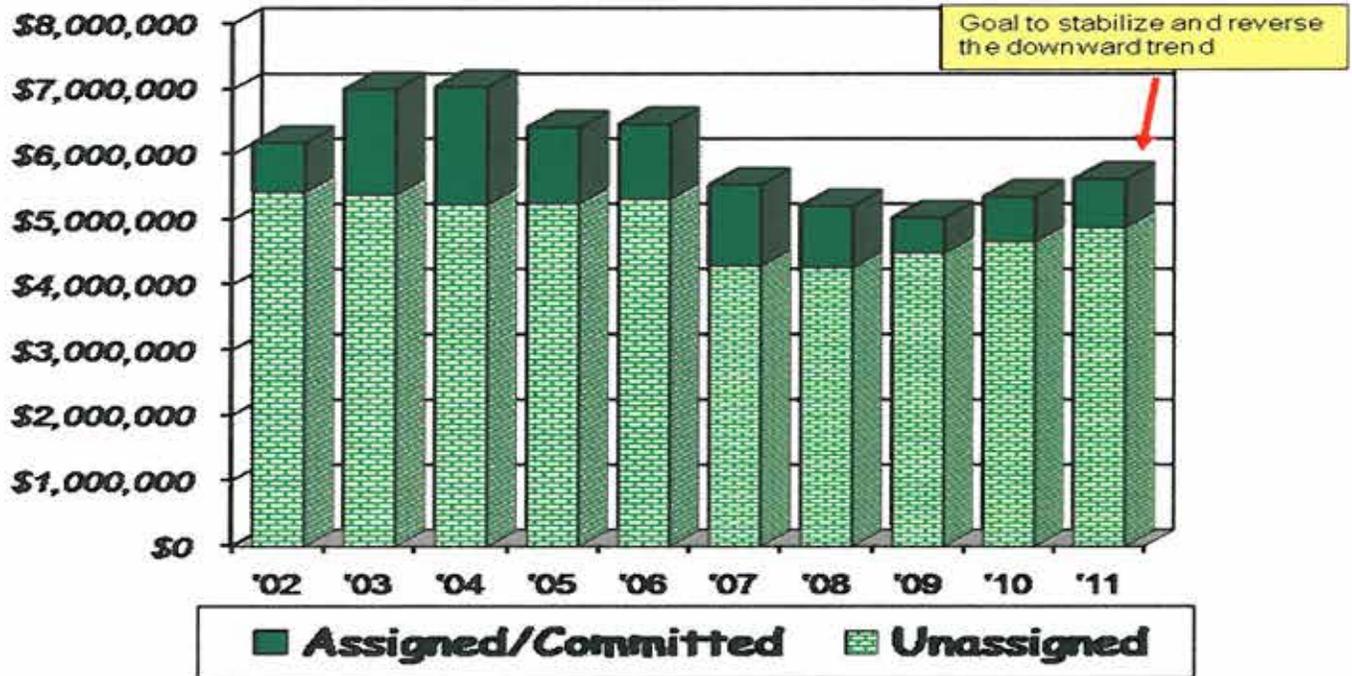
In the General Fund, the City will rely on a strong fund balance to cover any unexpected events, emergencies, or economic development opportunities. The following table estimates available fund balance in the General Fund for next fiscal year.

FUND BALANCE PROJECTION

Unassigned and Appropriated Fund Balance 6/30/11 (32%)	\$5,620,451
Projected Expenditures FY 11-12 (less administrative charges)	(18,578,651)
Projected Revenues FY 11-12 (less administrative charges)	18,678,325
Projected Unassigned Fund Balance 6/30/12	\$5,720,125
Projected Fund Balance Available for Appropriation for FY 12-13	\$5,720,125
Divided by General Fund Budget for FY 12-13 (less administrative charges)	\$19,334,757
City of Lexington Fund Balance Percentage Projection (target goal 25-32%)	29%
Projected Fund Balance Available for Appropriation for FY 12-13	\$5,720,125
Less Recommended Appropriation for FY 12-13	(768,000)
Remaining Fund Balance Available for Appropriation	\$4,952,125

The City Council has consistently listed “maintain the City’s financial integrity” as one of its top goals. It is important to remember that the City significantly reduced fund balance by \$1.4 million cumulatively over a three year timeframe in acquiring the Lexington Furniture Industries Plant 1 property, land acquisition related to the incentive to attract Arneg to the City and in order to absorb the recessionary impacts affecting revenue losses. However, fund balance has rebounded and been rebuilt with an increase of \$318,000 as of June 30, 2010, \$220,000 as of June 30, 2011; and is expected to increase by an additional \$100,000-150,000 in the current year due to restrained spending, savings from lapsed salaries from unfilled positions, and the cost efficiencies gained from government restructuring and consolidation. 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, in order to comply with the NC General Statutes governing precious metal permits issued by the Police Department, and recommends changes to the following fees for the 2012-13 budget:

- Ratify Police Precious Metal Permit fees
- Remove Business and Community Development Conditional Use Permit fee
- New Business and Community Development Cancellation for Nuisance Abatement fee
- Add Golf Promotional Weekday Evening and Weekend Evening fees
- Natural Gas Reconnect for Seasonal Usage fee increase
- Ratify Utility Area Light Deposits

Please refer to page 156 (and the corresponding attachments) of this document for specific fee structures that will change and the corresponding amounts.

UTILITY RATE CHANGES

Continued reduced industrial consumptions in electric, natural gas and water utilities 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 156 (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 83 million kWh or 74%. Despite the City's intense efforts to trim \$1.6 million or 27% of operations and maintenance cost reductions from the electric budget over the last ten years, the City has received a \$9 million or 28% increase in wholesale power costs from the North Carolina Municipal Power Agency No. 1 during that same time period. The North Carolina Municipal Power Agency No. 1 (NCMPA1) will charge a 5% wholesale electric rate increase in July 2012 that equates to approximately 4.8% or \$1.9 million purchased power cost increase to the City. The cost impact to the City is reduced slightly by .2% due to the NCMPA1 transitioning over 9 years to true up the allocation of demand costs across the agency members. The City will absorb some of the cost increase and buy down that rate further, by only passing on a 4.5% cost increase to electric customers through injecting rate stabilization cash reserves into the operational budget. Proposed rate changes were prepared by ElectriCities' rate analysts and reflect only the 4.5% rate increase. An electric customer can expect to see an average electric rate increase of 4.5% beginning July 1, 2012. For a typical residential customer who uses 1,000 kWh's per month, this results in a monthly average of \$5.67 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.

Over the course of the next few years culminating in 2015, electric customers will be paying an increasing surcharge known as Renewable Energy Portfolio Standards (REPS) 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. The State mandated monthly surcharge that will be assessed to each electric customer beginning July 1, 2012 is as follows: residential \$.47, commercial \$2.31, and industrial \$23.82.

Water and Wastewater Rates:

Not unlike the Electric Fund, the City's Water and Wastewater Fund revenues have suffered dramatic reductions in industrial consumptions due to the closing of manufacturing plants. This consumption loss is compounded by periodic drought conditions which have resulted in a persistent mindset of voluntary conservation measures by the customer base. Consumption estimates next year are based on reduced consumption levels in virtually all classes of customer (i.e. residential, commercial, and industrial).

Currently, water and wastewater customers outside the city limits are charged a 200% rate differential. The proposed budget raises that differential to 225% effective July 1, 2012 for outside city customers; with the economic development rate increasing to a discounted 150% for large volume customers only. For a residential water customer outside the city limits, who uses 7 CCFs or approximately 5,200 gallons per month, the rate adjustment beginning in July 2012 will increase a bill by \$5.37 per month. For a residential wastewater customer outside the city limits, who uses 7 CCFs or approximately 5,200 gallons per month, the rate adjustment beginning in July 2012 will increase a bill by \$8.44 per month. The additional revenue generated from this proposed rate increase will primarily be set aside to extend wastewater lines, intended to spur strategic economic development.

Natural Gas Rates:

Two components make up the rate charged to natural gas customers: (1) base rate and (2) commodity cost of gas. The base rate pays for general operating costs associated with providing natural gas service, excluding the commodity cost of natural gas. A projected \$5 per dekatherm price for the commodity cost of natural gas is budgeted; significantly lower than the \$6 budgeted average cost of natural gas in

the current year. Given typical weather, economic and energy efficiency trends, natural gas consumption estimates are based on lower expected consumptions; which are offset somewhat by expansion efforts resulting in the anticipated addition of 170 residential equivalents from customer base growth in the expansion areas.

Mandates, industrial closings, pipeline demand capacity costs and weather trends prompted an independent rate study in natural gas in the current year, intended to equitably allocate costs across customer rate classes. The results of the natural gas cost of service rate study recommended an average base rate increase of .56% in the proposed budget, with the impacts to customers varying. Virtually all commercial and industrial customers will see a moderate decrease; while no customer class, such as residential, should experience more than a 2% base rate increase. As mentioned previously, the cost of gas component is budgeted lower at \$5 per dekatherm next budget year, compared to \$6 budgeted in fiscal year 2011-12, which should mitigate the base rate increase impact.

RATE AND FEE IMPACTS ON RESIDENTS

A 4 cent increase in the property tax rate is included in the 2012-13 proposed budget, increasing the city tax rate from \$.56 to \$.60 per \$100 of assessed valuation. For a house valued at \$100,000, the tax increase will affect a city resident by an additional \$40 per year, or \$3.33 per month.

The proposed July 1, 2012 average 4.5% electric rate increase will affect electric utility customers 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 \$5.67 per month or \$68 per year.

If projections hold true and the commodity cost of natural gas is lower as expected next year, the savings will negate the average 2% base rate increase for natural gas residential customers.

BUDGET COMPARISON

In summary, a comparison of the proposed fiscal year 2012-13 budget versus the current fiscal year 2011-12 budget is outlined in the table below.

**CITY OF LEXINGTON
BUDGET SUMMARY AND COMPARISON**

Fund	11-12 Budget	12-13 Budget
General Fund	\$20,490,088	\$21,235,170
Controlled Substance	1,131,690	776,560
Special Tax District	85,310	94,669
Electric Fund	49,721,111	51,173,616
Water & Wastewater Fund	8,626,213	8,603,023
Natural Gas Fund	14,121,304	12,435,885
Golf Fund	917,710	1,127,563
Total City Budget	\$95,093,426	\$95,446,486

The chief differences, leading to the \$353,060 increase from the \$95.1 million current budget to the \$95.4 million proposed budget, are generally due to additional property tax revenues being directed towards City Council's new goals and initiatives. Funding is included for a business friendly and new economic direction; via hiring a Planner position to free up and redirect the Director of Business and Community Development toward new and existing business recruitment and also via installing Wi-Fi Uptown and in city buildings. Increased funding is directed towards quality of life initiatives to pursue events at the Edward C. Smith Civic Center and for a master plan to enhance park opportunities, such as skate, dog or senior parks. In addition, the budget includes \$700,000 for street resurfacing projects, which is an increase of \$200,000 from current year levels of funding. Furthermore, the increased wholesale cost of electricity is essentially negated by the decreased wholesale cost of natural gas. Finally, the increase in the golf budget is attributable to the planned replacement of the golf cart fleet.

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 face of tough economic times, the proposed budget reflects a balanced approach of limiting impacts to its citizens and customers while providing funding for economic development and quality of life 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; and the investments in new technology and restructuring will improve City government efficiency and effectiveness.

In conclusion, City Council's general approach to governing remains highlighted in the budget for fiscal year 2012-13; those directives being: to expand citizen involvement, employ professional staff, pursue partnerships, proactively plan, make strategic investments, maintain financial integrity and take calculated risks.

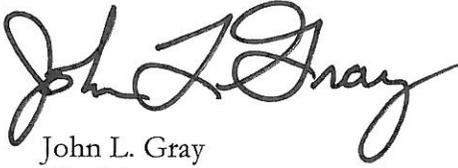
The City Budget is City Council's Number One Policy Statement

- 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
- Supports City employees in delivering efficient and effective services
- Public infrastructure is built and maintained
- Recreation for citizens is provided
- Public health is guarded by recycling, waste collection and water resources
- Reliability of utility services is funded
- Key City services necessary to support local economy are maintained
- 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 29, 2012 City Council meeting and City Council is requested to set a public hearing date for June 11, 2012 at 7:00 pm in City Hall. After

holding the public hearing and if there are no other changes, I recommend the fiscal year 2012-2013 City Budget for adoption by City Council.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John L. Gray". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

John L. Gray
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 1,022 or 5% decrease from the Census 2000 results and a 2,489 or 12% decrease from the State's 2009 Certified Population estimate. The population distribution is 52% female and 48% male, with 24.6% of the population under age 18 and 15.4% of the population over age 65. The median age in the City of Lexington is 38.8 while the median age in the U.S. is 36.9. The population distribution by race is as follows: African American – 30%, Asian – 2%, White – 58%, Hispanic – 10%.

The average household income is \$29,943. The March 2012 unemployment rate for Davidson County was 10.5%, compared to the State of North Carolina rate of 9.6% and the Winston-Salem metropolitan area rate of 8.9%.

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 barbecue 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 28th 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 16 parks, 2.75 miles of walking trails, 2 pools, 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 Memorial Hospital 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, 2011

Taxpayer	Type of Business	Assessed Valuation	Tax Levy	% of Assessed Valuation
Kimberly Clark Corp.	Tissue Products	\$ 78,370,339	\$ 438,874	5.32%
Jeld-Wen Inc.	Windows and Doors	20,823,633	116,612	1.41%
Wal-Mart	Retail	15,833,309	88,667	1.07%
NewBridge Bank	Banking	14,312,108	80,148	0.97%
Vitacost.com Inc.	Online Retail	13,479,483	75,485	0.91%
Diebold Southeast Mfg. Inc.	Security Delivery Systems	12,933,999	72,430	0.88%
Childress Winery & Vineyards	Viniculture	9,438,844	52,858	0.64%
Chesapeake Printing & Packaging Co.	Printing	8,395,114	47,013	0.57%
Arneg Holdings USA LLC	Refrigeration Equipment	8,388,255	46,974	0.57%
Parkdale Mills Inc.	Textiles	8,033,417	44,987	0.55%
Total		\$ 190,008,501	\$ 1,064,048	12.89%

Schedule of Top Ten Electric Customers for Fiscal Year Ended June 30, 2011

Customer	Type of Business	Consumption (kWh)	Amount Billed	% of Total Operating Revenue
City of Lexington	Government	12,510,444	\$ 1,175,755	2.46%
Davidson County Schools	Public School System	6,574,089	837,624	1.75%
Lexington Memorial Hospital	Hospital	8,512,732	706,478	1.48%
Lexington City Schools	Public School System	5,677,964	612,017	1.28%
Davidson County	Government	5,288,904	557,340	1.17%
Food Lion	Grocery Store Chain	6,463,511	476,555	1.00%
Linwood Inc.	Furniture	6,400,465	401,648	0.84%
Leggett & Platt Inc.	Furniture	3,630,950	377,280	0.79%
Wal-Mart	Retail	5,626,871	288,783	0.60%
Windstream Communications	Communications	2,679,249	255,915	0.54%
Total		63,365,179	\$ 5,689,395	11.91%

Schedule of Top Ten Water Customers for Fiscal Year Ended June 30, 2011

Customer	Type of Business	Consumption (CCF)	Amount Billed	% of Total Water and Wastewater Operating Revenue
PPG Industries	Glass Products	290,728	\$ 676,990	8.23%
Parkdale Mills, Inc	Textiles	55,476	91,933	1.12%
Kimberly Clark Corp.	Tissue Products	47,882	83,588	1.02%
City of Lexington	Government	15,958	47,680	0.58%
Davidson County	Government	16,330	38,795	0.47%
Lexington Memorial Hospital	Hospital	19,263	36,029	0.44%
Lexington Housing Authority	Public Housing	15,206	33,050	0.40%
NC Department of Corrections	Prison	19,103	32,162	0.39%
Lexington City Schools	Public School System	9,507	30,892	0.38%
Cardinal Container	Corrugated Fiber Boxes	5,863	21,722	0.26%
Total		495,316	\$ 1,092,841	13.29%

Schedule of Top Ten Wastewater Customers for Fiscal Year Ended June 30, 2011

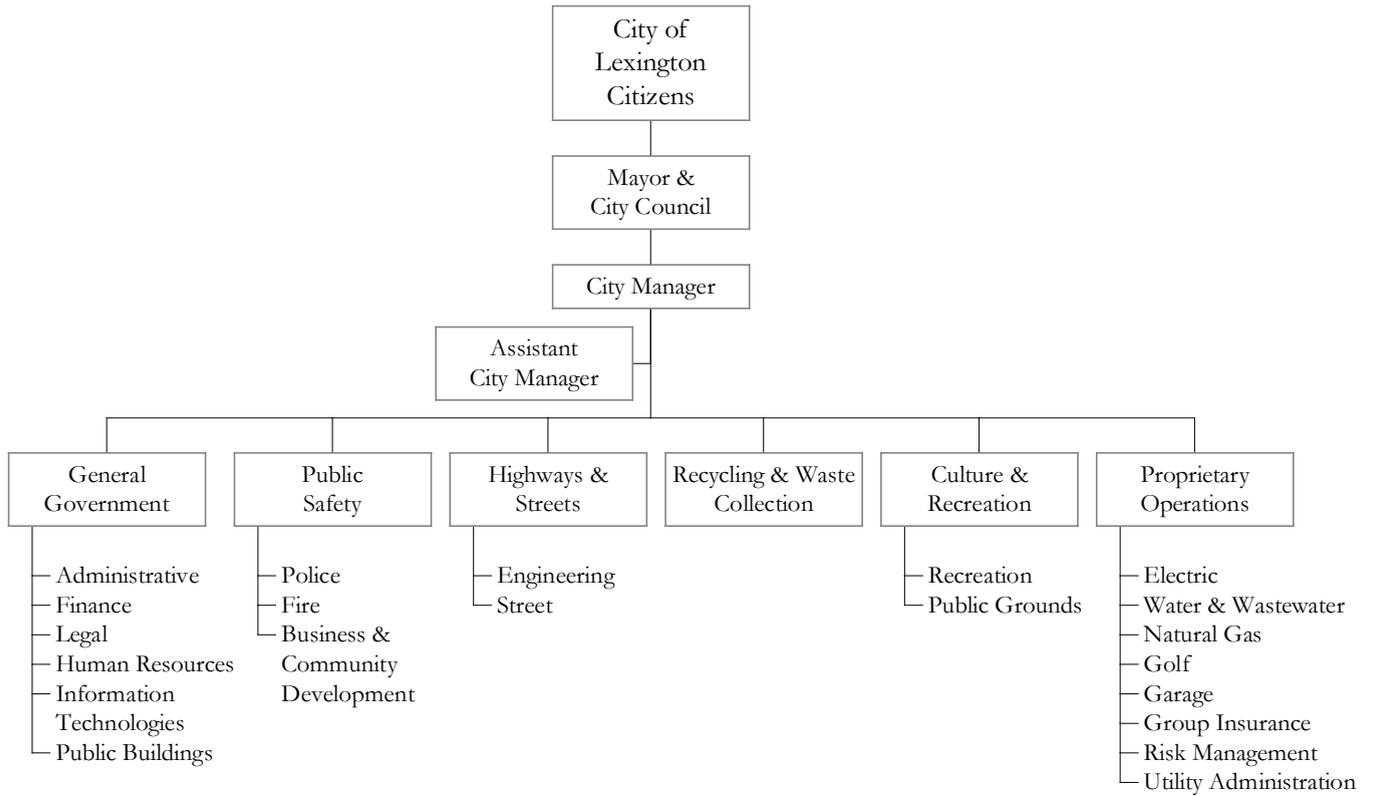
Customer	Type of Business	Consumption (CCF)	Amount Billed	% of Total Water and Wastewater Operating Revenue
Davidson County Schools	Public School System	27,671	\$ 187,482	2.28%
Lexington Memorial Hospital	Hospital	19,263	65,133	0.79%
Davidson County	Government	15,763	63,642	0.77%
Atrium Companies Inc.	Vinyl Windows & Doors	9,696	60,872	0.74%
NC Department of Corrections	Prison	19,103	60,823	0.74%
Cardinal Container	Corrugated Fiber Boxes	16,545	58,911	0.72%
Lexington Housing Authority	Public Housing	15,206	56,305	0.68%
Kimberly Clark Corp.	Tissue Products	19,019	52,675	0.64%
Parkdale Mills Inc.	Textiles	13,659	47,536	0.58%
Brookstone Rest Home	Rest Home	7,032	41,637	0.51%
Total		162,957	\$ 695,016	8.45%

Schedule of Top Ten Natural Gas Customers for Fiscal Year Ended June 30, 2011

Customer	Type of Business	Consumption (DT)	Amount Billed	% of Total Operating Revenue
Kimberly Clark Corp.	Tissue Products	160,000	\$ 1,309,073	9.50%
PPG Industries (1)	Glass Products	791,350	600,148	4.35%
J E Jones Lumber Company	Lumber Dry Kiln	63,226	494,558	3.59%
Matcor Metal Fabrication	Machine Tools	44,319	395,905	2.87%
Lexington Memorial Hospital	Hospital	40,068	316,429	2.30%
Leggett & Platt Inc.	Furniture	28,389	312,291	2.26%
Hanes Construction Co.	Paving	27,276	209,048	1.52%
Lexington City Schools	Public School System	12,940	146,495	1.06%
Davidson County Schools	Public School System	11,955	135,187	0.98%
JELD-WEN	Windows & Doors	12,966	134,029	0.97%
Total		1,192,489	\$ 4,053,163	29.40%

Note: (1) Transport only customer

City of Lexington, North Carolina Organizational Chart

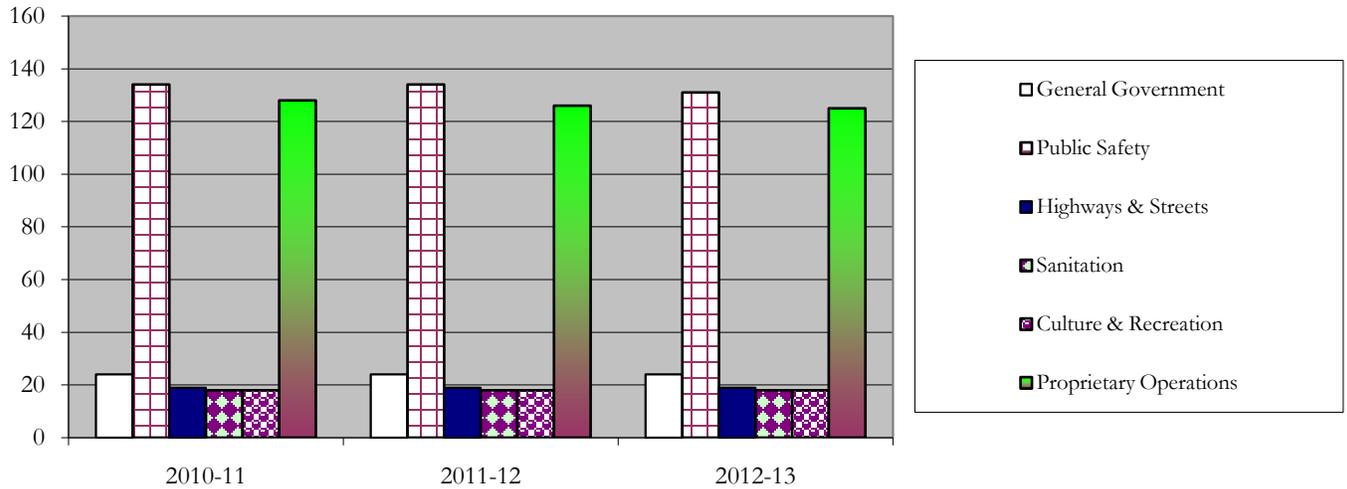


List of Principal Officials

May 7, 2012

City Manager	John L. Gray
Assistant City Manager	J. Alan Carson
City Clerk	Sara S. Lanier
City Attorney	Phyllis S. Penry
Director of Financial/Information Services	Terra A. Greene
Director of Human Resources	J. Alan Carson
Police Chief	John E. Lollis
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	Richard L. Comer
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	2010-11 Budgeted Full Time	2011-12 Budgeted Full Time	2012-13 Budgeted Full Time
General Government			
Administrative	5	5	5
Finance	10	10	10
Human Resources	2	2	2
Information Technologies	5	5	5
Public Buildings	2	2	2
Public Safety			
Police	79 ⁽¹⁾⁽²⁾	79 ⁽¹⁾⁽²⁾	75 ⁽²⁾
Fire	48	48	48
Business & Community Development	7	7	8
Highways & Streets			
Engineering	4	4	4
Street	15	15	15
Sanitation			
Recycling & Waste Collection	18	18	18
Culture & Recreation			
Recreation	6	6	6
Public Grounds	12	12	12

CITY OF LEXINGTON
PERSONNEL POSITIONS

Function	2010-11 Budgeted Full Time	2011-12 Budgeted Full Time	2012-13 Budgeted Full Time
Proprietary Operations			
Electric	24	23	23
Water & Wastewater	44	44	43
Natural Gas	22	21	21
Golf	5	5	5
Garage	7	7	7
Risk Management	2	2	2
Utility Administration	24	24	24
Total	341	339	335

⁽¹⁾ 1 COPS Officer funded by U.S. Department of Justice grant for fiscal years 2010-11 and 2011-12. Grant expires June 30, 2012.

⁽²⁾ 1 Traffic Officer funded by Governor's Highway Safety Program grant for fiscal years 2010-11, 2011-12 and 2012-13. Grant expires 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.net.

BUDGET SCHEDULE

January 23	Budget calendar is presented to City Council
January 25	Department Heads receive budget preparation forms at staff meeting
January 30	Letters are issued to local non-profit agencies indicating due dates and needed information in order to request grant funding from the City
February 7-8	City Council Retreat
February 10	Personnel requests are due from Department Heads
February 15	Revenue budgets and fee change requests are due from Department Heads
February 20	Program objectives, performance measures, and organizational charts are due from Department Heads
February 24	Expenditure budget requests are due from Department Heads
February 27	Agency grant requests are due to the City
March 15-21	Budget hearing meetings with Department Heads and budget team
March 22-April 13	Budget team reviews and balances the proposed budget
April 16-30	City Manager's recommended budget is prepared
May 1-3	Budget work sessions with City Council and budget team
May 7	Budget is balanced
May 8-18	City Council's budget is prepared
May 29	City Council's budget is presented at City Council meeting to call for public hearing on the budget
May 31	Publish notice for public hearing
June 11	Public hearing is held and adoption of budget at City Council meeting
June 25	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 a restriction 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, Garage, 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:

Garage Fund – The Garage 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 retirees of the City, employees of the City, and their dependents.

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 Garage 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 2012-13 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			
Recreation					X		
Public Grounds	X	X	X	X	X	X	X
Lease/Bond Debt		X	X	X	X		
Other Financing Uses					X	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:							
Garage 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

	General Fund	Special Revenue Funds	
		Controlled Substance Distribution	Special Tax District
Beginning Estimated Unassigned Fund Balance/Net Assets	\$ 5,555,125	\$ 850,000	\$ -
Estimated Revenues:			
Ad Valorem Taxes	8,557,564	-	94,669
Other Taxes	258,730	-	-
Unrestricted Intergovernmental	4,909,034	-	-
Restricted Intergovernmental	697,274	-	-
Permits and Fees	176,000	-	-
Sales and Services	1,058,261	-	-
Administrative Charges	1,900,413	-	-
Interest	30,000	-	-
Miscellaneous	48,850	-	-
Other Operating	-	-	-
Other Nonoperating	-	-	-
Total Estimated Revenues	<u>17,636,126</u>	<u>-</u>	<u>94,669</u>
Appropriations:			
General Government	5,284,345	-	-
Public Safety	8,977,723	629,810	-
Highways and Streets	2,391,740	-	-
Recycling and Waste Collection	1,795,430	-	-
Culture and Recreation	1,497,859	-	-
Economic Development	103,609	-	94,669
Cost of Sales and Services	-	-	-
Purchases for Resale	-	-	-
Administrative Charges	-	-	-
Capital Outlay	282,503	141,750	-
Debt Service:			
Principal Retirement	540,184	-	-
Interest and Fees	153,793	-	-
Total Appropriations	<u>21,027,186</u>	<u>771,560</u>	<u>94,669</u>

City of Lexington, North Carolina
Total Budget Summary

Enterprise Funds

Electric Fund	Water & Wastewater Fund	Natural Gas Fund	Golf Fund
\$ 35,302,250	\$ 38,740,871	\$ 18,446,318	\$ 479,399
-	-	-	-
-	-	-	-
-	11,315	32,059	-
-	-	-	-
-	-	-	-
49,164,592	8,417,824	12,352,726	730,779
-	-	-	-
35,000	16,284	16,100	200
-	-	-	-
1,574,024	157,600	25,000	-
5,000	-	10,000	60,000
<u>50,778,616</u>	<u>8,603,023</u>	<u>12,435,885</u>	<u>790,979</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4,823,769	5,257,193	2,579,615	915,640
41,579,095	-	6,756,940	-
1,685,438	1,157,531	1,266,343	14,549
26,750	234,597	19,008	-
-	-	-	-
542,084	801,803	466,737	161,062
170,699	173,548	206,596	36,312
<u>48,827,835</u>	<u>7,624,672</u>	<u>11,295,239</u>	<u>1,127,563</u>

City of Lexington, North Carolina
Total Budget Summary

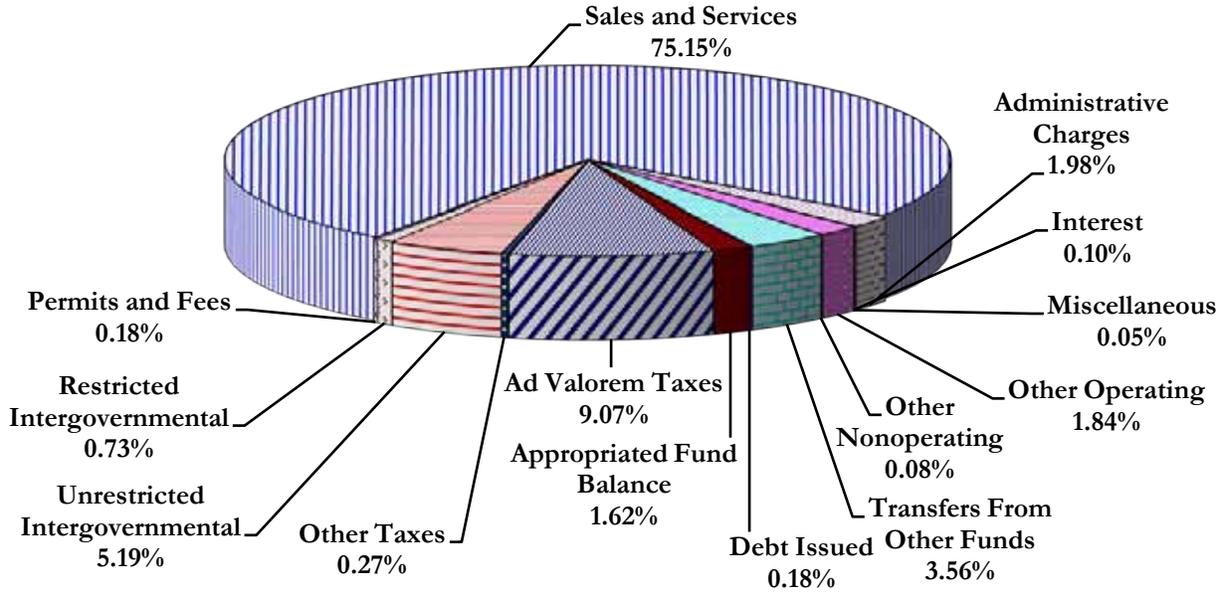
	General Fund	Special Revenue Funds	
		Controlled Substance Distribution	Special Tax District
Other Financing Sources (Uses):			
Transfers From Other Funds:			
General Fund	-	-	-
Electric Fund	1,350,000	-	-
Natural Gas Fund	877,425	-	-
Payment in Lieu of Taxes	579,603	-	-
Internal Service Funds:			
Group Insurance Fund	24,016	-	-
Capital Reserve Fund	-	-	-
Rate Stabilization Fund	-	-	-
Transfers to Other Funds:			
General Fund	-	-	-
Special Revenue Funds:			
Public Safety Grant	-	(5,000)	-
Economic Stimulus Grant	(39,400)	-	-
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	-	-	-
Total Other Financing Sources (Uses)	<u>2,623,060</u>	<u>(5,000)</u>	<u>-</u>
Budgeted Increase (Decrease) in Fund Balance/Net Assets	<u>(768,000)</u>	<u>(776,560)</u>	<u>-</u>
Ending Estimated Unassigned Fund Balance/Net Assets	<u>\$ 4,787,125</u>	<u>\$ 73,440</u>	<u>\$ -</u>

City of Lexington, North Carolina
Total Budget Summary

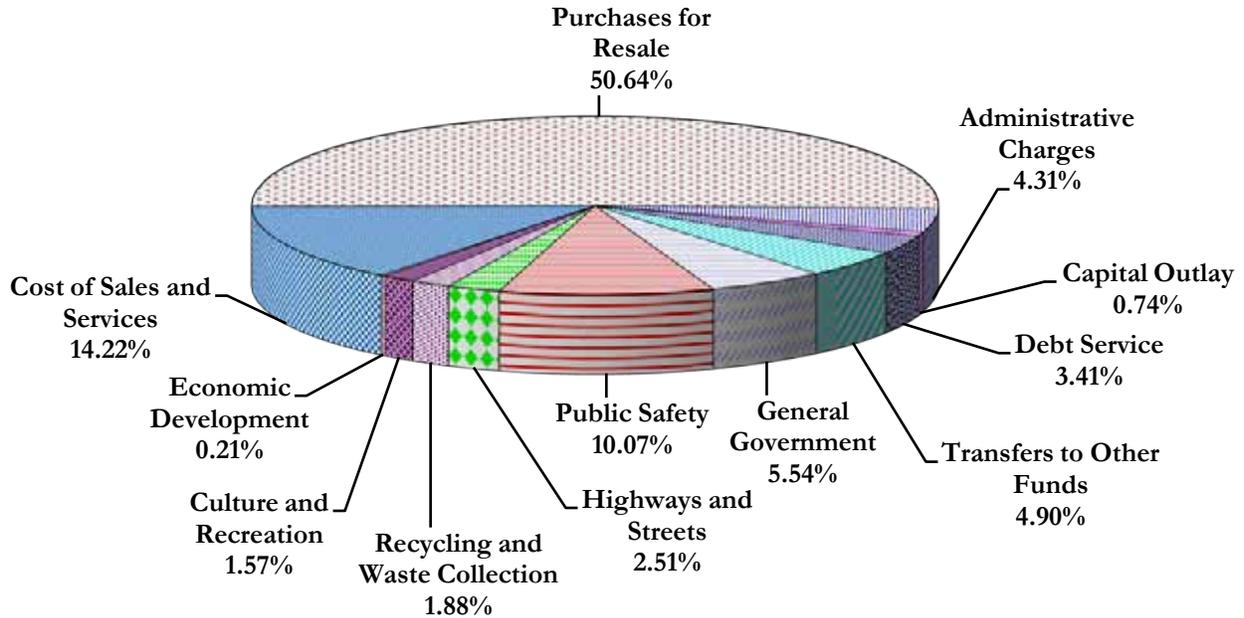
Enterprise Funds

Electric Fund	Water & Wastewater Fund	Natural Gas Fund	Golf Fund
-	-	-	168,584
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
250,000	-	-	-
145,000	-	-	-
(1,350,000)	-	(877,425)	-
-	-	-	-
-	-	-	-
(650,000)	-	-	-
-	(200,000)	-	-
-	-	(40,000)	-
-	-	-	-
(178,031)	(328,351)	(73,221)	-
(167,750)	(225,000)	(150,000)	-
-	(225,000)	-	-
-	-	-	168,000
<u>(1,950,781)</u>	<u>(978,351)</u>	<u>(1,140,646)</u>	<u>336,584</u>
-	-	-	-
<u>\$ 35,302,250</u>	<u>\$ 38,740,871</u>	<u>\$ 18,446,318</u>	<u>\$ 479,399</u>

CITY ESTIMATED REVENUES BY TYPE (Total Budget)



CITY APPROPRIATIONS BY TYPE (Total Budget)



**CITY OF LEXINGTON
MAJOR REVENUE ASSUMPTIONS FOR FISCAL YEAR 2012-13**

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 2012-13 at \$1.46 billion. Property tax collections remain down due to the local economy; therefore a 6.75% uncollectible rate was used in deriving the budget for property taxes. The property tax rate will increase \$.04, from \$.56 to \$.60 per \$100 of assessed valuation.

Prior Year Ad Valorem Property Taxes – Based on historical trends and adjusted for the amount outstanding of the 2011 property tax receivable balance projected as of June 30, 2012.

Interest on Delinquent Ad Valorem Property Taxes – Based on historical trends and adjusted for the amount outstanding of the 2011 property tax receivable balance projected as of June 30, 2012.

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 the revenue to be flat for fiscal year 2012-13, which is due to the Census 2010 population reduction impact crossing fiscal years and the lingering effects of the national recession.

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 slight increase based on historical trends and information provided by the NCLM. The City is budgeting flat in telecommunications and natural gas compared to fiscal year 2011-12. Telecommunications is

expected to be less due to cellular phone competition; and the piped natural gas excise tax is highly sensitive to the weather. 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 2012-13 is projected to decline 6.7% based on the trends recognized in fiscal year 2011-12.

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. Despite being adversely affected by the Census 2010 population reduction impact, the revenue is 0.63% greater than the amount projected for fiscal year 2011-12 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 existing user charges for residential and a 10% vacancy rate from the traditional level of customers for collection of residential and commercial solid waste.

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 2012-13 and estimated interest rates. Still recovering from the economic recession, interest rates are expected to remain relatively flat in the coming budget year. Thus, the City has budgeted essentially the same revenue as compared to the fiscal year 2011-12 projections.

Other Financing Sources:

Installment Purchase Revenues – The City has no plans to debt finance equipment in the coming budget year.

Transfer from the Electric Fund – The City has budgeted to transfer \$1.35 million from the Electric Fund to the General Fund to balance the budget. This amount remains constant with the funding provided in fiscal year 2011-12. The maximum transfer allowed based on a formula provided by the NC State Treasurer is approximately \$1.7 million. 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 \$877,425 from the Natural Gas Fund to the General Fund to balance the budget. This represents an increase of \$44,823 as compared to fiscal year 2011-12. 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 \$877,425 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 \$768,000 in fund balance in order to balance the fiscal year 2012-13 budget. This is an increase of \$33,560 as compared to the fiscal year 2011-12 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 increase slightly to \$50.3 million for fiscal year 2012-13. Property tax collections remain down due to the local economy; therefore a 6% 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 2012-13.

GENERAL CAPITAL PROJECT FUND REVENUES

Sales and Services:

Property Rental – Funding derived from leasing warehouse space to Lexington Home Brands and Carolina Apparatus Repair and Service is included in the amount of \$84,077, 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. Finally, the consumptions have been weather normalized for the extraordinarily mild winter of fiscal year 2011-12.

Electric rates across all customer classes of residential, commercial and industrial have been increased by an average of 4.5% effective July 1, 2012. This adjustment in rates is necessary due to the North Carolina Municipal Power Agency No. 1 (NCMPA1) passing on a 5% wholesale power cost increase also effective July 1, 2012.

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, 2012 of \$5.64 per year for residential, \$27.72 per year for commercial, and \$285.84 per year for industrial customers are projected to generate \$161,348.

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. To aid in the funding of future economic development, the outside water and wastewater rate differential will increase from 200% to 225%, which will affect all customers residing outside the city limits. The rate increase will become effective July 1, 2012.

NATURAL GAS FUND REVENUES

The revenue budget is based on adding 170 residential equivalents due to customer base growth in areas of the City and Davidson County where natural gas lines exist or have been extended in recent years. Consumption estimates have been weather normalized to reflect typical warmer winter weather trends. Adversely impacting the revenue budget are the dwindling consumptions from the recession and plant closings in recent years.

The City is incorporating an average .56% base rate increase, which generates an additional \$71,127 in revenues. Due to recent base load losses from industrial plant closings, the recommended base rate changes are a direct result of a detailed cost of service study intended to true up, accurately recover and moderately shift the cost between customer classes, which will have varying effects on all customer classes. Virtually all commercial and industrial customers will see a moderate decrease; while no customer class, such as residential, should experience more than a 2% base rate increase. The cost of gas component is budgeted lower at \$5 per dekatherm next budget year, compared to \$6 budgeted in fiscal year 2011-12, which should mitigate the base rate increase impact.

GOLF FUND REVENUES

The revenue budget is based on a rebound in terms of rounds played budgeted at 33,000, cart rentals and municipal club rentals. The past year of play at the course has rebounded from the significant drop in rounds suffered from the recession, an extraordinarily wet fall and winter of fiscal year 2009-10, and an extraordinarily hot and humid late summer of fiscal year 2010-11. 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 2011-12 original budgeted transfer.

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, as well as to set aside reserves for the unfunded State mandate of Phase II Disinfection Byproduct at the water plant with a compliance deadline as early as October 2013.

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 1996 and 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 1996. Section 704(a) of the Bond Order requires the debt service coverage ratio be no less than 120%. The debt service coverage ratio calculation for the year ended June 30, 2011 follows:

Operating Revenues	13,785,613
Operating Expenses*	11,387,874
Operating Income	<u>2,397,739</u>
Nonoperating Revenues (Expenses)**	<u>(80,000)</u>
Income Available for Debt Service	2,317,739
Revenue Bond Debt Service Principal and Interest Paid	834,632
Debt Service Coverage Ratio	278%

*Per rate covenants, this does not include the depreciation expense of \$540,673.

**Per rate covenants, this does not include revenue bond interest paid of \$142,749.

TOTAL OUTSTANDING DEBT PRINCIPAL AS OF JUNE 30, 2012

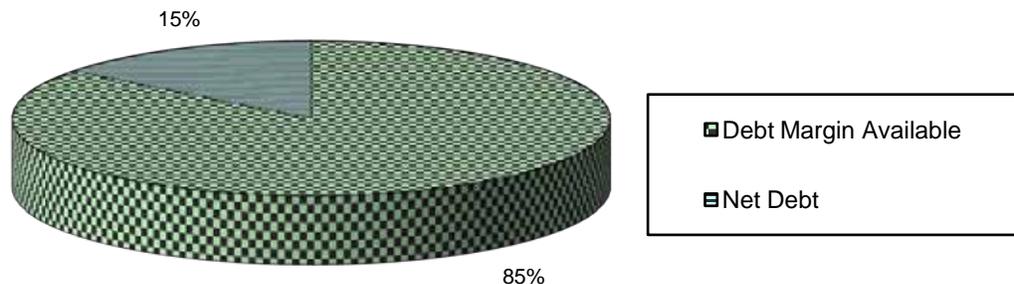
Fund	Installment Purchase	Bonds	Total Debt
General Fund	\$ 2,847,566	\$ 760,063	\$ 3,607,629
Electric Fund	4,025,388	987,085	5,012,473
Water & Wastewater Fund	2,776,323	2,684,853	5,461,176
Natural Gas Fund	1,790,149	2,601,036	4,391,185
Golf Fund	958,935	-	958,935
Total	\$ 12,398,361	\$ 7,033,037	\$ 19,431,398

LEGAL DEBT MARGIN AS OF JUNE 30, 2012

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*	1,355,432,832
Debt Limit (8 percent of total assessed value)	<u>108,434,627</u>
Debt Applicable to Limitation (Gross Debt):	
Authorized and Outstanding G.O. Bonded Debt	4,432,001
Installment Purchase	12,398,361
Statutory Deductions:	
Electric G.O. Bonds	<u>(987,085)</u>
Total Debt Applicable to Limitation (Net Debt)	<u>15,843,277</u>
Legal Debt Margin Available	<u><u>\$92,591,350</u></u>

*Assessed valuation is presented per North Carolina Department of Revenue Form TR-2-11 2011 Municipal Certification of Valuation and Property Tax Levies for the Fiscal Year Ending June 30, 2011.



DEBT SERVICE BUDGET FOR FISCAL YEAR 2012-13

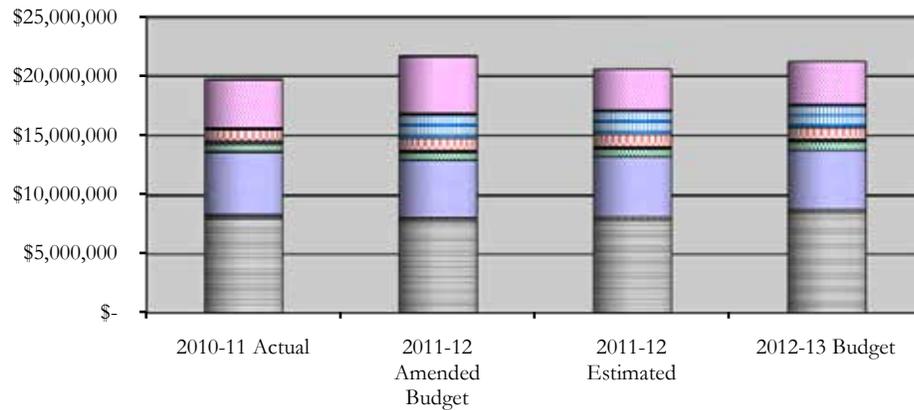
Fund	Installment Purchase		Bonds	
	Principal	Interest	Principal	Interest
General Fund	332,014	136,311	208,170	17,482
Electric Fund	381,954	147,996	160,130	22,703
Water & Wastewater Fund	372,102	111,796	429,701	61,752
Natural Gas Fund	223,526	98,879	243,211	107,717
Golf Fund	161,062	36,312	-	-
Total	\$ 1,470,658	\$ 531,294	\$ 1,041,212	\$ 209,654

PROPOSED DEBT

The City of Lexington currently anticipates issuing debt in the amount of \$168,000 in late FY 2012-13 for the purchase of a fleet of golf carts for the Golf Fund. Installment financing is planned for this purchase at an interest rate of 2.25% or less for a repayment period of 3 years.

GENERAL FUND REVENUE SUMMARY

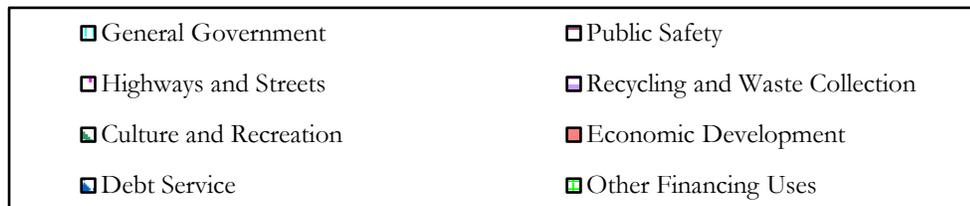
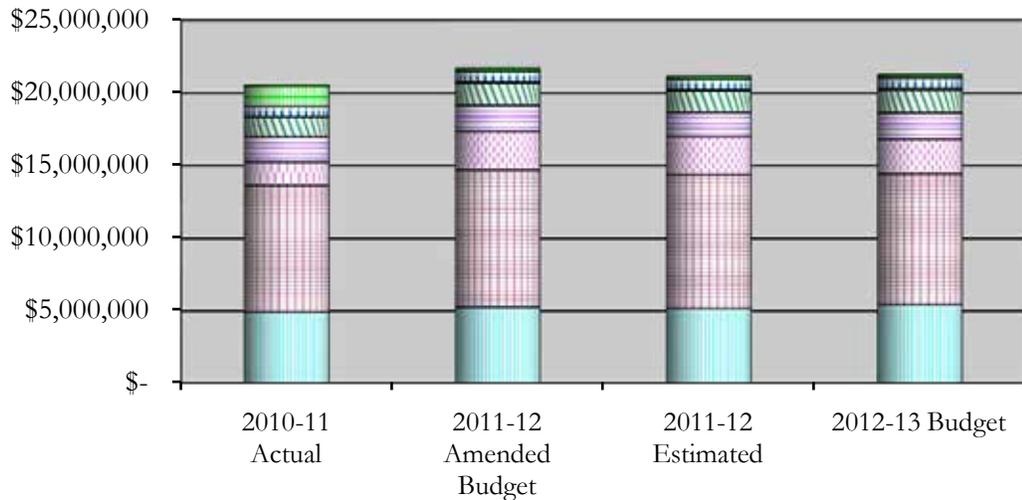
Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Ad Valorem Taxes	\$ 8,064,247	\$ 7,858,324	\$ 7,930,000	\$ 8,557,564
Other Taxes	259,127	237,913	249,170	258,730
Unrestricted Intergovernmental	5,245,141	4,758,282	4,965,122	4,909,034
Restricted Intergovernmental	716,779	668,080	680,473	697,274
Permits and Fees	202,391	177,866	173,000	176,000
Sales and Services	1,003,645	1,038,079	1,057,614	1,058,261
Administrative Charges	-	1,973,447	1,973,447	1,900,413
Interest	34,326	40,600	30,500	30,000
Miscellaneous	51,968	57,823	34,750	48,850
Other Financing Sources	4,117,009	4,883,127	3,492,696	3,599,044
Total	\$ 19,694,633	\$ 21,693,541	\$ 20,586,772	\$ 21,235,170



<input type="checkbox"/> Ad Valorem Taxes	<input type="checkbox"/> Other Taxes	<input type="checkbox"/> Unrestricted Intergovernmental
<input type="checkbox"/> Restricted Intergovernmental	<input type="checkbox"/> Permits and Fees	<input type="checkbox"/> Sales and Services
<input type="checkbox"/> Administrative Charges	<input type="checkbox"/> Interest	<input type="checkbox"/> Miscellaneous
<input type="checkbox"/> Other Financing Sources		

GENERAL FUND EXPENDITURE SUMMARY

Functions	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
General Government	\$ 4,908,242	\$ 5,263,396	\$ 5,140,242	\$ 5,411,813
Public Safety	8,693,289	9,410,873	9,196,483	9,001,458
Highways and Streets	1,614,884	2,672,132	2,609,168	2,391,740
Recycling and Waste Collection	1,737,312	1,786,262	1,720,448	1,829,430
Culture and Recreation	1,370,362	1,526,059	1,456,633	1,555,159
Economic Development	-	78,609	72,917	143,609
Debt Service	725,727	748,226	748,223	693,977
Other Financing Uses	1,462,244	207,984	207,984	207,984
Total	\$ 20,512,060	\$ 21,693,541	\$ 21,152,098	\$ 21,235,170



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

2012-13 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 08-09	FY 09-10	FY 10-11
# of City Council members (including Mayor)	9	9	9
Monthly salary - Mayor	\$500	\$500	\$500
Monthly salary - Council	\$400	\$400	\$400
# of meetings/month	2	2	2
Tax rate	0.560	0.560	0.560
% General Fund expenditures funded by ad valorem taxes	42%	47%	47%
Assessed valuation	\$1.48 Billion	1.49 Billion	1.47 Billion

Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 133,405	\$ 125,593	\$ 121,827	\$ 139,184
Operations	7,484	15,150	11,250	42,650
Capital Outlay	-	-	-	-
Total	\$ 140,888	\$ 140,743	\$ 133,077	\$ 181,834

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Board Members	9	9	9	9

Capital Outlay: None.

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
- Management of Public Utilities – Electric, Natural Gas, Water and Wastewater
- 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 improve the quality of life in the City and maintain the City's financial integrity

2012-13 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 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 operations monthly and meet with other departments routinely
- To pursue new technology innovations that will improve organizational efficiency and effectiveness
- To update citizen led long range strategic plan

**CITY MANAGER DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of employees in department	5	5	5
Population	21,378	21,420	19,001
Total original city budget	\$95.8 Million	\$91.9 Million	95.9 Million
Available fund balance as % of expenditures	27%	31%	29%
Date of last annexation	6/30/1998	6/30/1998	6/30/1998

Budget Summary:

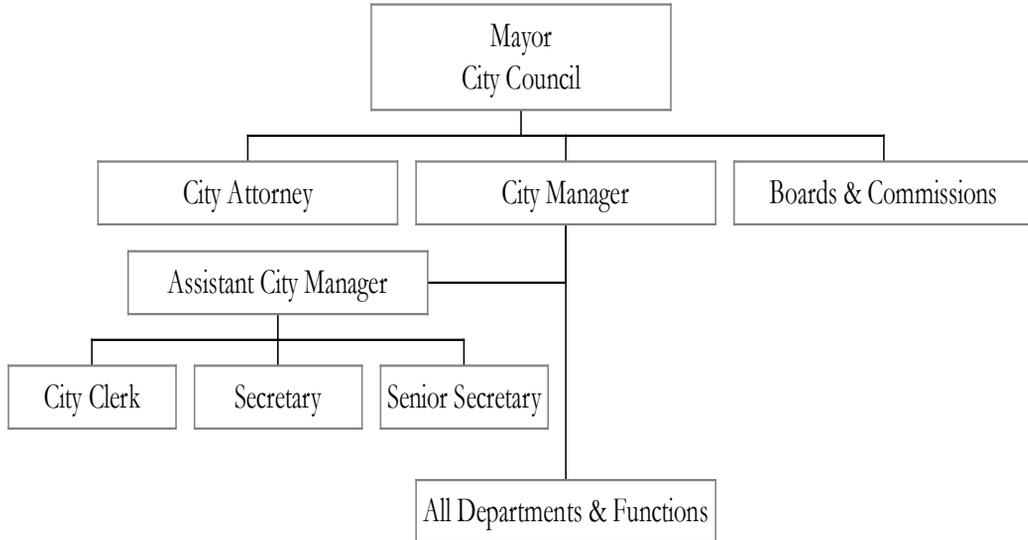
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 438,983	\$ 451,708	\$ 450,428	\$ 455,151
Operations	31,837	34,937	34,287	40,457
Capital Outlay	-	-	-	20,000
Total	\$ 470,820	\$ 486,645	\$ 484,715	\$ 515,608

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	5	5	5	5

Capital Outlay:

Item	New/Replacement	2012-13 Budget
Automated Agenda Software	N	\$ 20,000
Total		<u>\$ 20,000</u>

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.

2012-13 Objectives:

- To update internal service department cost allocations annually based on services provided to other City departments
- To account for retiree health and life insurance
- To support 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 08-09	FY 09-10	FY 10-11
Grants to agencies budget	\$332,000	\$276,750	\$302,036
Contingency budget	\$392,383	\$0	\$0
Property tax collection fees - real property	\$5.40 per bill	5.32 per bill	5.38 per bill
# of tax bills	10,139	10,050	10,137
Property tax collection fees - motor vehicles	1.50%	1.48%	1.69%
General Government expenditures	\$4,933,125	\$4,895,564	\$4,908,242
Public Safety expenditures	\$9,616,773	\$8,582,413	\$8,693,289
Hwy & Street expenditures	\$1,756,745	\$1,812,255	\$1,614,884
Recycling & Waste Collection expenditures	\$1,758,289	\$1,826,710	\$1,737,312
Culture & Recreation expenditures	\$1,364,197	\$1,286,543	\$1,370,362
Economic and Physical Development expenditures	\$0	\$68,300	\$0
Debt Service expenditures	\$783,672	\$654,170	\$725,727
Other Financing Uses	\$849,900	\$297,949	\$1,462,244

**GENERAL ADMINISTRATION DEPARTMENT
GENERAL FUND**

Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 585,490	\$ 536,102	\$ 536,102	\$ 553,046
Operations	1,906,709	1,866,869	1,821,994	1,953,024
Capital Outlay	-		-	-
Total	\$ 2,492,199	\$ 2,402,971	\$ 2,358,096	\$ 2,506,070

Capital Outlay: None.

**GRANTS TO AGENCIES
FOR FISCAL YEAR 2012-2013**

AGENCIES	AMOUNT BUDGETED FY 11-12	AMOUNT REQUESTED FY 12-13	AMOUNT BUDGETED FY 12-13
Arts United for Davidson County	\$ 4,000	\$ 4,000	\$ 4,000
Communities in Schools of Lexington & Davidson County	\$ 3,000	\$ 3,000	\$ 3,000
Crisis Ministry of Davidson County	\$ 12,750	\$ 50,000	\$ 12,750
Davidson County Dept Senior Services	\$ 2,250	\$ 5,000	\$ 2,250
Davidson County Rescue Squad (1)	\$ 8,750	\$ -	\$ -
Davidson County Services for the Deaf & Hard of Hearing	\$ 3,250	\$ 4,500	\$ 3,250
Davidson Medical Ministries	\$ 5,000	\$ 7,500	\$ 5,000
Family Services of Davidson County	\$ 4,000	\$ 4,000	\$ 4,000
Hospice of Davidson County	\$ 3,000	\$ 3,000	\$ 3,000
Life Center of Davidson County	\$ 1,750	\$ 1,750	\$ 1,750
Pastor's Pantry of Davidson County	\$ 1,750	\$ 1,750	\$ 1,750
Path of Hope	\$ 4,000	\$ 4,000	\$ 4,000
Positive Wellness Alliance	\$ 1,750	\$ 1,750	\$ 1,750
Salvation Army Boys & Girls Club	\$ 4,000	\$ 4,000	\$ 4,000
Davidson County Economic Development Commission (*)	\$ 41,000	\$ 41,000	\$ 41,000
Edward C. Smith Civic Center of Lexington (2)	\$ 65,000	\$ 80,000	\$ 80,000
Lexington Appearance Commission	\$ 5,000	\$ 7,850	\$ 5,000
Lexington Historic Preservation Commission	\$ 2,500	\$ 3,000	\$ 2,500
Lexington Housing Community Development Corporation	\$ 75,000	\$ 75,000	\$ 60,000
Lexington Human Relations Commission	\$ 4,000	\$ 4,000	\$ 4,000
Neighborhood Revitalization Funds (City Council)	\$ 9,000	\$ 9,000	\$ 9,000
Piedmont Triad Partnership (*)	\$ 1,000	\$ 2,000	\$ -
Uptown Lexington (*)	\$ 40,500	\$ 50,500	\$ 40,500
TOTAL	\$ 302,250	\$ 366,600	\$ 292,500

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.
- (2) Civic Center: Since FY 03-04, funding reduced to share part of \$46,486 annual debt service with the City. Debt was issued in the amount of \$383,136 for HVAC and roof replacements and will be paid in full FY 2013-14.
- (*) 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.

2012-13 Objectives:

- Provide excellent customer service and administrative support to internal and external customers
- Provide timely financial and economic information to assist Management and City Council in managing the FY 2012-13 budget through the post-recession period
- Assist in City’s 10-year Strategic Planning Process
- Implement technology upgrades to enhance efficiency, accounting and reporting of payroll activity
- Finalize transition to state purchasing card program for technological efficiency advances

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# 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	5,392	5,393	4,610
% of JEs processed without error/year	99.5%	99.1%	99.2%
Rate of return on investments	2.06%	0.70%	0.46%
# of purchase orders/year	764	771	727
# of property auctions using GovDeals	57	33	24
\$ value of property auctions using GovDeals	\$71,432	\$19,831	\$53,953
Receive CAFR award	Yes	Yes	Yes
Receive budget award	No	No	No

**FINANCE DEPARTMENT
GENERAL FUND**

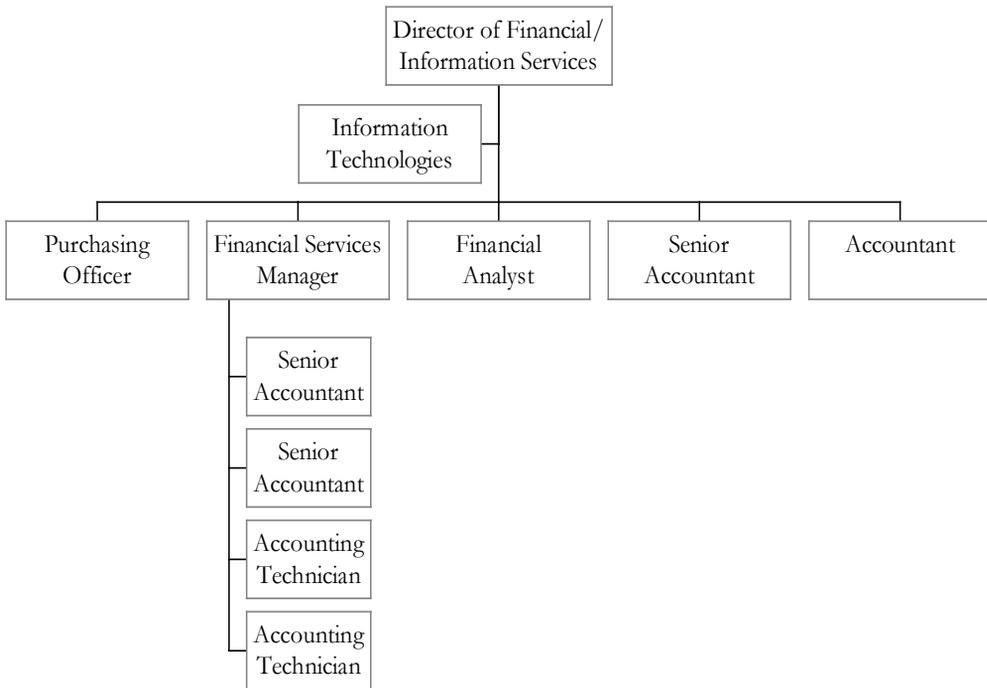
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 665,975	\$ 687,131	\$ 679,755	\$ 691,286
Operations	33,390	40,970	36,485	38,310
Capital Outlay	-	-	-	-
Total	\$ 699,365	\$ 728,101	\$ 716,240	\$ 729,596

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	10	10	10	10

Capital Outlay: None.

City of Lexington Finance



**LEGAL DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

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

2012-13 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 08-09	FY 09-10	FY 10-11
Staff attorney	No	No	No
# of legal advisors	2	1	1
City attorney expenditures	\$36,842	\$27,874	\$24,814
Benefits provided	Health, Life	No	No

Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ -	\$ -	\$ -	\$ -
Operations	24,814	30,000	30,000	33,060
Total	\$ 24,814	\$ 30,000	\$ 30,000	\$ 33,060

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.

2012-13 Objectives:

- Assist city departments to recruit, train and retain quality workforce
- Coordinate employee and retiree benefits package
- Enhance health insurance wellness program to control insurance costs and improve overall health of city workforce

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of dept. employees	2	2	2
# of city employees	346	342	341
City employees per HR employee	173	170	170
Turnover rate	6%	7%	7%

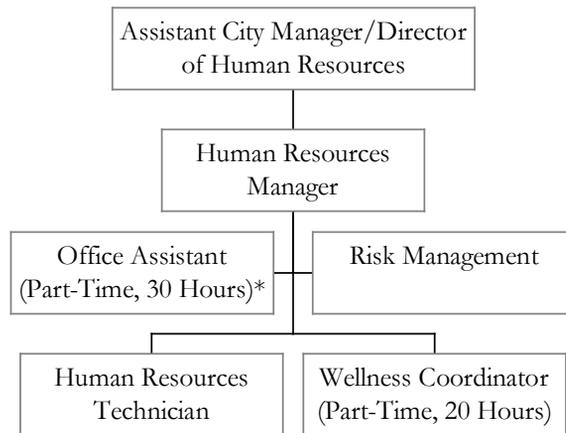
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 129,636	\$ 135,367	\$ 134,574	\$ 160,191
Operations	52,688	60,710	58,171	66,547
Capital Outlay	-	-	-	-
Total	\$ 182,324	\$ 196,077	\$ 192,745	\$ 226,738

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	2	2	2	2

Capital Outlay: None.

City of Lexington Human Resources



*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.

2012-13 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 and improve disaster recovery plans and methods
- Enhance electronic storage and archiving capabilities
- Phase in virtual desktop technology as a long term efficiency measure to mitigate limited IT staff
- Implement year two of network switch replacement project
- Develop city-wide intranet to improve communication and efficiency for all city departments
- Develop multi-year funding plan to connect four outlying city facilities to the City fiber ring, in an effort to improve connectivity performance and efficiency for Fire, Golf, Water and Wastewater Treatment Plant personnel
- Assist City Council in the exploration of providing WiFi in the uptown business district

**INFORMATION TECHNOLOGIES DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of full-time employees on staff	5	5	4
# of servers supported	25	25	30
# of PCs and laptops supported	234	244	250
# of servers supported per employee	5	5	8
# of PCs/laptops supported per employee	43	43	63
# of patrol cars with computers/printers	60	70	70
Routine PC/laptop replacement schedule	Unfunded	Unfunded	Laptops only
Disaster recovery plan in place	Yes	Yes	Yes
Average # of website hits/month	N/A	N/A	22,175
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	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 184,353	\$ 270,245	\$ 200,273	\$ 282,512
Operations	313,094	508,177	451,906	460,889
Capital Outlay	124,375	83,000	176,387	107,468
Total	\$ 621,822	\$ 861,422	\$ 828,566	\$ 850,869

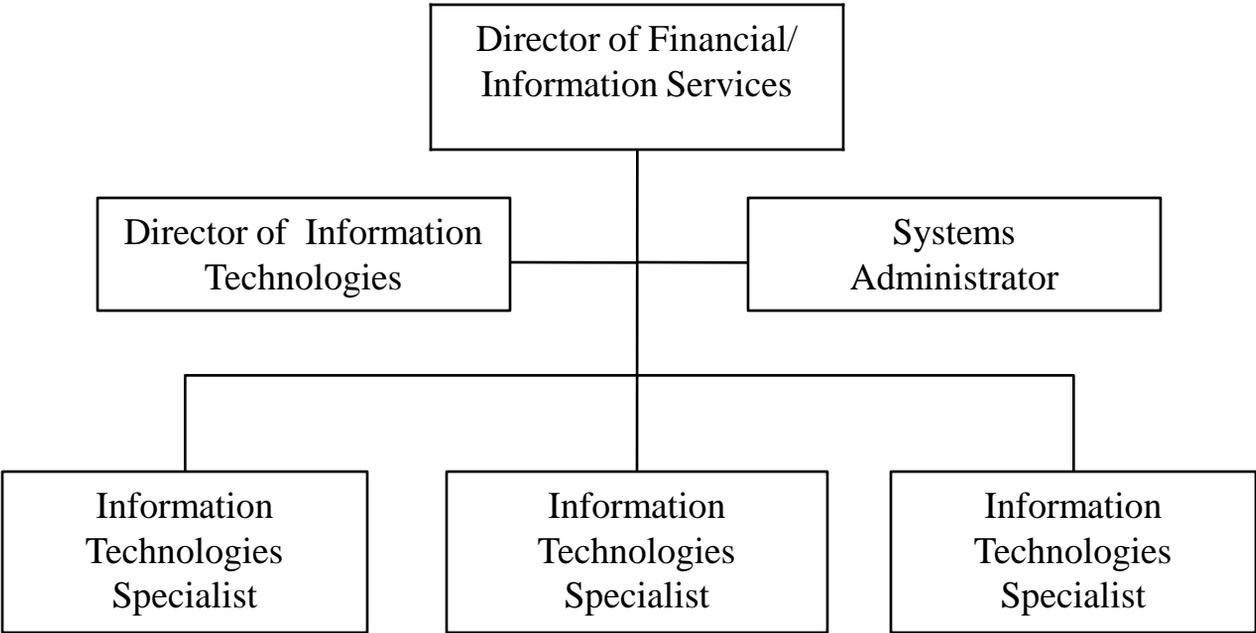
Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	5	5	5	5

**INFORMATION TECHNOLOGIES DEPARTMENT
GENERAL FUND**

Capital Outlay:

<u>Item</u>	<u>New/Replacement</u>	<u>2012-13 Budget</u>
Data Backup System (Year 4 of 4 Payment)	N	\$ 58,029
Storage Area Network (Year 4 of 4 Payment)	N	24,439
Additional Area Network Storage or Archiving Solution	N	<u>25,000</u>
Total		<u><u>\$ 107,468</u></u>

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.

2012-13 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
- Coordinate replacement of boiler and aesthetic building improvements at the Edward C. Smith Civic Center

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of building maintenance employees	1	1	1
# of custodians	1 FT/4 PT	1 FT/4 PT	1FT/4 PT
In-house or contracted custodians	In-house	In-house	In-house
# of employee-occupied buildings	14	14	14

**PUBLIC BUILDINGS DEPARTMENT
GENERAL FUND**

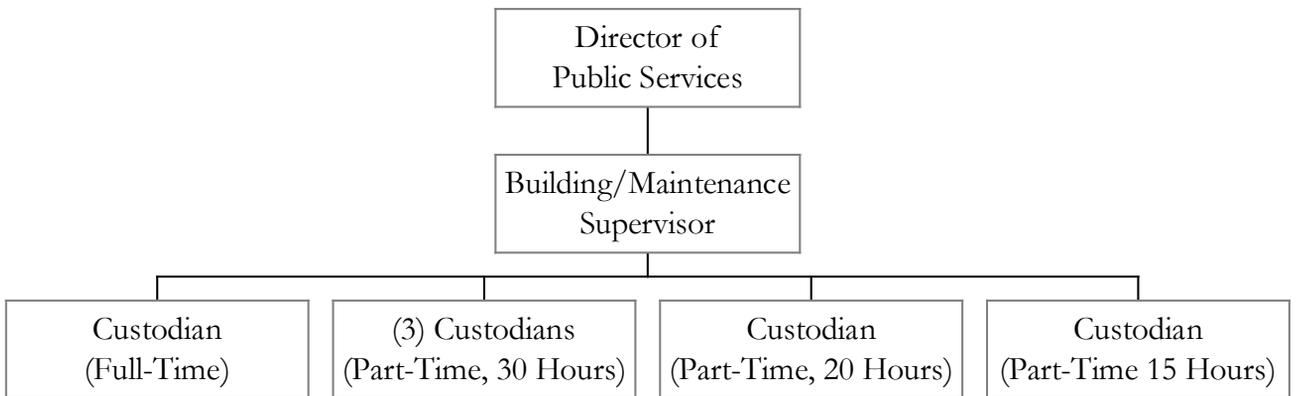
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 215,237	\$ 220,923	\$ 217,117	\$ 223,093
Operations	60,772	196,514	179,686	144,945
Capital Outlay	-	-	-	-
Total	\$ 276,009	\$ 417,437	\$ 396,803	\$ 368,038

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 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.

2012-13 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 new 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 08-09	FY 09-10	FY 10-11
# of sworn officers	67	69	69
# of civilian personnel (full time)	10	10	10
Population per sworn officer	304	310	275
# of calls for service/year	60,714	57,039	57,377
# of calls per officer/year	906	827	832
# of traffic citations issued/year	4,464	3,793	4,485
# of K-9s	3	2	2
# of neighborhood watch meetings/year	122	122	122

Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 4,552,514	\$ 4,806,266	\$ 4,675,835	\$ 4,684,972
Operations	548,145	333,724	313,125	346,390
Capital Outlay	-	30,076	20,600	-
Total	\$ 5,100,659	\$ 5,170,066	\$ 5,009,560	\$ 5,031,362

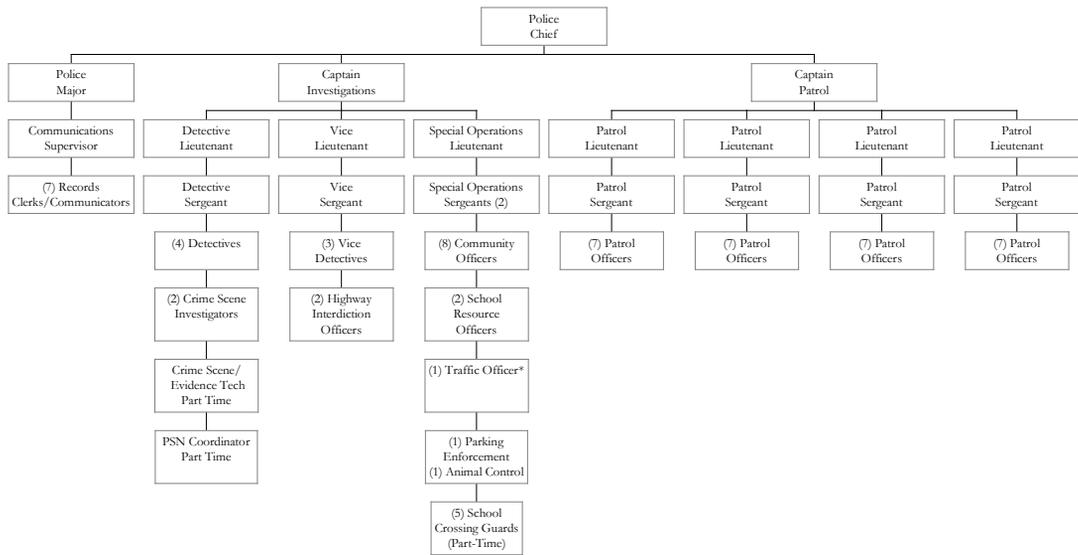
Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	79 ⁽¹⁾ ⁽²⁾	79 ⁽¹⁾ ⁽²⁾	79 ⁽²⁾	75 ⁽²⁾

(1) 1 COPS Officer funded by U.S. Department of Justice grant for fiscal years 2010-11 and 2011-12. Grant expires June 30, 2012.

(2) 1 Traffic Officer funded by Governor's Highway Safety Program grant for fiscal years 2010-11, 2011-12 and 2012-13. Grant expires September 30, 2012.

Capital Outlay: None.

City of Lexington Police



*Grant Funded Position

Note: For fiscal year 2012-2013, 4 full time Police Officers are not funded.

**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.

2012-13 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
- Initiate a comprehensive needs assessment and strategic planning process for the department
- Work collaboratively with the Community Development department to streamline fire inspections and economic plan reviews by hiring 1 part-time inspector to work under full-time Fire Marshal

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of firefighters	42	42	42
# of admin personnel	6	6	6
# of certified fire inspectors	27	30	38
# of calls for service/year	998	1,089	1,137
# of stations	3	3	3
Date newest station placed into service	1988	1988	2011
PPC insurance rating	3	3	3
\$ value of fire loss	\$813,950	\$610,130	\$1,011,605
# of public education programs/year	270	196	282

**FIRE DEPARTMENT
GENERAL FUND**

Budget Summary:

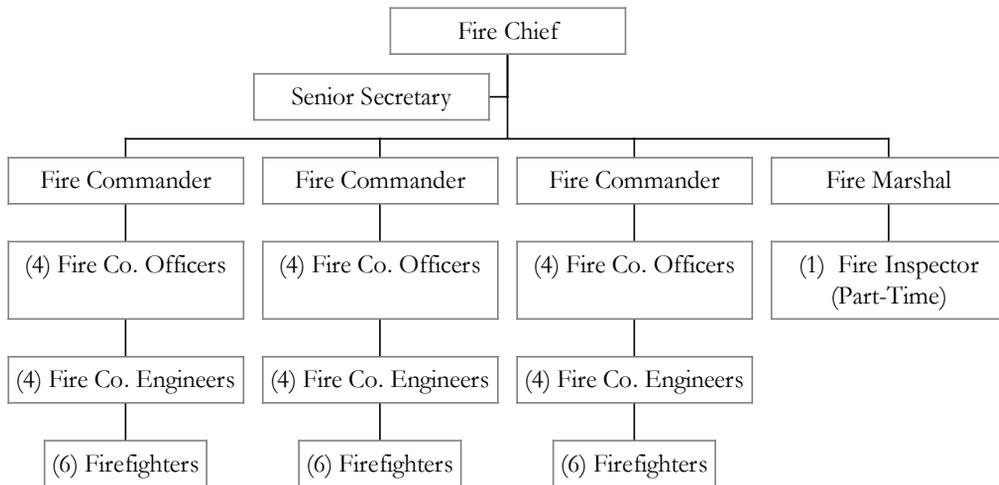
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 2,651,443	\$ 2,749,386	\$ 2,722,592	\$ 2,794,900
Operations	306,165	418,771	398,775	473,033
Capital Outlay	15,263	493,402	493,402	14,735
Total	\$ 2,972,871	\$ 3,661,559	\$ 3,614,769	\$ 3,282,668

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	48	48	48	48

Capital Outlay:

Item	New/Replacement	2012-13 Budget
High Pressure Air Bags	N	\$ 14,735
Total		<u>\$ 14,735</u>

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.
- ❑ 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.
- ❑ Improve economic development and quality of life by recruiting new businesses and supporting existing business for sustainable growth.
- ❑ 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, issuance of permits, 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.

2012-13 Objectives:

Code Enforcement

New Initiatives:

- Purchase and Implement GIS module of BluePrince software / Combine complaint system / building permits / land use cases
- Go Paperless – create digital filing for retention of land use, blight, and construction records (scan and purge existing paper files)
- Draft Commercial Maintenance Code

On-going:

- Partner with Fire Marshall on enforcement and permitting
- Administer Lien Program
- Administer Blight Removal Program
- Liaison to Davidson County Homebuilders
- Liaison to Davidson County Electrical Contractors
- Continuing Education / Training

Planning

- Staff the Planning Board/Board of Adjustment
- Assist in City's 10-year Strategic Planning Process
- 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
- Staff City's Renaissance Strategic Plan / Research Subcommittee
- Assist in completion of CDBG Economic Recovery Grant – Erlanger and Green Needles Parks
- Staff Historic Preservation Commission / Draft design regulations and propose local Historic District boundaries
- Liaison to Uptown Lexington, Inc. / Assist in facilitating Uptown Redevelopment projects
- Staff Appearance Commission
- Administer NSP grant
- Apply for Community and Economic Development grants
- Liaison to Passenger Rail Advisory Committee
- Liaison to Local Food Program Initiative
- Liaison to LHCDC / Homeownership Center

**BUSINESS AND COMMUNITY DEVELOPMENT DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of dept. employees	7	6	7
# of minimum housing inspections/year	2,763	2,632	2,650
# of building inspections/year	1,776	1,422	1,613
# of housing units	8,510	8,510	8,510
% of rental housing units	50.20%	50.20%	50.20%
# of nuisance complaints/year	675	2,005	3,433
\$ value of new residential construction	\$5.3 Million	\$5.9 Million	\$3.2 Million
\$ value of new commercial construction	\$11.9 Million	\$6.8 Million	\$30 Million

Budget Summary:

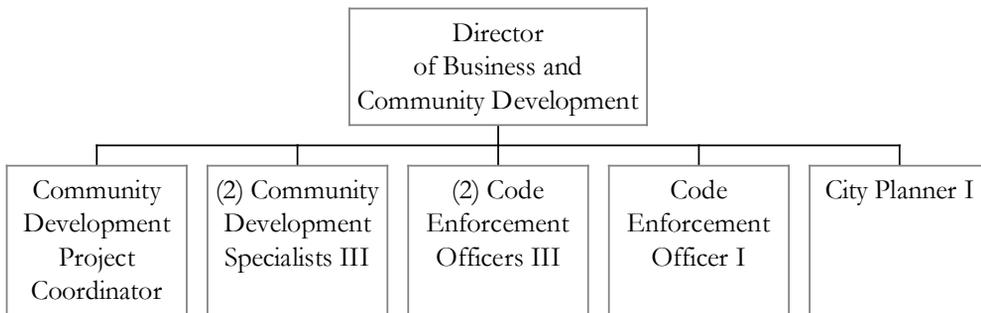
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 463,717	\$ 474,849	\$ 474,705	\$ 560,074
Operations	138,042	101,399	97,449	118,354
Capital Outlay	18,000	3,000	-	9,000
Total	\$ 619,759	\$ 579,248	\$ 572,154	\$ 687,428

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	7	7	8	8
Board Members	9	9	9	9

Capital Outlay:

Item	New/Replacement	2012-13 Budget
GIS Software Module	N	\$ 9,000
Total		\$ 9,000

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.

2012-13 Objectives:

- Support efforts to build a passenger rail stop in Lexington
- Provide engineering services for the CDBG Economic Recovery Grant – Erlanger and Green Needles Parks
- Begin Cayenta/GIS integration study
- Provide engineering for Water Treatment Plant capital projects
- 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>
- Review and renew the 3 year Enterprise License Agreement (ELA) with ESRI
- 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
- Continue building water & wastewater databases for 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 08-09	FY 09-10	FY 10-11
# 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	1,066	1,069	1,293
# of water and wastewater work orders/year	2,123	2,125	2,021

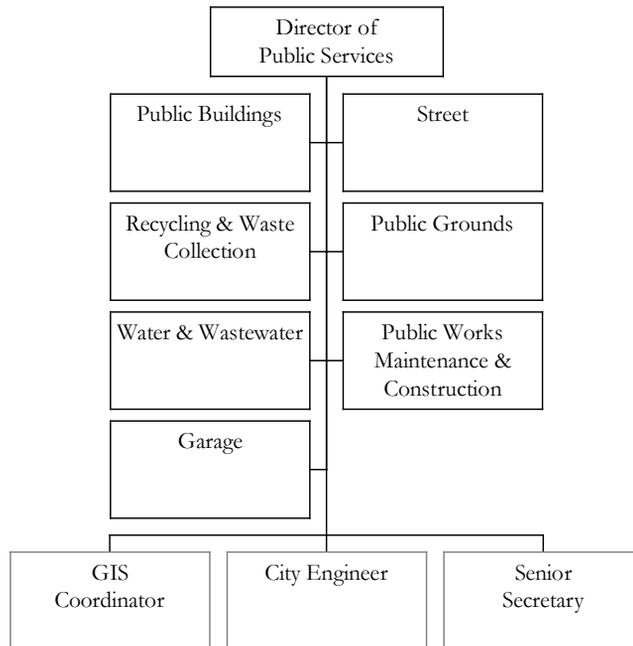
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 302,866	\$ 315,182	\$ 314,845	\$ 338,620
Operations	82,835	101,179	93,607	102,007
Capital Outlay	-	-	-	-
Total	\$ 385,701	\$ 416,361	\$ 408,452	\$ 440,627

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	4	4	4	4

Capital Outlay: None.

City of Lexington Engineering



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 and to provide ice and snow control on streets located within the City limits.

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

2012-13 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

**STREET DEPARTMENT
GENERAL FUND**

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of dept. employees	16	15	15
Street miles	125.0	125.4	125.4
Miles per employee	8	8	8
Tons of asphalt used for pot holes	528	562	543
Feet of sidewalk replaced/repared per year	1,691	2,095	814

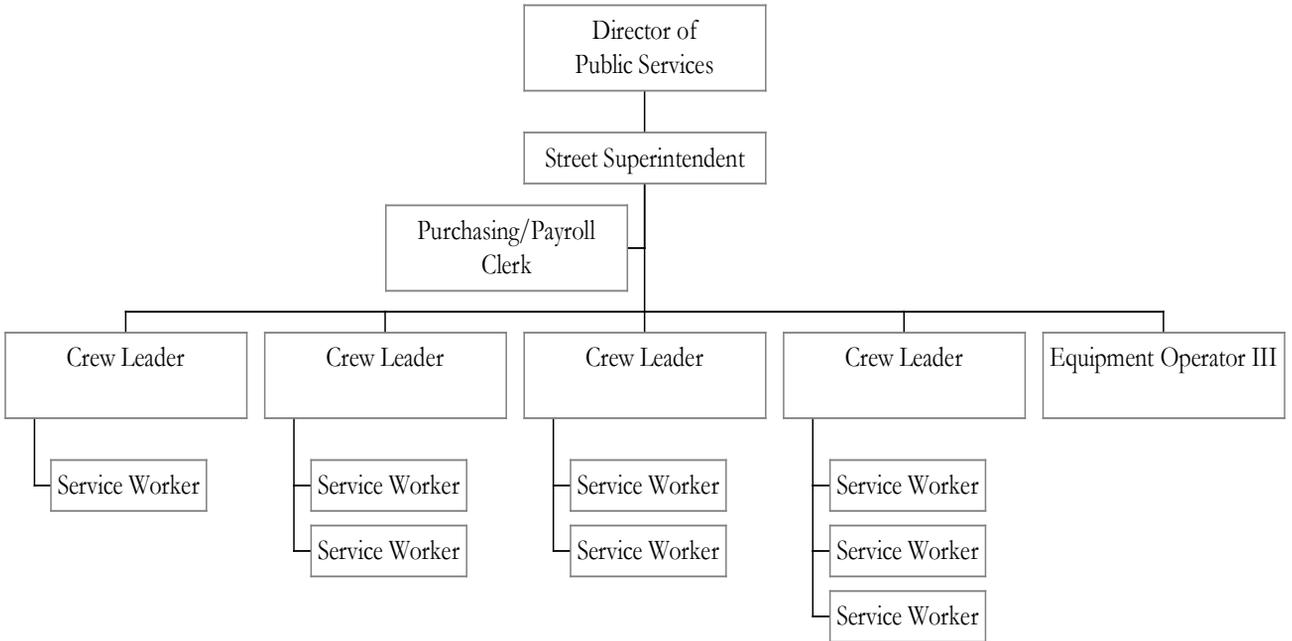
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 750,352	\$ 759,001	\$ 749,466	\$ 755,194
Operations	461,134	1,496,770	1,451,250	1,195,919
Capital Outlay	17,697	-	-	-
Total	\$ 1,229,183	\$ 2,255,771	\$ 2,200,716	\$ 1,951,113

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 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 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 275 commercial 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)
- Cleanup for special Uptown Lexington events (BBQ Festival, National Night Out, Christmas Open House, etc.)

2012-13 Objectives:

- Provide monthly activity-based cost reports to administration
- Provide staff support to Lexington Appearance Commission's "Cleaner City" campaign
- Continue customer education efforts regarding waste collection and recycling services and additional recycling mandates
- 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 08-09	FY 09-10	FY 10-11
# of dept. employees	18	18	18
# of residences	8,500	8,500	8,500
Tons of garbage collected/year (residential)	7,785	7,850	7,520
Tons of recycling/year (residential)	357	385	540
% of customers who recycle	30%	30%	30%
Monthly rate charged for residential collection	\$7.50; \$1 recycling credit	\$8	\$8
Tipping fees per ton	\$36	\$36	\$36
Ratio of revenues to expenditures	1 to 2.33	1 to 2.39	1 to 2.14

Budget Summary:

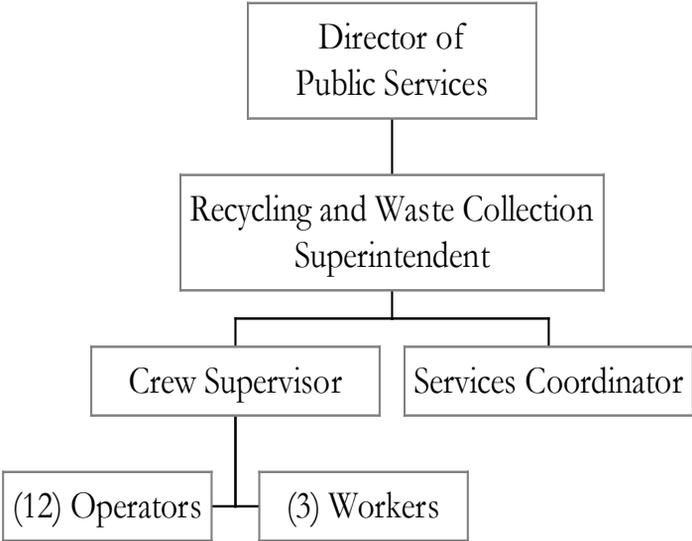
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 860,210	\$ 909,198	\$ 868,034	\$ 906,510
Operations	877,102	877,064	852,414	888,920
Capital Outlay	-	-	-	34,000
Total	\$ 1,737,312	\$ 1,786,262	\$ 1,720,448	\$ 1,829,430

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	18	18	18	18

Capital Outlay:

Item	New/Replacement	2012-13 Budget
2 Leaf Vacuum Machines	R	\$ 34,000
Total		<u>\$ 34,000</u>

City of Lexington Recycling & Waste Collection



**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 18 city parks, 15 tennis courts, 9 ball fields, 3 soccer fields, 2 festivals, 12 basketball courts; and provide a year round program of recreational activities.

2012-13 Objectives:

- Coordinate NSP and CDBG Economic Recovery grants to develop Hillcrest Circle, Erlanger and Green Needles Parks
- Hold successful Multicultural and 4th of July festivals
- Partner with YMCA for basketball and soccer programs
- Operate at maximum program levels while maintaining reduced spending levels
- Complete Recreation Master Assessment Plan
- Rebuild dugouts at Holt-Moffitt Field

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of dept. employees (FT)	6	6	6
Expenditures per capita	\$33	\$30	\$36
# of sports registrants/year	658	819	809
# of youth recreation centers	0	0	0
# of pools	2	2	2
# of parks	17	17	18

**RECREATION DEPARTMENT
GENERAL FUND**

Budget Summary:

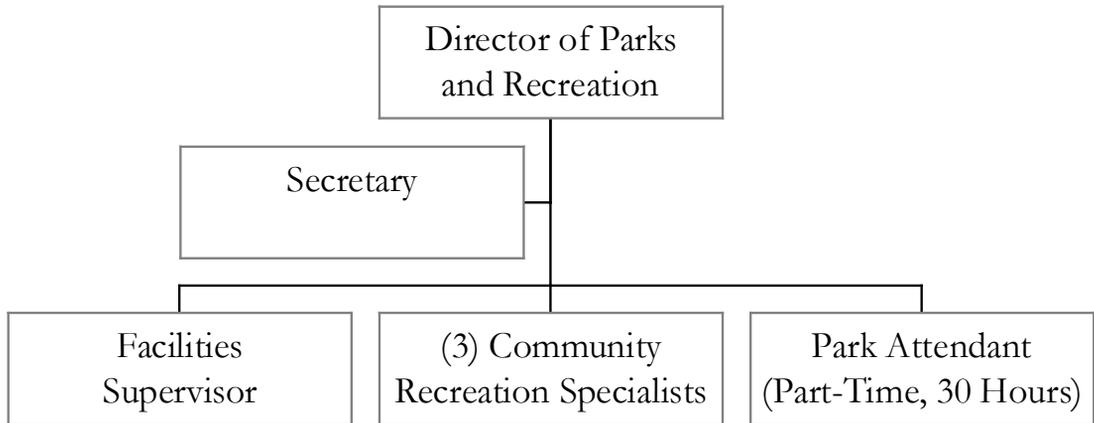
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 453,645	\$ 472,884	\$ 449,350	\$ 477,483
Operations	201,722	230,259	218,363	292,544
Capital Outlay	21,220	66,375	63,600	50,000
Total	\$ 676,587	\$ 769,518	\$ 731,313	\$ 820,027

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	6	6	6	6

Capital Outlay:

Item	New/Replacement	2012-13 Budget
Rebuild Dugouts at Holt-Moffitt Field	R	\$ 50,000
Total		<u>\$ 50,000</u>

City of Lexington 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 electric substations.

2012-13 Objectives:

- Provide cemetery services in an efficient and courteous manner
- Provide support to the Recreation Department in the development of the Hillcrest Circle park
- 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 08-09	FY 09-10	FY 10-11
# of dept. employees	12	12	12
# of cemeteries	5	4	4
# of burials/year	79	89	92
# 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	\$1,425	\$1,528	\$1,501

**PUBLIC GROUNDS DEPARTMENT
GENERAL FUND**

Budget Summary:

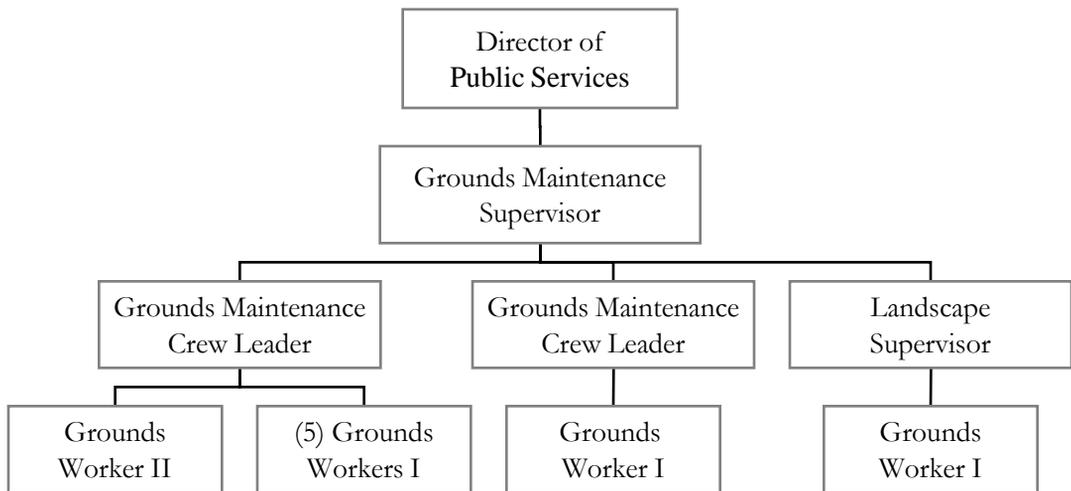
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 528,710	\$ 526,745	\$ 521,796	\$ 528,818
Operations	152,665	215,296	190,044	199,014
Capital Outlay	12,400	14,500	13,480	7,300
Total	\$ 693,775	\$ 756,541	\$ 725,320	\$ 735,132

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	12	12	12	12

Capital Outlay:

Item	New/Replacement	2012-13 Budget
Zero Turn Mower	R	\$ 7,300
Total		<u>\$ 7,300</u>

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.

2012-13 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 research and begin implementation of WIFI in Uptown District

Performance Measures Summary:

Indicators	FY 08-09	FY 09-10	FY 10-11
Economic Development Expenditures	\$0	\$68,300	\$0

Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Operations	\$ -	\$ 78,609	\$ 72,917	\$ 103,609
Capital Outlay	-	-	-	40,000
Total	\$ -	\$ 78,609	\$ 72,917	\$ 143,609

Capital Outlay:

Item	New/Replacement	2012-13 Budget
WIFI for Uptown District	N	\$ 40,000
Total		<u>\$ 40,000</u>

**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 08-09	FY 09-10	FY 10-11
Net bonded GO debt to assessed valuation (%)**	0.100%	0.080%	0.070%
Net bonded GO debt per capita**	\$68	\$54	\$51
S&P rating	A+	AA-	AA-
Moody's rating	A3	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	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Debt Service	\$ 725,727	\$ 748,226	\$ 748,223	\$ 693,977
Other Financing Uses	\$ -	\$ -	\$ -	\$ -
Total	\$ 725,727	\$ 748,226	\$ 748,223	\$ 693,977

New Debt: None.

**OTHER FINANCING USES DEPARTMENT
GENERAL FUND**

Statement of Department's Purpose:

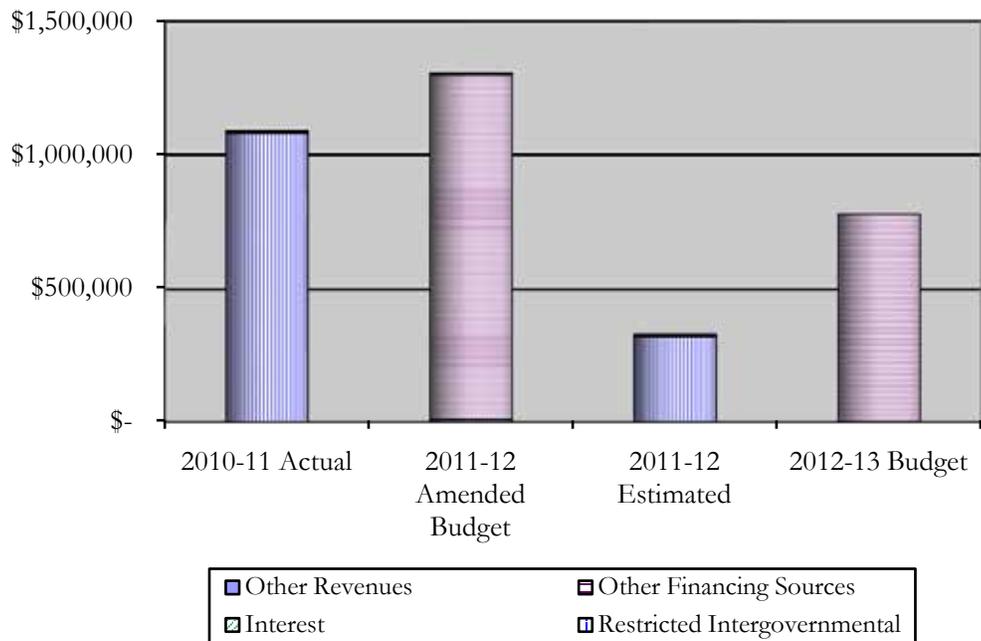
The purpose of the Other Financing Uses Department is to account for all transfers from the General Fund to other funds within the City budget.

Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Redemption of bonds	\$ 1,150,000	\$ -	\$ -	\$ -
Transfer to Community Development Grants	56,000	-	-	-
Transfer to Neighborhood Stabilization Program Grant	39,400	39,400	39,400	39,400
Transfer to General Capital Projects Fund	8,260	-	-	-
Transfer to Golf Fund	208,584	168,584	168,584	168,584
Total	\$ 1,462,244	\$ 207,984	\$ 207,984	\$ 207,984

CONTROLLED SUBSTANCE FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Restricted Intergovernmental	\$ 1,080,575	\$ 11,808	\$ 322,900	\$ -
Interest	5,676	-	5,800	-
Other Revenues	3,452	2,089	1,829	-
Other Financing Sources	-	1,292,270	-	776,560
Total	\$ 1,089,703	\$ 1,306,167	\$ 330,529	\$ 776,560



**CONTROLLED SUBSTANCE DEPARTMENT
SPECIAL REVENUE FUND**

Statement of Department's Purpose:

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

Departmental Functions:

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

2012-13 Objectives:

- Purchase new law enforcement supplies and equipment to enhance existing efforts and initiate new programs

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
Revenue received from Federal Forfeitures of Assets	\$901,198	\$1,105,711	\$1,062,830
Revenue received from State Forfeitures of Assets	\$27,863	\$15,640	\$17,745

**CONTROLLED SUBSTANCE DEPARTMENT
SPECIAL REVENUE FUND**

Budget Summary:

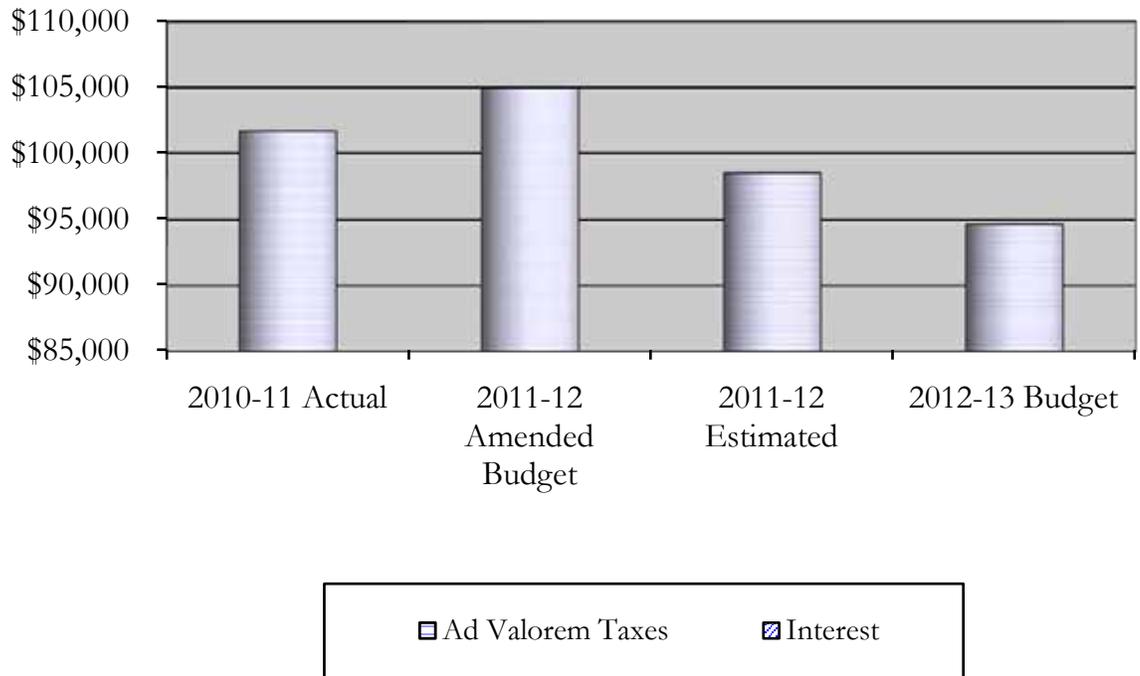
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ -	\$ 57,416	\$ -	\$ 17,956
Operations	413,856	824,203	804,884	611,854
Capital Outlay	160,189	392,806	389,973	141,750
Other Financing Uses	213,943	31,742	22,076	5,000
Total	\$ 787,988	\$ 1,306,167	\$ 1,216,933	\$ 776,560

Capital Outlay:

Item	New/Replacement	2012-13 Budget
2 Crime Scene Response Vans	N	\$ 43,282
4 Patrol Vehicles	R	98,468
Total		<u>\$ 141,750</u>

**SPECIAL TAX DISTRICT FUND
REVENUE SUMMARY**

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Ad Valorem Taxes	\$ 101,669	\$ 105,000	\$ 98,478	\$ 94,669
Interest	-	-	20	-
Total	\$ 101,669	\$ 105,000	\$ 98,498	\$ 94,669



**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 08-09	FY 09-10	FY 10-11
Current tax rate	0.20	0.20	0.20
Tax Contribution to Uptown Lexington, Inc.	\$99,849	\$91,022	\$101,669

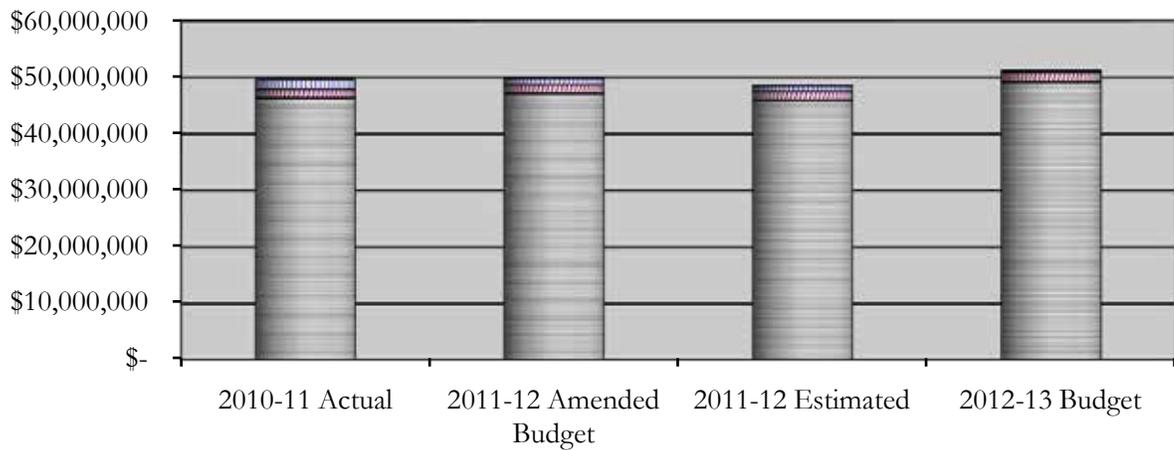
Budget Summary:

Expenditure Summary	2010-2011 Actual	2011-2012 Amended Budget	2011-2012 Estimated	2012-2013 Budget
Operations	\$ 101,669	\$ 105,000	\$ 98,498	\$ 94,669
Total	\$ 101,669	\$ 105,000	\$ 98,498	\$ 94,669



ELECTRIC FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Sales and Services	\$ 46,290,133	\$ 47,120,628	\$ 45,919,926	\$ 49,164,592
Other Revenues	1,573,326	1,550,483	1,523,066	1,614,024
Other Financing Sources	1,687,729	1,149,128	1,050,000	395,000
Total	\$ 49,551,188	\$ 49,820,239	\$ 48,492,992	\$ 51,173,616



■ Other Financing Sources

■ Other Revenues

■ Sales and Services

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 63 miles of 44kV transmission line, approximately 494 miles of distribution line, and 19,957 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

2012-13 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
- Continue Automatic Meter Reading (AMR) program implementation
- Implement LED lighting technology with a LED street lighting test program

**ELECTRIC DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of dept. employees	25	25	24
Miles of line	494	494	494
Miles of line/employee	20	20	21
# of customers	18,154	18,118	18,362
# of customers/employee	726	725	765
% of system loss	5.40%	5.27%	5.03%
# of breaker outages/year	27	37	32

Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 1,682,639	\$ 1,655,915	\$ 1,474,307	\$ 1,556,324
Operations	5,381,930	5,571,446	5,280,220	5,665,666
Power Purchases	38,272,708	40,339,915	39,845,073	41,579,095
Capital Outlay	85,000	18,540	17,885	26,750
Other Financing Uses	3,160,393	2,234,423	2,234,423	2,345,781
Total	\$ 48,582,670	\$ 49,820,239	\$ 48,851,908	\$ 51,173,616

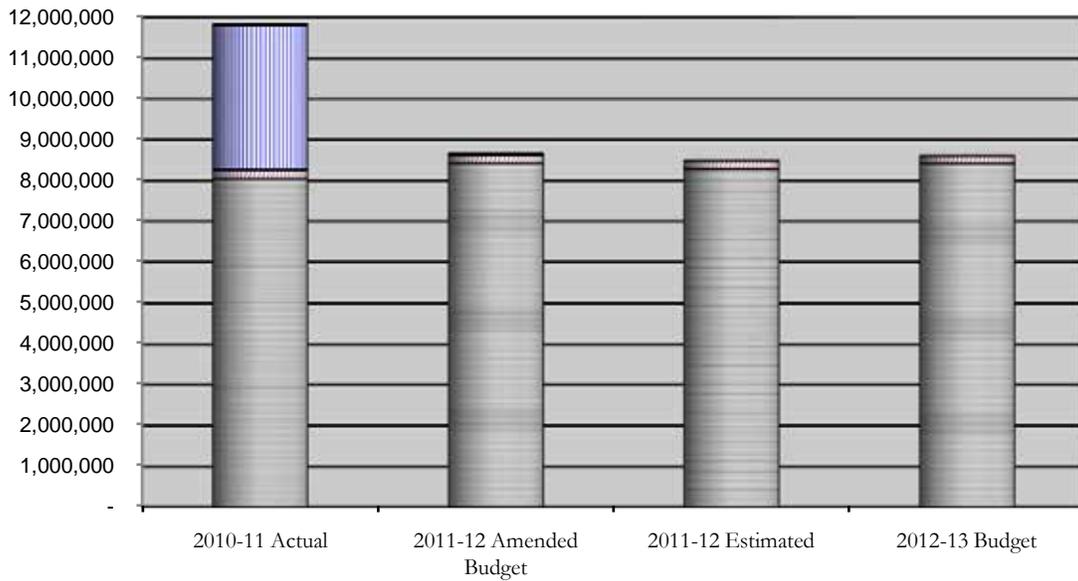
Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	24	23	23	23

Capital Outlay:

Item	New/Replacement	2012-13 Budget
Meter Tester	R	\$ 26,750
Total		<u>\$ 26,750</u>

WATER & WASTEWATER FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Unrestricted Intergovernmental	\$ 12,631	\$ 11,986	\$ 11,986	\$ 11,315
Sales and Services	8,038,701	8,418,427	8,293,996	8,417,824
Other Revenues	221,909	195,800	189,876	173,884
Other Financing Sources	3,557,240	49,272	-	-
Total	\$ 11,830,481	\$ 8,675,485	\$ 8,495,858	\$ 8,603,023



**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

2012-13 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 Abbots 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 08-09	FY 09-10	FY 10-11
# of administrative employees for water & wastewater	2	2	2
# of water customers	8,338	8,277	8,269
# of wastewater customers	7,963	7,937	7,940

**WATER & WASTEWATER ADMINISTRATION DEPARTMENT
ENTERPRISE FUND**

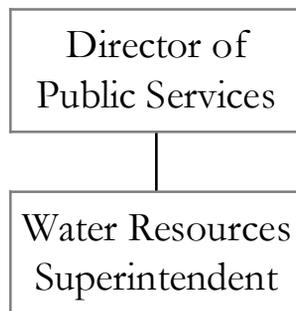
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 151,047	\$ 151,268	\$ 110,345	\$ 94,954
Operations	2,280,740	2,184,740	2,158,248	2,187,803
Capital Outlay	-	-	-	-
Other Financing Uses	4,260,880	934,889	934,889	978,351
Total	\$ 6,692,667	\$ 3,270,897	\$ 3,203,482	\$ 3,261,108

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	2	2	1	1

Capital Outlay: None.

City of Lexington Water & Wastewater Administration



**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

2012-13 Objectives:

- Provide a safe and productive work place
- Comply with state and federal regulations
- Continue maintenance program upgrades to water plant to enhance reliability
- Install remaining treatment elements necessary to comply with new regulations taking effect in October 2013
- Advance Plant #2 to the capabilities of Plant #1
- 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 08-09	FY 09-10	FY 10-11
# 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)	\$14.12	\$14.49	\$14.86
Residential water bill (10 CCF usage)	\$24.20	\$24.85	\$25.50

**WATER PLANT DEPARTMENT
ENTERPRISE FUND**

Budget Summary:

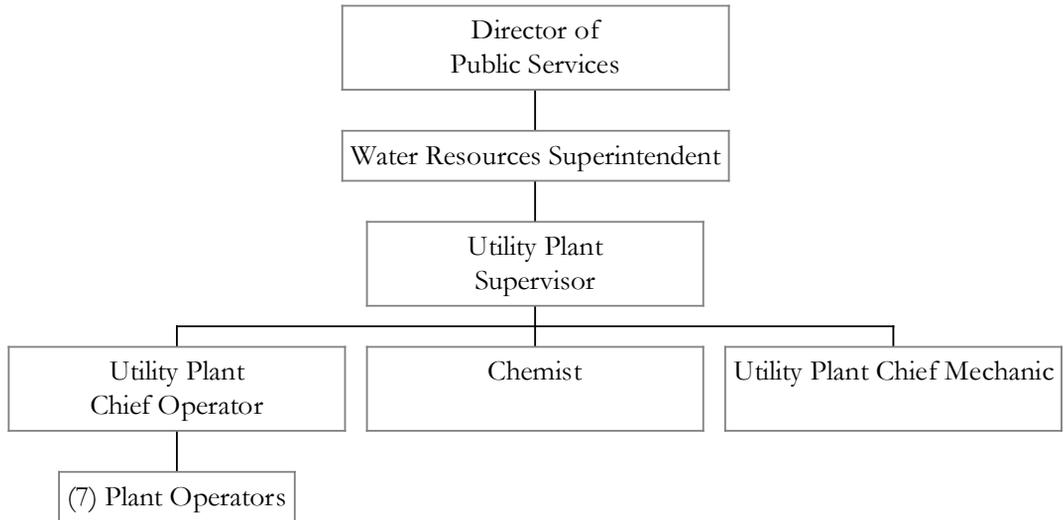
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 638,703	\$ 650,684	\$ 598,512	\$ 612,596
Operations	871,430	894,000	847,524	881,938
Capital Outlay	7,500	-	-	34,597
Total	\$ 1,517,633	\$ 1,544,684	\$ 1,446,036	\$ 1,529,131

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	11	11	11	11

Capital Outlay:

<u>Item</u>	<u>New/Replacement</u>	<u>2012-13 Budget</u>
Total Organic Carbon Analyzer	R	<u>34,597</u>
Total		<u><u>\$ 34,597</u></u>

City of Lexington Water 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

2012-13 Objectives:

- Provide a safe and productive work place
- Maintain the level of operation at the compost plant
- Continue with scheduled replacements of mixers and blowers and overhaul of the belt press
- Continue project to upgrade capacity for the compost facility
- Evaluate operation of the sludge handling facilities to determine if the use of the anaerobic digesters can be discontinued
- Clean grit accumulations in the aeration tanks, year 2 of 2

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# 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)	\$18.24	\$19.16	\$20.11
Residential sewer bill (10 CCF usage)	\$37.35	\$39.25	\$41.18

**WASTEWATER TREATMENT PLANT DEPARTMENT
ENTERPRISE FUND**

Budget Summary:

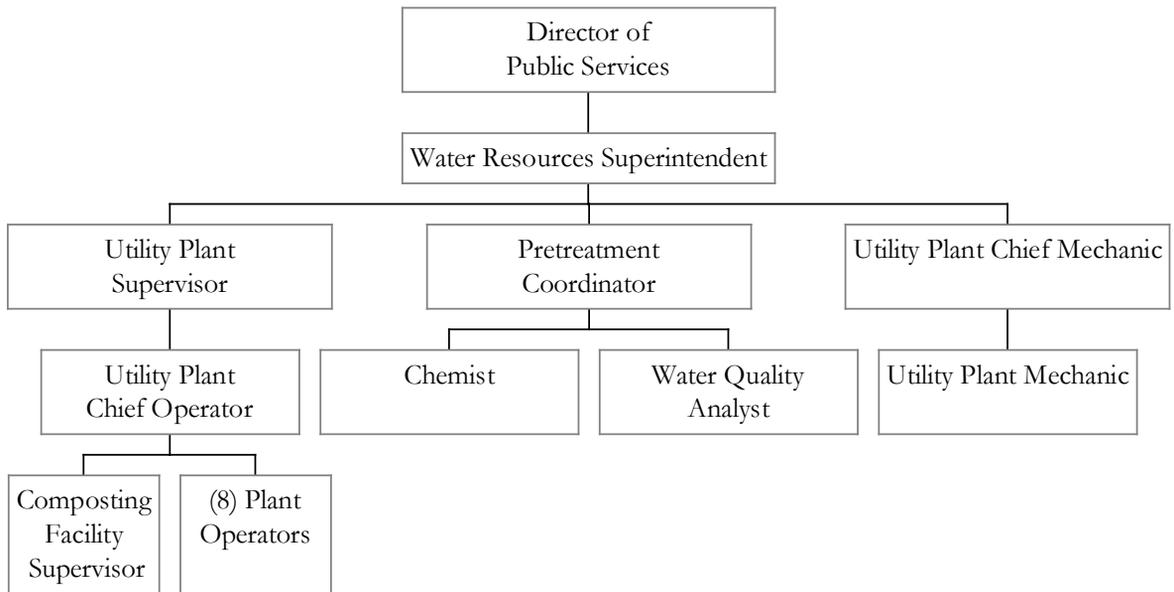
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 933,095	\$ 954,371	\$ 930,976	\$ 986,674
Operations	1,107,999	1,264,512	1,254,166	1,237,940
Capital Outlay	-	8,000	7,878	75,000
Total	\$ 2,041,094	\$ 2,226,883	\$ 2,193,020	\$ 2,299,614

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	16	16	16	16

Capital Outlay:

Item	New/Replacement	2012-13 Budget
Compost Turner	N	\$ 75,000
Total		<u>\$ 75,000</u>

City of Lexington 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: 212 miles of wastewater mains, 187 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.

2012-13 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
- Provide GIS capability to crews in the field

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of water & wastewater maintenance & construction employees	15	15	15
Water miles	187	187	187
Wastewater miles	212	212	212
Annual water sales (millions of gallons)	876	823	885
Annual water production (millions of gallons)	985	875	987
% system loss	11%	6%	10%

**PUBLIC WORKS DEPARTMENT
ENTERPRISE FUND**

Budget Summary:

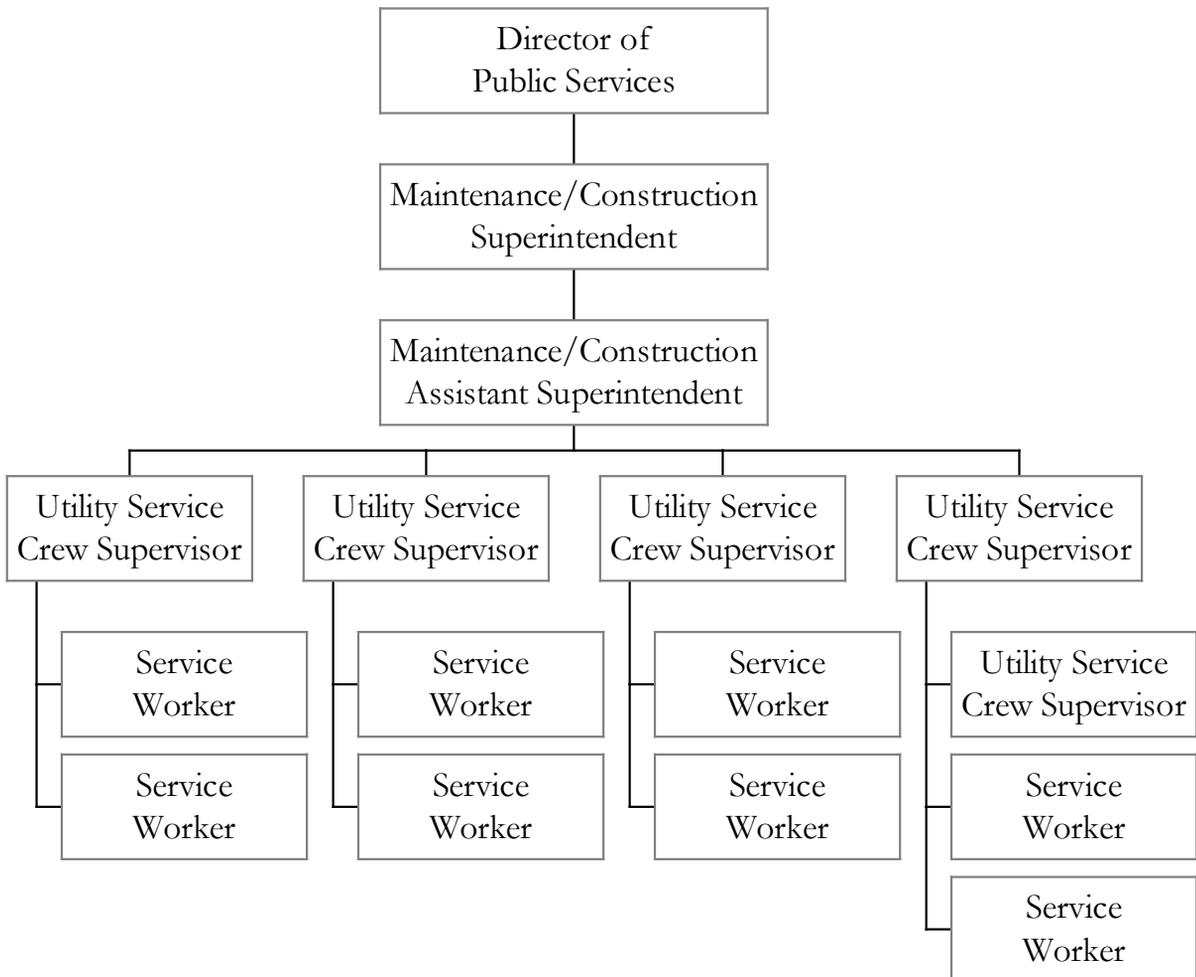
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 758,571	\$ 784,446	\$ 719,820	\$ 794,175
Operations	370,965	848,575	560,563	593,995
Capital Outlay	16,450	-	-	125,000
Total	\$ 1,145,986	\$ 1,633,021	\$ 1,280,383	\$ 1,513,170

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	15	15	15	15

Capital Outlay:

<u>Item</u>	<u>New/Replacement</u>	<u>2012-13 Budget</u>
Pump Station Generation	N	<u>\$ 125,000</u>
Total		<u><u>\$ 125,000</u></u>

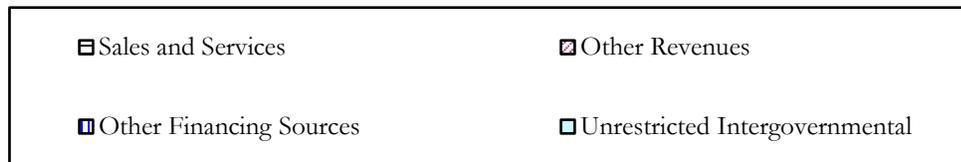
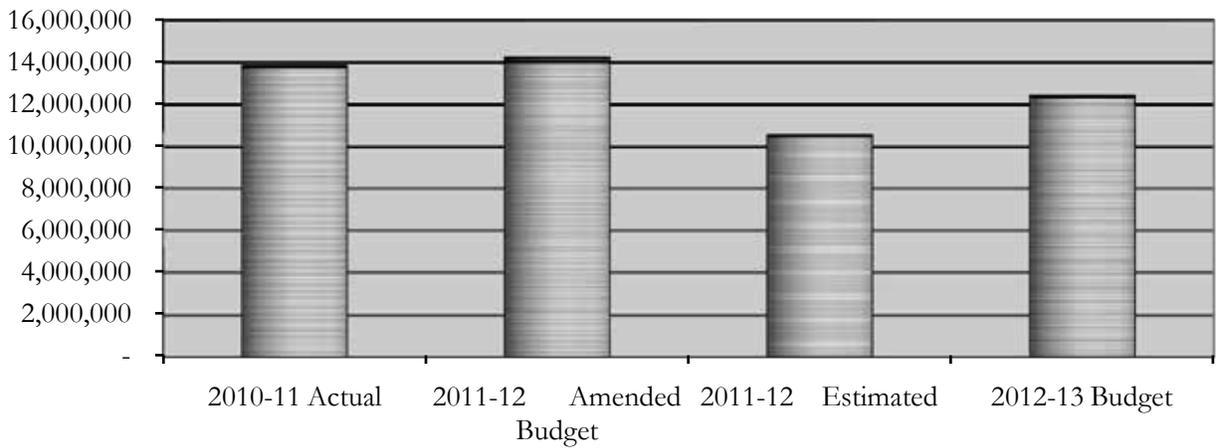
City of Lexington Public Works Maintenance & Construction





NATURAL GAS FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Unrestricted Intergovernmental	\$ 35,787	\$ 33,960	\$ 33,960	\$ 32,059
Sales and Services	13,765,509	14,035,063	10,490,715	12,352,726
Other Revenues	43,051	52,281	37,980	51,100
Other Financing Sources	-	136,286	-	-
Total	\$ 13,844,347	\$ 14,257,590	\$ 10,562,655	\$ 12,435,885



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 650 miles of pipe to maintain: 420 miles of natural gas mains and 230 miles of service pipe, 10,107 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, tests meters, regulator stations, leak surveys, and maintain the new pressure monitoring system)
- Purchasing (manage the purchasing, transportation, and distribution of approximately 2.02 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)

2012-13 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
- Begin construction of new Training Infrastructure on Hwy 52 property
- Complete gas line expansion to Lowes Millworks and Hoover Road
- Continue GIS Mapping Project
- Complete the Automated Meter Reading (AMR) program (change 1,987 meters)
- Begin internal Atmospheric Corrosion program
- Begin negotiations with Piedmont Natural Gas to determine future expansion projects

**NATURAL GAS DEPARTMENT
ENTERPRISE FUND**

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of dept. employees	21	21	22
# of customers	8,949	8,934	8,948
Total DTs sold/year	2.06 Million	1.89 Million	2.02 Million
Miles of main line	405	405	420
Miles of service line	221	225	230
Yearly residential bill amount (59 therms/month)	\$972	\$934	\$872

Budget Summary:

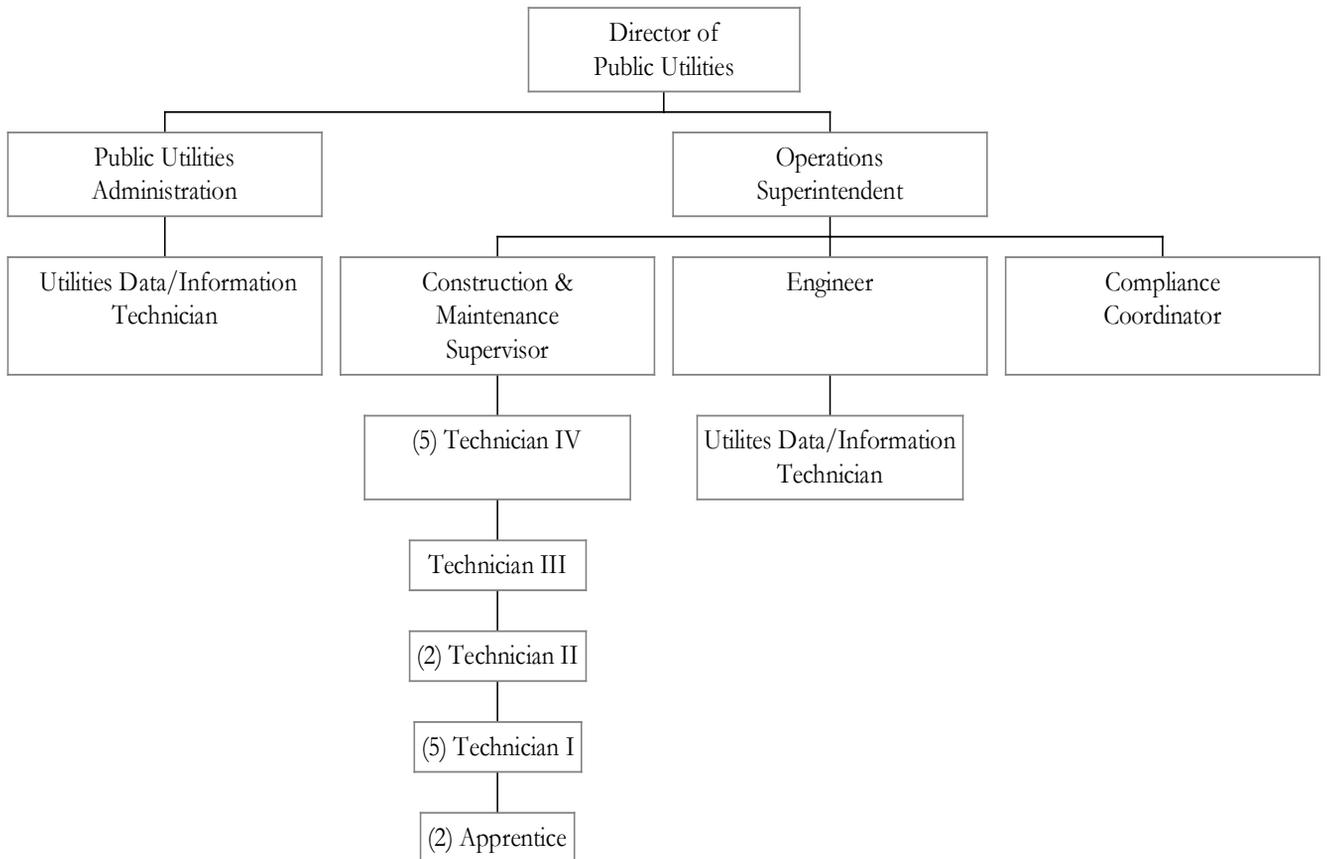
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 1,301,772	\$ 1,145,552	\$ 1,105,567	\$ 1,111,351
Operations	3,361,691	3,479,115	3,469,679	3,407,940
Natural Gas Purchases	8,108,306	8,529,149	5,744,411	6,756,940
Capital Outlay	24,903	12,500	11,429	19,008
Other Financing Uses	1,029,822	1,091,274	991,274	1,140,646
Total	\$ 13,826,494	\$ 14,257,590	\$ 11,322,360	\$ 12,435,885

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	22	21	21	21

Capital Outlay:

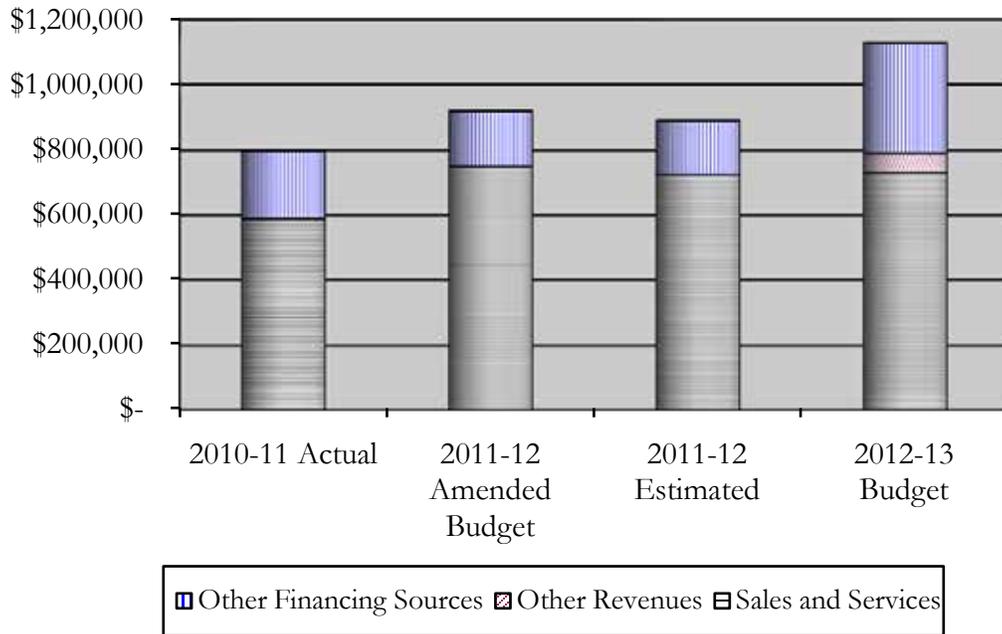
Item	New/Replacement	2012-13 Budget
GPS Unit	R	\$ 7,485
Repeater	R	11,523
Total		<u>\$ 19,008</u>

City of Lexington Natural Gas



GOLF FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Sales and Services	\$ 588,350	\$ 748,876	\$ 722,437	\$ 730,779
Other Revenues	1,067	250	240	60,200
Other Financing Sources	208,584	168,584	168,584	336,584
Total	\$ 798,001	\$ 917,710	\$ 891,261	\$ 1,127,563



**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

2012-13 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 08-09	FY 09-10	FY 10-11
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	30,467	28,340	27,094
Total golf revenues	\$644,406	\$604,562	\$566,555
Average dollar/round	\$21.15	\$21.33	\$20.91
Offer memberships or equivalent?	Yes	Yes	Yes

**GOLF DEPARTMENT
ENTERPRISE FUND**

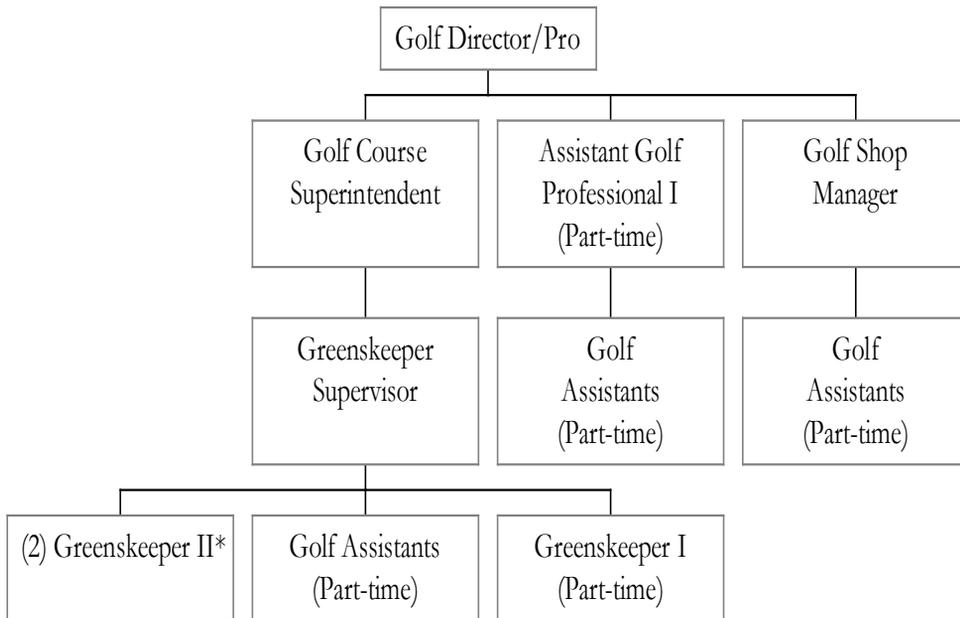
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 374,321	\$ 398,526	\$ 379,293	\$ 406,891
Operations	397,317	501,058	436,713	720,672
Capital Outlay	2,146	18,126	18,126	-
Total	\$ 773,784	\$ 917,710	\$ 834,132	\$ 1,127,563

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	5	5	5	5

Capital Outlay: None.

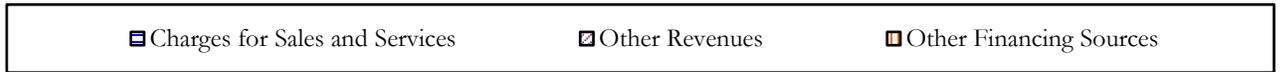
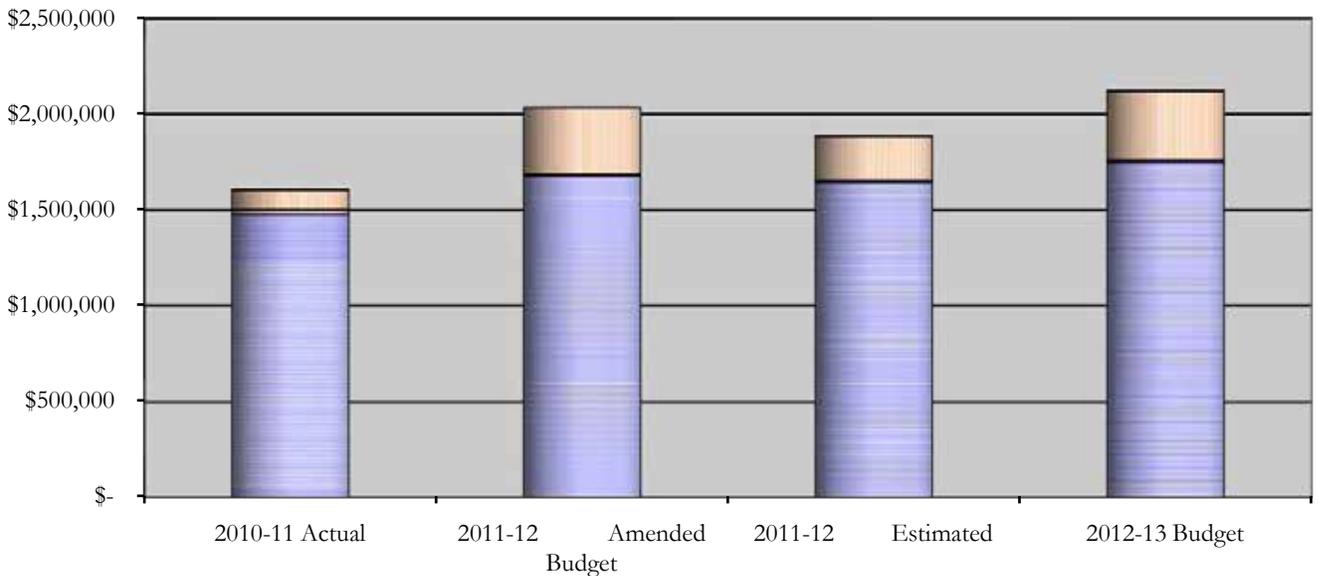
City of Lexington Golf



*1 Position not funded

GARAGE FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Charges for Sales and Services	\$ 1,477,625	\$ 1,679,510	\$ 1,649,195	\$ 1,754,090
Other Revenues	24,581	7,900	6,900	6,800
Other Financing Sources	104,675	345,790	229,465	360,514
Total	\$ 1,606,881	\$ 2,033,200	\$ 1,885,560	\$ 2,121,404



**GARAGE DEPARTMENT
INTERNAL SERVICE FUND**

Statement of Department's Purpose:

The purpose of the 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, provide services for customers other than city government departments as needed, keep and monitor inventory levels for fuel, diesel and replacement parts.

2012-13 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 08-09	FY 09-10	FY 10-11
# of dept. employees	8	7	7
# of mechanics	5	5	5
# of vehicles	270	270	270
Vehicles per mechanic	54	54	54
# of other repair units	181	181	181
Repair units per mechanic	36	36	36
Average age of total fleet	13 Years	14 Years	14 years
Average age of vehicle fleet	9 Years	11 Years	11 years
# of external customers	2	1	1

**GARAGE DEPARTMENT
INTERNAL SERVICE FUND**

Budget Summary:

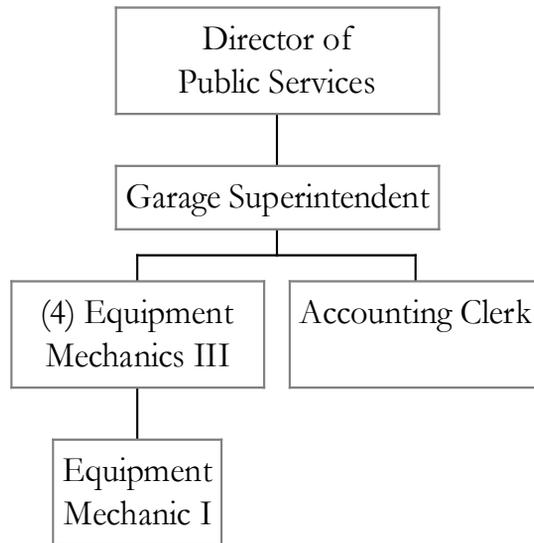
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 407,968	\$ 413,894	\$ 401,993	\$ 423,686
Operations	942,271	1,087,278	1,055,732	1,133,135
Capital Outlay	84,748	245,938	238,503	285,145
Other Financing Uses	126,215	286,090	286,090	279,438
Total	\$ 1,561,202	\$ 2,033,200	\$ 1,982,318	\$ 2,121,404

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	7	7	7	7

Capital Outlay:

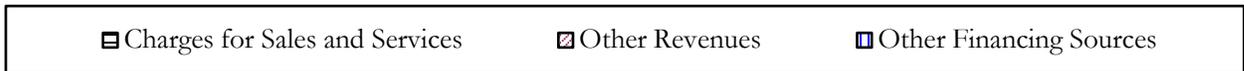
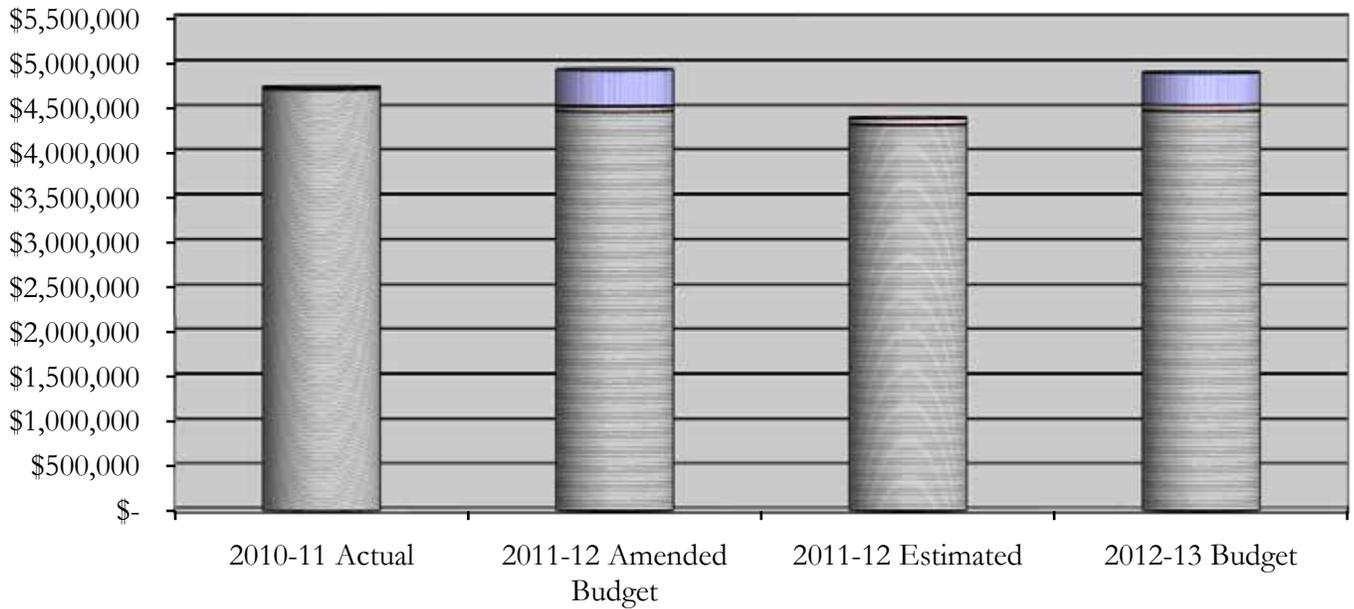
Item	New/Replacement	2012-13 Budget
Tandem Dump Truck	R	\$ 101,000
(2) Single Axle Dump Trucks	R	162,000
Compact Extended Cab 4X4 Truck	R	22,145
Total		\$ 285,145

City of Lexington Garage



GROUP INSURANCE FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Charges for Sales and Services	\$ 4,703,113	\$ 4,460,000	\$ 4,316,314	\$ 4,464,043
Other Revenues	24,738	60,900	63,250	73,000
Other Financing Sources	-	400,000	-	350,000
Total	\$ 4,727,851	\$ 4,920,900	\$ 4,379,564	\$ 4,887,043



**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.

2012-13 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 08-09	FY 09-10	FY 10-11
# of employees handling insurance	1	1	1
# of plan participants	429	424	421
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.

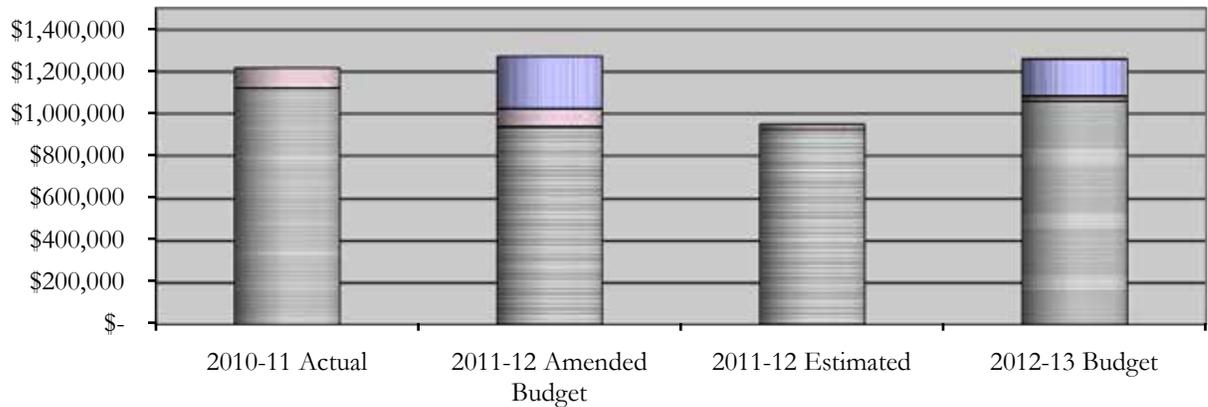
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Operations	\$ 4,116,707	\$ 4,920,900	\$ 4,920,900	\$ 4,863,027
Other Financing Uses	-	-	-	24,016
Total	\$ 4,116,707	\$ 4,920,900	\$ 4,920,900	\$ 4,887,043

Capital Outlay: None.

RISK MANAGEMENT FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Charges for Sales and Services	\$ 1,122,683	\$ 939,014	\$ 927,280	\$ 1,058,773
Other Revenues	95,335	83,700	20,800	25,100
Other Financing Sources	-	250,000	-	175,000
Total	\$ 1,218,018	\$ 1,272,714	\$ 948,080	\$ 1,258,873



Charges for Sales and Services
 Other Revenues
 Other Financing Sources

**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.

2012-13 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 08-09	FY 09-10	FY 10-11
# of employees in department	2	2	2
Self-insured	Yes	Yes	Yes
Amount of general liability coverage	\$6,700,000 / \$300,000	\$11,000,000 / \$300,000	\$11,000,000 / \$300,000
Amount of property coverage	\$89,000,000 Exc 1 mil	\$70,061,500 Exc 1 mil	\$80,524,942 Exc 1 mil
Amount of auto 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	\$699,116	\$632,548	\$498,006
# of workers compensation claims	64	86	53
\$ value of workers compensation claims	\$76,411	\$383,150	\$57,615
# of lost work days	116	885	79
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	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 146,681	\$ 146,630	\$ 146,620	\$ 147,515
Operations	873,193	1,117,480	1,024,832	1,111,358
Capital Outlay	-	8,604	8,604	-
Total	\$ 1,019,874	\$ 1,272,714	\$ 1,180,056	\$ 1,258,873

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	2	2	2	2

Capital Outlay: None.

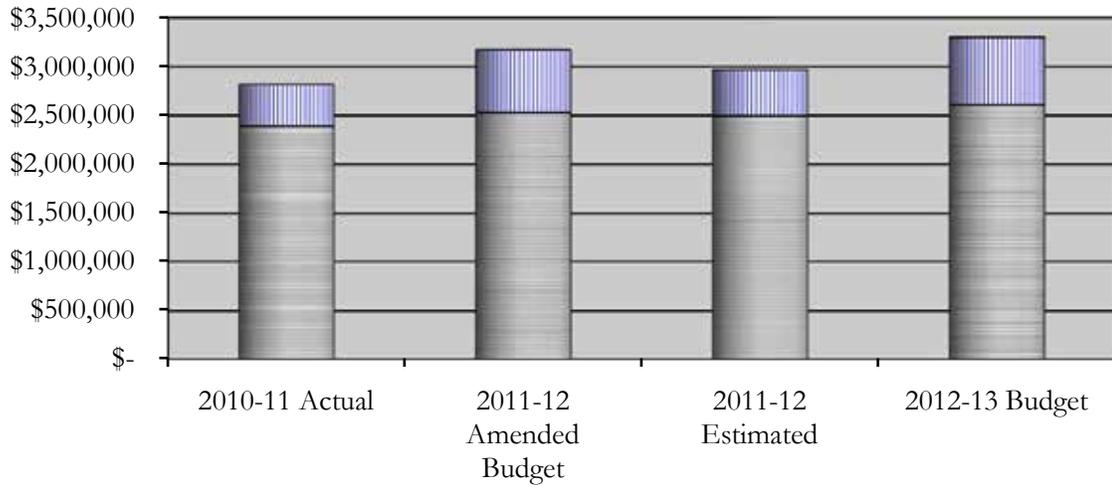
City of Lexington Risk Management



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

UTILITY ADMINISTRATION FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Charges for Sales and Services	\$ 2,392,167	\$ 2,527,465	\$ 2,495,965	\$ 2,607,024
Other Revenues	490	400	700	600
Other Financing Sources	419,415	640,846	467,750	692,750
Total	\$ 2,812,072	\$ 3,168,711	\$ 2,964,415	\$ 3,300,374



■ Charges for Sales and Services	■ Other Revenues	■ Other Financing Sources
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**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.

2012-13 Objectives:

- To update internal service department cost allocations annually based on services provided to other city departments
- 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 Accounts, NGVs, energy efficiency and audit programs
- Enhance department administrative efficiency by better managing common functions

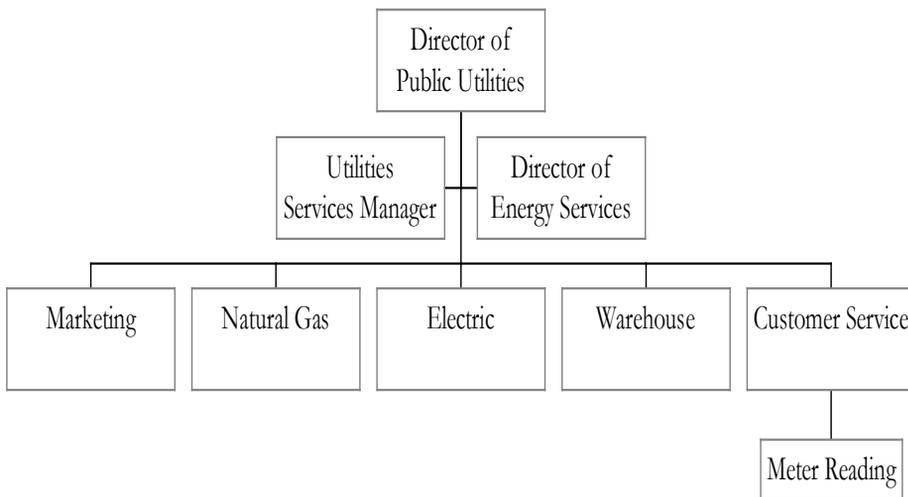
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 231,736	\$ 337,921	\$ 335,738	\$ 634,869
Operations	196,927	270,272	201,373	220,074
Capital Outlay	-	-	-	-
Other Financing Uses	419,415	467,750	467,750	542,750
Total	\$ 848,078	\$ 1,075,943	\$ 1,004,861	\$ 1,397,693

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	-	1	3	3
Board Members	5	5	5	5

Capital Outlay: None.

City of Lexington Public Utilities Administration



**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.

2012-13 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 08-09	FY 09-10	FY 10-11
# of dept. employees	14	14	14
# of bills/month	22,548	22,585	22,635
Cost of generating a bill (includes labor)	\$0.89	\$0.94	\$0.97
# of walk-in payments	132,464	119,542	114,100
# of dr/cr card payments	6,864	8,688	10,554
# of web payments	20,853	18,452	21,500
# of automated phone payments	2,977	11,798	14,045
# of pay arrangements	23,144	24,454	25,335
# of service requests processed	5,224	4,331	4,661

**CUSTOMER SERVICE DEPARTMENT
INTERNAL SERVICE FUND**

Budget Summary:

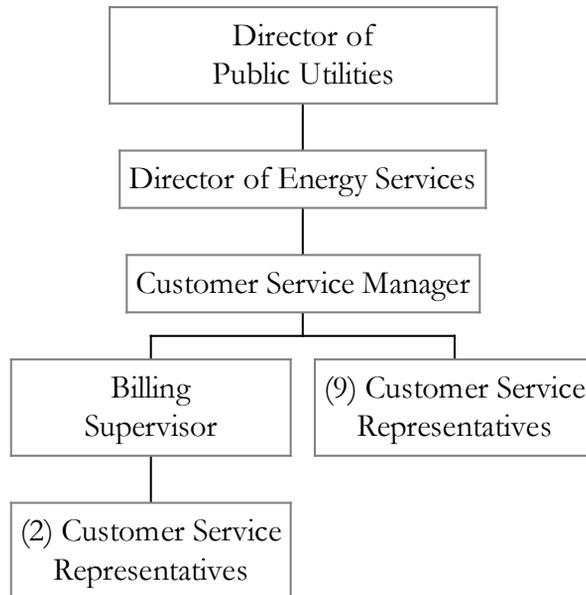
Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 630,261	\$ 675,708	\$ 639,855	\$ 587,155
Operations	314,412	387,978	321,524	316,804
Capital Outlay	-	37,572	37,572	22,000
Total	\$ 944,673	\$ 1,101,258	\$ 998,951	\$ 925,959

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	14	14	13	13

Capital Outlay:

Item	New/Replacement	2012-13 Budget
Upgrade City-Wide Voicemail System	R	\$ 22,000
Total		<u>\$ 22,000</u>

City of Lexington Customer Service



**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

2012-13 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 08-09	FY 09-10	FY 10-11
# of dept. employees	3	3	3
\$ value of inventory	\$1.69 Million	1.75 Million	1.80 Million
# of inventory items	1,708	1,732	1,875
# of departments served	3	3	3
# of pick tickets or work orders/year	1,100	800	900
# of pick tickets or work orders/employee	366	266	300

**WAREHOUSING DEPARTMENT
INTERNAL SERVICE FUND**

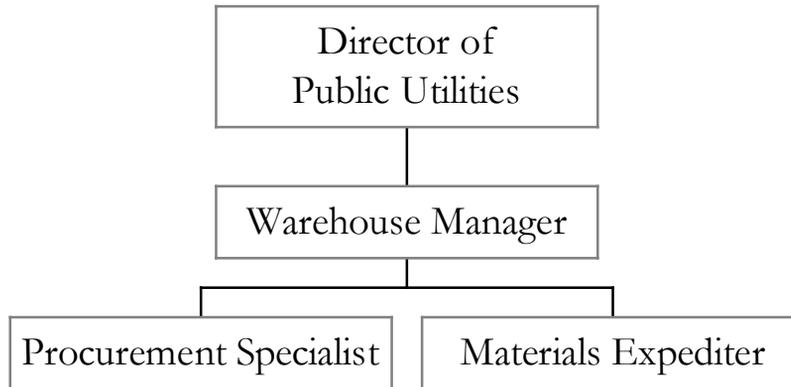
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 173,716	\$ 174,616	\$ 173,450	\$ 175,835
Operations	11,868	22,485	16,162	20,205
Capital Outlay	-	-	-	-
Total	\$ 185,584	\$ 197,101	\$ 189,612	\$ 196,040

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	3	3	3	3

Capital Outlay: None.

City of Lexington 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.

2012-13 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 City to broaden knowledge with “valued employee” concept in mind

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of employees reading meters	5	4	3
# of employees dedicated to disconnects, cut-offs, cut-ons	2	2	2
# of AMR meters	15,639	20,588	32,286
# of non-AMR meters	23,356	19,393	7,604
Non-AMR meters read per employee	4,671	4,848	2,534
# of disconnects per year for non-payment	4,274	3,385	2,366
# of miles driven	94,358	83,369	76,704

**METER READING DEPARTMENT
INTERNAL SERVICE FUND**

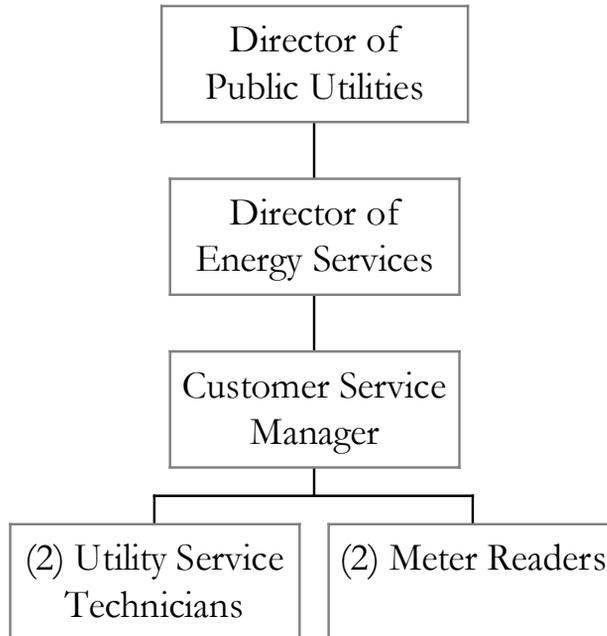
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 292,769	\$ 266,280	\$ 260,475	\$ 227,465
Operations	46,702	57,764	49,461	90,424
Capital Outlay	-	-	-	-
Total	\$ 339,471	\$ 324,044	\$ 309,936	\$ 317,889

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	5	4	4	4

Capital Outlay: None.

City of Lexington Meter Reading



**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
- Energy audits
- Energy conservation
- Utility incentive rebates
- Utility advertisements – TV, radio, newspapers, magazines, internet and sponsorships

2012-13 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
- Train and begin energy audits through the marketing department
- Provide incentive rebates to customers
- Improve safety awareness by creating a program for schools and community organizations

Performance Measures Summary:

Measures	FY 08-09	FY 09-10	FY 10-11
# of staff hours dedicated to marketing/week	99	80	60
Electric advertising budget	\$43,050	\$30,603	\$30,077
Natural Gas advertising budget	\$100,450	\$71,407	\$70,179
Water heater rebates	\$35,400	\$37,950	\$30,450
Heat pump rebates	\$80,800	\$64,400	\$71,550

**MARKETING DEPARTMENT
INTERNAL SERVICE FUND**

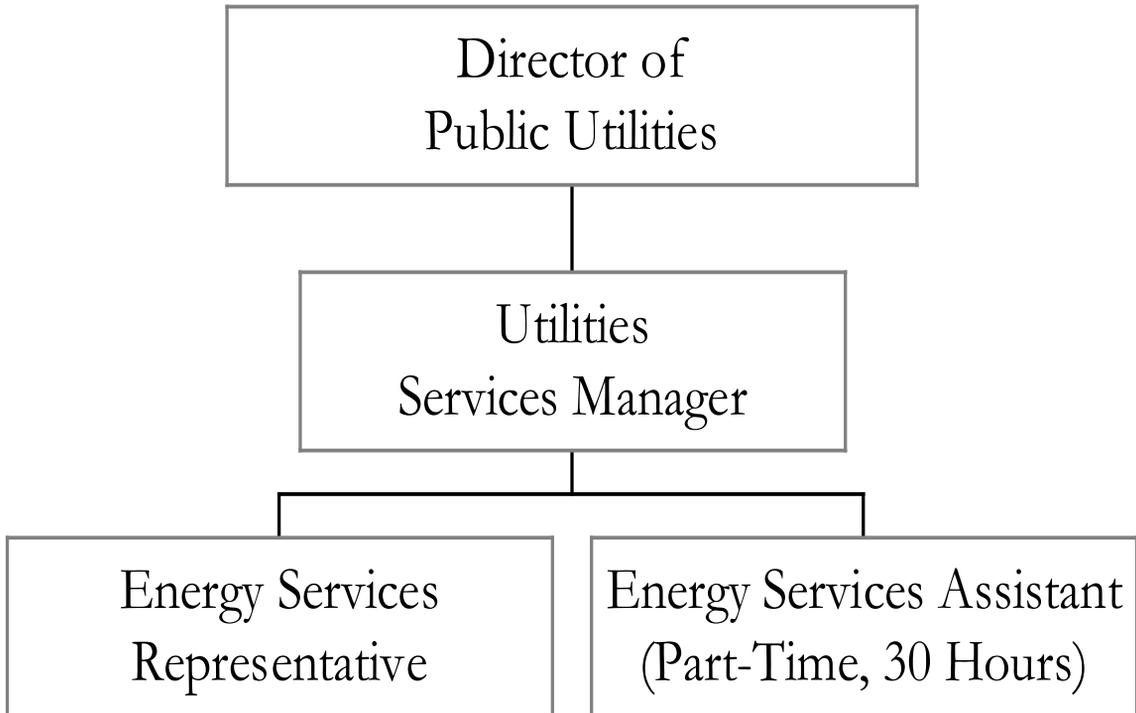
Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Personnel	\$ 85,090	\$ 91,323	\$ 81,701	\$ 108,931
Operations	299,466	379,042	313,759	353,862
Capital Outlay	-	-	-	-
Total	\$ 384,556	\$ 470,365	\$ 395,460	\$ 462,793

Personnel Positions	2010-11 Authorized	2011-12 Authorized	2012-13 Authorized	2012-13 Funded
Full Time	2	2	1	1

Capital Outlay: None.

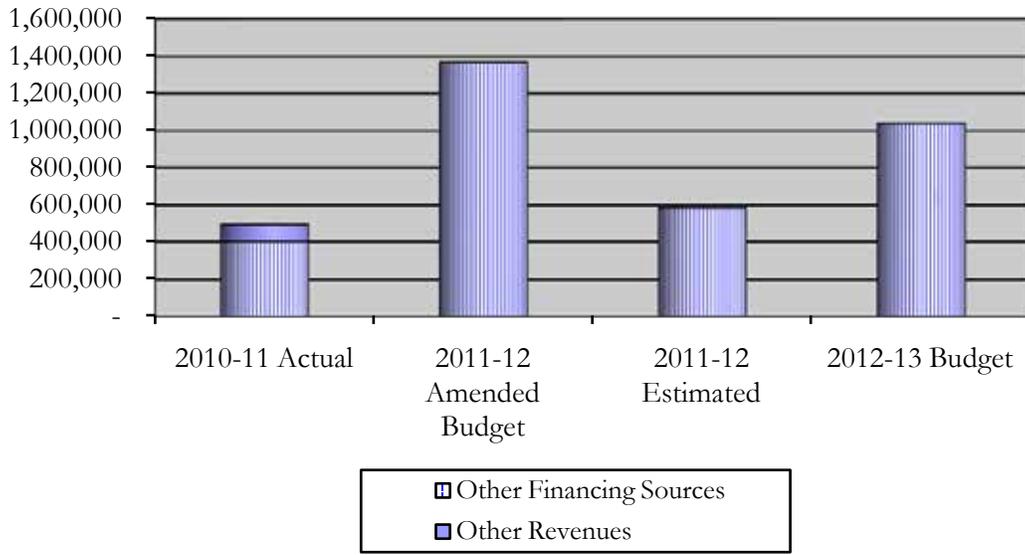
City of Lexington Marketing





**CAPITAL RESERVE FUND
REVENUE SUMMARY**

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Other Revenues	\$ 93,806	\$ -	\$ -	\$ -
Other Financing Sources	401,215	1,366,880	586,090	1,039,583
Total	\$ 495,021	\$ 1,366,880	\$ 586,090	\$ 1,039,583



**CAPITAL RESERVE
INTERNAL SERVICE FUND**

Statement of Department's Purpose:

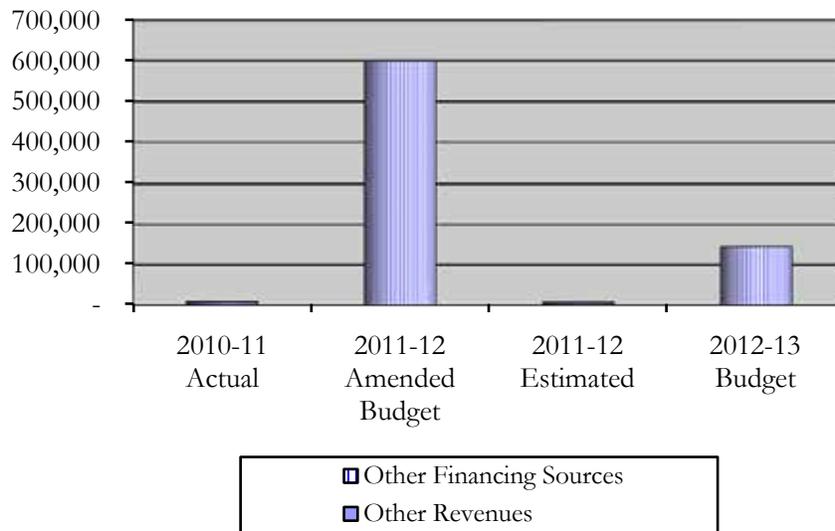
The Capital Reserve Fund provides for the accumulation of financial resources for future capital project and equipment needs in the Electric, Water and Wastewater and Natural Gas utilities, as well as for the Golf Course and Garage vehicle and equipment fleet.

Budget Summary:

Expenditure Summary	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Capital Reserve	\$ -	\$ 586,090	\$ -	\$ 504,438
Other Financing Uses	104,675	780,790	779,465	535,145
Total	\$ 104,675	\$ 1,366,880	\$ 779,465	\$ 1,039,583

RATE STABILIZATION FUND REVENUE SUMMARY

Sources	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Other Revenues	\$ 8,876	\$ -	\$ 6,900	\$ -
Other Financing Sources	-	600,000	-	145,000
Total	\$ 8,876	\$ 600,000	\$ 6,900	\$ 145,000



**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	2010-11 Actual	2011-12 Amended Budget	2011-12 Estimated	2012-13 Budget
Rate Stabilization	\$ -	\$ 100,000	\$ -	\$ -
Other Financing Uses	375,000	500,000	500,000	145,000
Total	\$ 375,000	\$ 600,000	\$ 500,000	\$ 145,000

**CAPITAL PROJECTS SUMMARY
FY 2012-13 BUDGET**

General Fund:

Lexington Furniture Industries Plant One Property (1)	<u>\$84,077</u>
Total General Fund Capital Projects	<u>\$84,077</u>

Electric Fund:

Replace Wallburg Substation Transformer (2)	<u>\$650,000</u>
Total Electric Fund Capital Projects	<u>\$650,000</u>

Water and Wastewater Fund:

Water Plant Phase II Disinfection Byproduct Mandated Regulations (3)	<u>\$200,000</u>
Total Water and Wastewater Fund Capital Projects	<u>\$200,000</u>

Natural Gas Fund:

Phase I Training Qualifications Center Construction (4)	<u>\$40,000</u>
Total Natural Gas Fund Capital Projects	<u>\$40,000</u>

Utility Administration Fund:

Automated Meter Reading (5)	<u>\$542,750</u>
Total Utility Administration Fund Capital Projects	<u>\$542,750</u>

Grand Total - Capital Projects **\$1,516,827**

- (1) Funding for redevelopment of Lexington Furniture Industries Plant One Property in FY12-13 will be provided by leasing warehouse space to two tenants, Lexington Furniture Industries and Carolina Apparatus Repair and Service.
- (2) \$650,000 will be transferred from Electric operations and cash reserves in the Capital Reserve Fund to fund this capital project for FY12-13.
- (3) \$200,000 will be transferred from Water and Wastewater operations to fund this capital project for FY12-13.
- (4) \$40,000 will be transferred from Natural Gas operations to fund this capital project for FY12-13.
- (5) Year 7 of an 8 year implementation plan. Funding for FY12-13 will be provided from each fund as follows: Electric Fund \$167,750, Water and Wastewater Fund \$225,000 and Natural Gas Fund \$150,000.



CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 12-40

BUDGET ORDINANCE FOR THE CITY OF LEXINGTON GENERAL, SPECIAL REVENUE,
AND ENTERPRISE FUNDS FOR FISCAL YEAR JULY 1, 2012 THROUGH JUNE 30, 2013.

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, 2012, and ending June 30, 2013, in accordance with the chart of accounts heretofore established for this City:

General Government	\$ 5,411,813
Public Safety	9,001,458
Highways and Streets	2,391,740
Sanitation	1,829,430
Culture and Recreation	1,555,159
Economic Development	143,609
Debt Service	693,977
Other Financing Uses	<u>207,984</u>
Total Appropriations	<u>\$21,235,170</u>

Section 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2012, and ending June 30, 2013:

Ad Valorem Taxes	\$ 8,557,564
Other Taxes	258,730
Unrestricted Intergovernmental	4,909,034
Restricted Intergovernmental	697,274
Permits & Fees	176,000
Sales & Services	1,058,261
Administrative Charges	1,900,413
Interest	30,000
Miscellaneous	48,850
Other Financing Sources	<u>3,599,044</u>
Total Estimated Revenues	<u>\$21,235,170</u>

Section 3. The following amounts are hereby appropriated in the Special Revenue Fund – Controlled Substance for the fiscal year beginning July 1, 2012, and ending June 30, 2013, in accordance with the chart of accounts heretofore established for this City:

Public Safety	\$ 771,560
Other Financing Uses	<u>5,000</u>
Total Appropriations	<u>\$ 776,560</u>

Section 4. It is estimated that the following revenues will be available for the Special Revenue Fund – Controlled Substance for the fiscal year beginning July 1, 2012, and ending June 30, 2013:

Other Financing Sources	\$ 776,560
Total Estimated Revenues	<u>\$ 776,560</u>

Section 5. The following amounts are hereby appropriated in the Special Revenue Fund – Special Tax District for the fiscal year beginning July 1, 2012, and ending June 30, 2013, in accordance with the chart of accounts heretofore established for this City:

Economic Development	\$ 94,669
Total Appropriations	<u>\$ 94,669</u>

Section 6. It is estimated that the following revenues will be available for the Special Revenue Fund – Special Tax District for the fiscal year beginning July 1, 2012, and ending June 30, 2013:

Ad Valorem Taxes	\$ 94,669
Total Estimated Revenues	<u>\$ 94,669</u>

Section 7. The following amounts are hereby appropriated in the Electric Fund for the operation of the electric system for the fiscal year beginning July 1, 2012, and ending June 30, 2013, in accordance with the chart of accounts heretofore established for this City:

Electric Utility Operations	\$48,115,052
Debt Service	712,783
Other Financing Uses	<u>2,345,781</u>
Total Appropriations	<u>\$51,173,616</u>

Section 8. It is estimated that the following revenues will be available in the Electric Fund for the fiscal year beginning July 1, 2012, and ending June 30, 2013:

Sales & Services	\$49,164,592
Other Revenues	1,614,024
Other Financing Sources	<u>395,000</u>
Total Estimated Revenues	<u>\$51,173,616</u>

Section 9. The following amounts are hereby appropriated in the Water and Wastewater Fund for the operation of the water and wastewater system for the fiscal year beginning July 1, 2012, and ending June 30, 2013, in accordance with the chart of accounts heretofore established for this City:

Water and Wastewater Utility Operations	\$ 6,649,321
Debt Service	975,351
Other Financing Uses	<u>978,351</u>
Total Appropriations	<u>\$ 8,603,023</u>

Section 10. It is estimated that the following revenues will be available in the Water and Wastewater Fund for the fiscal year beginning July 1, 2012, and ending June 30, 2013:

Unrestricted Intergovernmental	\$ 11,315
Sales & Services	8,417,824
Other Revenues	<u>173,884</u>
Total Estimated Revenues	<u>\$ 8,603,023</u>

Section 11. The following amounts are hereby appropriated in the Natural Gas Fund for the operation of the natural gas system for the fiscal year beginning July 1, 2012, and ending June 30, 2013, in accordance with the chart of accounts heretofore established for this City:

Natural Gas Utility Operations	\$10,621,906
Debt Service	673,333
Other Financing Uses	<u>1,140,646</u>
Total Appropriations	<u>\$12,435,885</u>

Section 12. It is estimated that the following revenues will be available in the Natural Gas Fund for the fiscal year beginning July 1, 2012, and ending June 30, 2013:

Unrestricted Intergovernmental	\$ 32,059
Sales & Services	12,352,726
Other Revenues	<u>51,100</u>
Total Estimated Revenues	<u>\$12,435,885</u>

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, 2012, and ending June 30, 2013, in accordance with the chart of accounts heretofore established for this City:

Golf Course Operations	\$ 930,189
Debt Service	<u>197,374</u>
Total Appropriations	<u>\$ 1,127,563</u>

Section 14. It is estimated that the following revenues will be available in the Golf Fund for the fiscal year beginning July 1, 2012, and ending June 30, 2013:

Sales & Services	\$ 730,779
Other Revenues	60,200
Other Financing Sources	<u>336,584</u>
Total Estimated Revenues	<u>\$ 1,127,563</u>

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, 2012, 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 \$1,483,100,780 and the Fiscal Year 2011-2012 estimated rate of collection of 93.25%.

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, 2012, 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 \$50,355,875 and the Fiscal Year 2011-2012 estimated rate of collection of 94%.

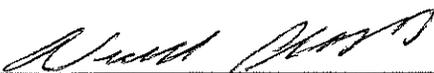
Section 17. The 2012-2013 Budget Ordinance may be adjusted during the year for Revenue and Expenditure or for policy that has not been determined. All changes will be approved by City Council.

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:

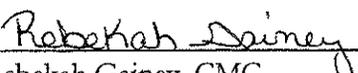
1. The total expenditures of any functional area or fund do not exceed the original appropriation or any amended amount approved by the City Council;
2. No transfer can take place between functional areas in a fund or between funds without prior City Council action;
3. No transfer can grant a salary 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 14th day of June, 2012.



Newell Clark, Mayor



Rebekah Gainey, CMC
Deputy City Clerk



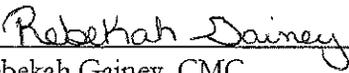
4. No transfer can authorize the purchase of a capital outlay item \$20,000 or greater that has not been previously approved by the City Council; if the purchase results in an increase to the City's fleet of vehicles, a report is required at the next regular meeting of City Council;
5. No transfer from 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 14th day of June, 2012.



Newell Clark, Mayor



Rebekah Gainey, CMC
Deputy City Clerk



CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 12-41

FINANCIAL PLAN FOR THE CITY OF LEXINGTON INTERNAL SERVICE FUNDS FOR
FISCAL YEAR JULY 1, 2012 THROUGH JUNE 30, 2013.

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: Garage Fund, Group Insurance Fund, Risk Management Fund and Utility Administration Fund for the Fiscal Year beginning July 1, 2012, and ending June 30, 2013.

GARAGE FUND

Appropriations Authorized \$ 2,121,404

Anticipated Revenues \$ 2,121,404

GROUP INSURANCE FUND

Appropriations Authorized \$ 4,887,043

Anticipated Revenues \$ 4,887,043

RISK MANAGEMENT FUND

Appropriations Authorized \$ 1,258,873

Anticipated Revenues \$ 1,258,873

UTILITY ADMINISTRATION FUND

Appropriations Authorized \$ 3,300,374

Anticipated Revenues \$ 3,300,374

Section 2. The 2012-2013 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;

CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 12-42

BUDGET ORDINANCE FOR THE CITY OF LEXINGTON CAPITAL PROJECT FUNDS FOR
FISCAL YEAR JULY 1, 2012 THROUGH JUNE 30, 2013.

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 Lexington Home Brands and Carolina Apparatus Repair and Service.

The Electric Construction in Progress project authorized is the Wallburg Substation Transformer project to be financed by a transfer from the Electric Fund and Electric cash reserves in the Capital Reserve Fund.

The Water and Wastewater Construction in Progress project authorized is the Water Plant Phase II Disinfection Byproduct Mandated Regulations project to be financed by a transfer from the Water and Wastewater Fund.

The Natural Gas Construction in Progress project authorized is the Phase I 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 ongoing implementation of Automated Meter Reading to be financed by a transfer from the Utility Administration Fund consisting of reserves from 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	<u>\$ 84,077</u>
Total Appropriations	<u>\$ 84,077</u>

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

Property Rental (LFI Plant One Property)	<u>\$ 84,077</u>
Total Estimated Revenues	<u>\$ 84,077</u>

Section 5. The following amounts are appropriated for the Electric Construction in Progress Fund:

Wallburg Substation Transformer	<u>\$ 650,000</u>
Total Appropriations	<u>\$ 650,000</u>

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

Other Financing Sources – Transfer from Electric Fund	<u>\$ 650,000</u>
Total Estimated Revenues	<u>\$ 650,000</u>

Section 7. The following amounts are appropriated for the Water and Wastewater Construction in Progress Fund:

Water Plant Phase II Disinfection Byproduct Mandated Regulations	<u>\$ 200,000</u>
Total Appropriations	<u>\$ 200,000</u>

Section 8. The following revenues are anticipated to be available for the Water and Wastewater Construction in Progress Fund:

Other Financing Sources – Transfer from Water and Wastewater Fund	<u>\$ 200,000</u>
Total Estimated Revenues	<u>\$ 200,000</u>

Section 9. The following amounts are appropriated for the Natural Gas Construction in Progress Fund:

Phase I Training Qualifications Center Construction	<u>\$ 40,000</u>
Total Appropriations	<u>\$ 40,000</u>

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

Other Financing Sources – Transfer from Natural Gas Fund	<u>\$ 40,000</u>
Total Estimated Revenues	<u>\$ 40,000</u>

Section 11. The following amounts are appropriated for the Utility Administration Construction in Progress Fund:

Automated Meter Reading	<u>\$ 542,750</u>
Total Appropriations	<u>\$ 542,750</u>

Section 12. The following revenues are anticipated to be available for the Utility Administration Construction in Progress Fund:

Other Financing Sources – Transfer from Utility Administration Fund	<u>\$ 542,750</u>
Total Estimated Revenues	<u>\$ 542,750</u>

Section 13. The Finance Officer is hereby directed to maintain within these funds sufficient specific detailed accounting records.

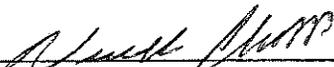
Section 14. Copies of this capital project ordinance shall be furnished to the Clerk, City Council, Budget Officer and the Finance Officer for direction in carrying out these projects.

Section 15. 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.

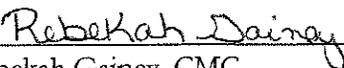
Section 16. The 2012-2013 Budget Ordinance may be adjusted during the year for Revenue and Expenditure or for policy that has not been determined. All changes will be approved by City Council.

Section 17. 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.

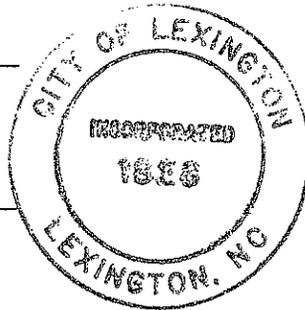
Section 18. This ordinance is effective upon its adoption. This the 14th day of June, 2012.



Newell Clark, Mayor



Rebekah Gainey, CMC
Deputy City Clerk



CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 12-43

ORDINANCE AMENDING THE ESTABLISHMENT AND MAINTENANCE OF THE CAPITAL RESERVE FUND FOR FISCAL YEAR JULY 1, 2012 THROUGH JUNE 30, 2013.

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 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 Garage 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 Garage Fund will make transfers to the Capital Reserve Fund when funds are received by the Garage 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 Garage 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, 2012 and ending June 30, 2013, in accordance with the chart of accounts heretofore established for this City:

Capital Reserve – Water and Wastewater	\$ 225,000
Capital Reserve – Garage	279,438
Other Financing Uses – Transfer to Electric Fund	250,000
Other Financing Uses – Transfer to Garage Fund	<u>285,145</u>
Total Appropriations	<u>\$1,039,583</u>

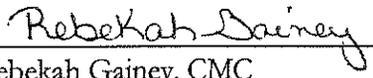
Section 10. It is estimated that the following revenues will be available in the Capital Reserve Fund for the fiscal year beginning July 1, 2012, and ending June 30, 2013:

Other Financing Sources	<u>\$1,039,583</u>
Total Estimated Revenues	<u>\$1,039,583</u>

ADOPTED this the 14th day of June, 2012.



 Newell Clark, Mayor



 Rebekah Gainey, CMC
 Deputy City Clerk



CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 12-44

ORDINANCE AMENDING THE ESTABLISHMENT AND MAINTENANCE OF THE RATE STABILIZATION FUND FOR FISCAL YEAR JULY 1, 2012 THROUGH JUNE 30, 2013.

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 and natural gas system known as the Enterprise Funds; and

Section 2. Whereas, the effective operation of the Enterprise Funds requires prudent financial management of retail rates for the City utility customers; and

Section 3. Whereas, the City of Lexington has established a Rate Stabilization Fund for the purpose of maintaining stabilized and competitive customer retail rates for the Enterprise Funds; and

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

Section 5. Whereas, the Rate Stabilization Fund should accumulate funds sufficient to stabilize future retail rate increases for the Enterprise Funds and the reserves accumulated will be used for said purpose; and

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

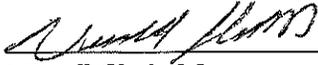
Section 7. Whereas, for the City of Lexington to have available funds for the future to maintain level and stable rates, the following amounts are hereby appropriated in the Rate Stabilization Fund for the fiscal year beginning July 1, 2012 and ending June 30, 2013, in accordance with the chart of accounts heretofore established for this City:

Other Financing Uses – Transfer to Electric Fund	<u>\$145,000</u>
Total Appropriations	<u>\$145,000</u>

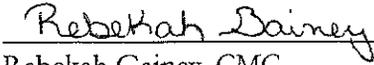
Section 8. It is estimated that the following revenues will be available in the Rate Stabilization Fund for the fiscal year beginning July 1, 2012, and ending June 30, 2013:

Other Financing Sources	<u>\$145,000</u>
Total Estimated Revenues	<u>\$145,000</u>

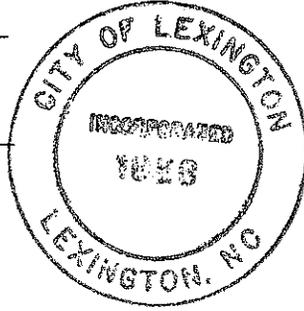
ADOPTED this the 14th day of June, 2012.



Newell Clark, Mayor



Rebekah Gainey, CMC
Deputy City Clerk



CITY OF LEXINGTON, NC
BUDGET ORDINANCE NO. 12-45

BUDGET ORDINANCE FOR THE CITY OF LEXINGTON ECONOMIC STIMULUS
GRANTS SPECIAL REVENUE FUND FOR FISCAL YEAR JULY 1, 2012 THROUGH JUNE 30,
2013.

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 grant project ordinance is hereby adopted:

Section 1. The grant project authorized is for redeveloping and rehabilitating residential properties in Lexington neighborhoods negatively impacted by the recent housing crisis. In addition to \$2,100,000 Neighborhood Stabilization Program grant revenues, this project will be financed by \$157,600 in local leveraging funds which will be funded equally over four years. Fiscal year 2012-2013 represents year four of this funding requirement.

Section 2. The officers of this unit are hereby directed to proceed with the grant project within the terms of the grant document(s), the rules and regulations of the North Carolina Department of Commerce, Division of Community Investment and Assistance and the budget contained herein.

Section 3. The following amounts are appropriated for the grant project:

Neighborhood Stabilization Program	\$39,400
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Section 4. The following revenues are anticipated to be available for the grant project:

Other Financing Sources – Transfer from General Fund	\$39,400
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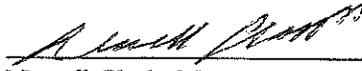
Section 5. The Finance Officer is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to provide the accounting to the grantor agency required by the grant agreement(s) and federal and state regulations.

Section 6. Copies of this grant project ordinance shall be furnished to the Clerk, City Council, Budget Officer and the Finance Officer for direction in carrying out this project.

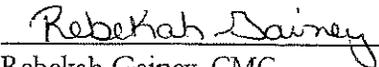
Section 7. The Budget Officer (City Manager or Assistant City Manager) is hereby authorized to transfer funds from one line item to another line item without further approval by the City Council, subject to the regulations of the North Carolina Department of Commerce, Division of Community Investment and Assistance.

Section 8. 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 9. This ordinance is effective upon its adoption. This the 14th day of June, 2012.



Newell Clark, Mayor



Rebekah Gainey, CMC
Deputy City Clerk



CITY OF LEXINGTON, NC
RESOLUTION NO. 20-12

RESOLUTION APPROVING FEE AND RATE CHANGES FOR THE POLICE, BUSINESS & COMMUNITY DEVELOPMENT, ELECTRIC, WATER & WASTEWATER, NATURAL GAS, GOLF AND CUSTOMER SERVICE DEPARTMENTS.

WHEREAS, the City of Lexington City Council has reviewed the fees and rates for the Police, Business & Community Development, Electric, Water & Wastewater, Natural Gas, Golf and Customer Service 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 – Police Fees

Attachment B – Business & Community Development Fees

Attachment C – Golf Fees

Attachment D – Customer Service Fees

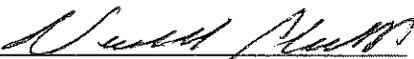
Attachment E – Electric Rates

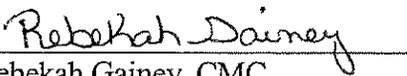
Attachment F – Water & Wastewater Rates

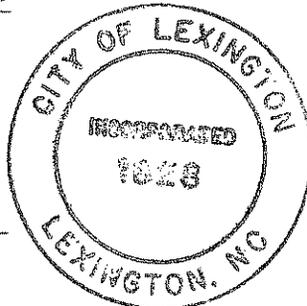
Attachment G – Natural Gas Rates

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

ADOPTED this the 14th day of June, 2012.


Newell Clark, Mayor


Rebekah Gainey, CMC
Deputy City Clerk



POLICE FEES

Type of Fee	Current Fee	Proposed Fee 7/1/2012
Precious Metal Permits*:		
Dealer Annual Permit	Ratify \$180.00	Ratify \$180.00
Employee Registration Permit (first year)	Ratify \$10.00	Ratify \$10.00
Employee Registration Permit (annual renewal)	Ratify \$3.00	Ratify \$3.00

*Permit governed by N.C. General Statute 66-165

BUSINESS & COMMUNITY DEVELOPMENT FEES

Type of Fee	Current Fee	Proposed Fee 7/1/2012
Land Use & Development: Conditional Use Permits	\$400.00	N/A
General: Cancellation Fee for Nuisance Abatement (mowing, boarding/securing houses)	N/A	\$50.00

GOLF FEES

Type of Fee	Current Fee	Proposed Fee 7/1/2012
Daily Fees: Weekday Evening* Weekend Evening*	Promotional Promotional	\$6.00 \$10.00

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

CUSTOMER SERVICE FEES

Type of Fee	Current Fee	Proposed Fee 7/1/2012
Customer Service Fees: Natural Gas Reconnect Fee for Seasonal Usage - Residential, Small and Medium Commercial, Gas Light Sales*	\$36.00	\$75.00
Utility Deposits: Area Light Deposit: Good Credit History No Credit History Bad Credit History	Ratify \$0.00 Ratify \$37.00 Ratify \$37.00	Ratify \$0.00 Ratify \$37.00 Ratify \$37.00

*Current Gas Light Fee is \$30

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	\$17.25	\$17.25
Minimum Charge:	Basic Facilities Charge	
Energy Charges:		
First 500 kWh	\$.1213 per kWh	\$.1145 per kWh
Next 500 kWh	\$.1171 per kWh	\$.1104 per kWh
Over 1,000 kWh	\$.1144 per kWh	\$.1078 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	\$17.25	\$17.25
Minimum Charge:	Basic Facilities Charge	
Energy Charges:		
First 500 kWh	\$.1145 per kWh	\$.1078 per kWh
Next 500 kWh	\$.1099 per kWh	\$.1032 per kWh
Over 1,000 kWh	\$.1068 per kWh	\$.1001 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		\$58.29
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
First 10 kW	\$5.67 per kW	\$5.67 per kW
All Over 10 kW	\$11.72 per kW	\$11.72 per kW
Energy Charge:		
<i>First 100 kWh per kW Billing Demand Per Month</i>		
First 3,000 kWh	\$.1029 per kWh	\$.0966 per kWh
All Over 3,000 kWh	\$.0749 per kWh	\$.0686 per kWh
<i>Next 200 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0714 per kWh	\$.0649 per kWh
<i>All Over 300 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0616 per kWh	\$.0551 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		\$64.76
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
First 10 kW	\$5.67 per kW	\$5.67 per kW
All Over 10 kW	\$11.72 per kW	\$11.72 per kW
Energy Charge:		
<i>First 100 kWh per kW Billing Demand Per Month</i>		
First 1,875 kWh	\$.1204 per kWh	\$.1139 per kWh
All Over 1,875 kWh	\$.0842 per kWh	\$.0777 per kWh
<i>Next 200 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0744 per kWh	\$.0681 per kWh
<i>All Over 300 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0622 per kWh	\$.0557 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		\$77.71
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
All kW	\$11.72 per kW	\$11.72 per kW
Energy Charge:		
<i>First 100 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0948 per kWh	\$.0898 per kWh
<i>Next 200 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0858 per kWh	\$.0796 per kWh
<i>All Over 300 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0756 per kWh	\$.0693 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		\$194.28
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
All kW	\$11.72 per kW	\$11.72 per kW
Energy Charge:		
<i>First 100 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0873 per kWh	\$.0808 per kWh
<i>Next 200 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0808 per kWh	\$.0745 per kWh
<i>All Over 300 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0673 per kWh	\$.0608 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		\$218.91
Minimum Charge:	Basic Facilities Charge	
	Summer	Non-Summer
Demand Charge:		
All kW	\$11.72 per kW	\$11.72 per kW
Energy Charge:		
<i>First 100 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0862 per kWh	\$.0797 per kWh
<i>Next 200 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0770 per kWh	\$.0704 per kWh
<i>All Over 300 kWh per kW Billing Demand Per Month</i>		
All kWh	\$.0649 per kWh	\$.0584 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	\$135.00
Minimum Charge:	Basic Facilities Charge
Demand Charge:	
All kW	\$11.72 per kW
Energy Charge:	
First 100 kWh per kW Billing Demand Per Month	
All kWh	\$.0595 per kWh
Next 200 kWh per kW billing Demand Per Month	
All kWh	\$.0576 per kWh
All Over 300 kWh per kW Billing Demand Per Month	
All kWh	\$.0554 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	\$400.00
Minimum Charge:	Basic Facilities Charge
Demand Charge:	
All kW	\$11.72 per kW
Energy Charge:	
First 100 kWh per kW Billing Demand Per Month	
All kWh	\$.0638 per kWh
Next 200 kWh per kW billing Demand Per Month	
All kWh	\$.0597 per kWh
All Over 300 kWh per kW Billing Demand Per Month	
All kWh	\$.0558 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	\$630.00
Minimum Charge:	Basic Facilities Charge
Demand Charge:	
All kW	\$11.72 per kW
Energy Charge:	
First 100 kWh per kW Billing Demand Per Month	
All kWh	\$.0596 per kWh
Next 200 kWh per kW billing Demand Per Month	
All kWh	\$.0564 per kWh
All Over 300 kWh per kW Billing Demand Per Month	
All kWh	\$.0532 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	\$28.51
Minimum Charge:	Basic Facilities Charge
Energy Charges:	
First 50 kWh	\$.1984 per kWh
All Over 50 kWh	\$.1198 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 \$5.86 per luminary.

For Billing Months Energy

Rate

All kWh

\$0.0898 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	\$7.96
Minimum Charge:	Basic Facilities Charge
Energy Charges:	
First 50 kWh	\$.2072 per kWh
All Over 50 kWh	\$.0826 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	\$8.52
20,000	152	400 Watt Mercury Vapor	\$15.16
9,500	47	100 Watt High Pressure Sodium	\$8.52
27,500	104	250 Watt High Pressure Sodium	\$15.16
36,000	136	400 Watt Metal Halide	\$15.16
9,500	47	100 Watt Decorative Lantern	\$13.23
9,500	47	100 Watt Decorative Acorn	\$21.16
14,000	60	175 Watt Metal Halide Acorn	\$20.47
38,000	136	400 Watt Metal Halide Shoe-Box Single	\$25.27
38,000	272	400 Watt Metal Halide Shoe-Box Twin	\$37.92

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	\$45.29

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)	\$66.39
B. Demand Charge:	
Monthly CP Demand	
Summer (June-Sept.)	\$22.76 per kW
Winter (Oct.-May)	\$ 6.65 per kW
Excess Demand (all months)	\$ 2.00 per kW
C. Energy Charges:	
First 438 kWh per CP kW of Billing Demand	\$0.0464 per kWh
All remaining kWh	\$0.0424 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)	\$66.39
B. Demand Charge:	
Monthly CP Demand	
Summer (June-Sept.)	\$21.16 per kW
Winter (Oct.-May)	\$ 2.65 per kW
Excess Demand (all months)	\$ 2.00 per kW
C. Energy Charges:	
First 438 kWh per CP kW of Billing Demand	\$0.0454 per kWh
All remaining kWh	\$0.0412 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)	\$331.89
B. Demand Charge:	
Monthly CP Demand	
Summer (June-Sept.)	\$22.12 per kW
Winter (Oct.-May)	\$ 3.99 per kW
Excess Demand (all months)	\$ 2.00 per kW
C. Energy Charges:	
First 438 kWh per CP kW of Billing Demand	\$0.0454 per kWh
All remaining kWh	\$0.0399 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

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	\$ 0.47	\$ 0.00	\$ 0.47/customer
Commercial	\$ 2.31	\$ 0.00	\$ 2.31/customer
Industrial	\$23.82	\$ 0.00	\$23.82/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. 1
Rider REC-1

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 where a part or all of the electrical requirements of the customer can be supplied from the customer’s generating system. 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. 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, 2013 for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the Power Purchase Agreement

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

MONTHLY CREDIT

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

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

	<u>Variable</u>	<u>Fixed Long-term Rate</u>		
		<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>
On-peak energy*	\$0.0332	\$0.0343	\$0.0372	\$0.0396
Off-peak energy	\$0.0098	\$0.0103	\$0.0109	\$0.0113

Renewable Energy Credit Rider No. 1
Rider REC-1

Solar Photovoltaic Energy Credit (\$ Per kWh):

		<u>Fixed Long-term Rate</u>		
	<u>Variable</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>
All energy*	\$0.0355	\$0.0366	\$0.0394	\$0.0418

* These energy credits include a capacity component.

Monthly Energy:

Monthly energy shall be the total kWh of energy delivered by the Customer's renewable energy generating system 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. 1
Rider REC-1

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.

Originally Adopted December 13, 2010.

PROPOSED WATER RATES
EFFECTIVE JULY 1, 2012

Increase outside differential to 225%

Outside City

Meter Size	Current Rate	Proposed 7/1/2012
Base Charge		
5/8"	\$ 21.12	\$ 23.76
1"	52.78	59.38
1.5"	105.58	118.78
2"	168.92	190.04
3"	316.72	356.31
4"	527.88	593.87
6"	1,055.76	1,187.73
8"	1,689.20	1,900.35
Volume Charge/CCF		
	Current Rate	Proposed 7/1/2012
	\$ 3.12	\$ 3.51
ED Volume Charge/CCF		
	Current Rate	Proposed 7/1/2012
	\$ 2.29	\$ 2.34

PROPOSED WASTEWATER RATES
EFFECTIVE JULY 1, 2012

Increase outside differential to 225%

Outside City

Meter Size	Current Rate	Proposed 7/1/2012
Base Charge		
5/8"	\$ 23.26	\$ 26.17
1"	58.18	65.45
1.5"	116.34	130.88
2"	186.14	209.41
3"	349.02	392.65
4"	581.70	654.41
6"	1,163.40	1,308.83
8"	1,861.44	2,094.12
10"	2,675.82	3,010.30
Volume Charge/CCF		
	Current Rate	Proposed 7/1/2012
	\$ 6.32	\$ 7.11
Flat Rate WasteWater		
	Current Rate	Proposed 7/1/2012
	\$ 73.84	\$ 83.07

**RESIDENTIAL FIRM SALES RATE
SCHEDULE 6000**

APPLICABLE:

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

MONTHLY RATE:

Customer Charge	\$9.50
All Therms	\$0.6273 per therm

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers will receive a one-time waiver of the service charge for initial meter turn-ons.
2. Subsequent meter turn-ons, made for seasonal heating service or other such circumstances, will require a charge of \$75.00 for restoration of service.
3. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

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

APPLICABLE:

To all residential class of customers who meet the criterion in the special provisions section.

MONTHLY RATE:

Customer Charge	\$9.00
All Therms	\$0.5699 per therm

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

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

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

**GAS LIGHT SALES RATE
SCHEDULE 6015**

APPLICABLE:

To all class of customers in the service area that have un-metered and installed gas lighting equipment for 25 therms per month or less.

MONTHLY RATE:

Firm un-metered gas service on a continuous basis for use in gas lamps.

Flat Charge – 1500 Btu rating or less	\$15.05 per lamp
Flat Charge – more than 1500 and less than 2500 Btu rating	\$25.10 per lamp
Flat Charge – 2500 Btu rating or more	\$35.10 per lamp

Firm un-metered gas service operated by a photo-cell or timer that is restricted use in a gas lamp for night time use only.

Flat Charge – 1500 Btu rating or less	\$ 8.55 per lamp
Flat Charge – more than 1500 and less than 2500 Btu rating	\$11.45 per lamp
Flat Charge – 2500 Btu rating or more	\$15.60 per lamp

SPECIAL PROVISIONS:

1. Customers will receive a one-time waiver of the service charge for initial meter turn-ons.
2. Subsequent meter turn-ons, made for seasonal heating service or other such circumstances, will require a charge of \$75.00 for restoration of service.
3. The gas lighting installation is to be furnished, maintained and operated by the Customer and will remain the property of the Customer. The equipment is subject to Lexington Utilities approval and in accordance with its standards. Each fixture will have a regulator and shut-off valve that allows for easy shut-off for maintenance.
4. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.
5. Lexington Utilities shall not be obligated to construct or own facilities beyond its normal line extension policies.

RECONNECTION CHARGE:

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

**SMALL COMMERCIAL FIRM SALES RATE
SCHEDULE 6020**

APPLICABLE:

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

MONTHLY RATE:

Customer Charge	\$19.00
All Therms	\$ 0.5966 per therm

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers will receive a one-time waiver of the service charge for initial meter turn-ons.
2. Subsequent meter turn-ons, made for seasonal heating service or other such circumstances, will require a charge of \$75.00 for restoration of service.
2. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

**MEDIUM COMMERCIAL FIRM SALES RATE
SCHEDULE 6025**

APPLICABLE:

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

MONTHLY RATE:

Customer Charge	\$42.00
All Therms	\$ 0.5644 per therm

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Customers will receive a one-time waiver of the service charge for initial meter turn-ons.
2. Subsequent meter turn-ons, made for seasonal heating service or other such circumstances, will require a charge of \$75.00 for restoration of service.
3. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

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

APPLICABLE:

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

MONTHLY RATE:

Customer Charge	\$84.00
All Therms	\$ 0.3483 per therm

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

1. Meter turn-ons, made for seasonal heating service, will require a charge of \$320.00 for restoration of service.
2. Customers must remain on this Tariff schedule for a period of no less than 12 months before switching tariffs or service unless it is determined by the City that the customer no longer qualifies for this service.
3. All rate and tariff schedules are subject to Lexington Utilities' stranded costs provisions. Effective July 1, 2000, customers that switch from firm sales service to any other service or schedule is subject to a stranded cost adjustment to their bill. This charge will be based upon, but not limited to, their usage characteristics, related supply requirements, related pipeline demand/reservation charges, stranded distribution investment and other related stranded costs created by the switching of service.

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

**LARGE COMMERCIAL AND INDUSTRIAL HIGH LOAD FACTOR FIRM SALES RATE
SCHEDULE 6040**

APPLICABLE:

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

MONTHLY RATE:

Customer Charge	\$80.00
All Therms	\$ 0.2629 per therm

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

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

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

**SUMMER PEAK FIRM SALES RATE
SCHEDULE 6050**

APPLICABLE:

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

MONTHLY RATE:

Customer Charge	\$260.00
First 30,000 Therms	\$ 0.2310 per therm
Next 30,000 Therms	\$ 0.1981 per therm
Over 60,000 Therms	\$ 0.1748 per therm

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

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

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

**LARGE INDUSTRIAL FIRM SALES RATE
SCHEDULE 6060**

APPLICABLE:

To all industrial class of customers that have monthly usage of more than 75,000 dekatherms. This tariff and rate schedule will apply to all customers without a specific contract in place.

MONTHLY RATE:

Demand Charge	
April – October	\$17.00 per dekatherm of capacity
November – March	\$19.00 per dekatherm of capacity
All Therms	\$ 0.1531 per therm

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

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

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

**INDUSTRIAL INTERRUPTIBLE FIRM SALES RATE
SCHEDULE 6070**

APPLICABLE:

To all industrial class of customers that have daily usage of more than 500 therms per day and who does not have a specific contract in place and is subject to the Special Provisions contained herein, where Lexington Utilities has gas delivery capacity in excess of the requirement of the customers taking service under a firm rate schedule.

CHARACTER OF SERVICE:

Natural gas, subject to curtailment or discontinuance upon one hour's notice by Lexington Utilities whenever at the sole discretion of Lexington Utilities there is a reduced supply available for delivery under this rate occasioned by cold weather, accidents or any cause whatsoever.

RATE:

Customer agrees to pay Lexington Utilities for all gas delivered during the month at (1) the Regular Rate, or (2) the Competitive Fuel Rate.

1. Regular Rate:

Customer Charge	\$ 250.00
Demand Charge	
April – October	\$20.00 per dekatherm of capacity
November – March	\$23.00 per dekatherm of capacity
First 30,000 Therms	\$.2015 per Therm
Next 30,000 Therms	\$.1551 per Therm
Over 60,000 Therms	\$.1221 per Therm

Plus the applicable tariff commodity cost of gas currently in effect.

2. Competitive Fuel Rate:

It is the intent of this rate that the customer's cost of natural gas used shall be competitive with the as-fired cost of the alternative fuel that the customer would actually utilize in lieu of natural gas.

If, at any time during the term of this contract, the customer believes its monthly as-fired cost of the alternate fuel to replace natural gas will be less than the cost of natural gas at the Regular Rate, then the customer shall advise Lexington Utilities in writing with supporting documentation, by the twenty-fifth (25th) day of the month, that the cost of natural gas at the Regular Rate for the ensuing month will exceed the as-fired cost of alternate fuel.

Lexington Utilities will respond to the customer by the last day of the calendar month that Lexington Utilities will either:

- a. Lower the price of natural gas to be competitive with the as-fired cost of the alternate fuel and deliver gas; or
- b. Suspend service on a day-to-day basis for the next calendar month.

In the event Lexington Utilities elects to lower the rate to be competitive with the alternative fuel, the customer may not discontinue the purchase of natural gas hereunder for that month. In no event will the Competitive Fuel Rate of natural gas exceed the cost as determined under the Regular Rate of this schedule.

LATE PAYMENT CHARGE:

Unless bill is paid on or before 5 days after the due date as shown on bill, the account will be assessed late fees as outlined in the City's fee schedule.

SPECIAL PROVISIONS:

1. Gas purchased on this schedule shall be separately metered and shall not be used interchangeably with firm gas purchased on any schedule.
2. Customers receiving service under this schedule shall have complete standby fuel and equipment available and agree to use it or such customer shall submit a written statement to Lexington Utilities that it can cease using gas and not cause undue hardship to its employees by virtue of such gas curtailment or discontinuance.
3. In the event the customer fails to discontinue the use of gas after one hour's notice from Lexington Utilities that gas under this schedule is not available, all gas so used shall be paid for as unauthorized gas at a rate of \$2.00 per therm for the first five percent and \$2.50 per therm for all over five percent, in addition to the Industrial Interruptible Firm Sales Rate.
4. The term of the contract shall be for a period of not less than one year.

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

RECONNECTION CHARGE:

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

**INDUSTRIAL INTERRUPTIBLE SALES RATE
SCHEDULE 6071**

APPLICABLE:

To all industrial class of customers that have daily usage of more than 500 therms per day and who does not have a specific contract in place and is subject to the Special Provisions contained herein, where Lexington Utilities has gas delivery capacity in excess of the requirement of the customers taking service under a firm rate schedule.

CHARACTER OF SERVICE:

Natural gas, subject to curtailment or discontinuance upon one hour's notice by Lexington Utilities whenever at the sole discretion of Lexington Utilities there is a reduced supply available for delivery under this rate occasioned by cold weather, accidents or any cause whatsoever.

MONTHLY RATE:

Customer agrees to pay Lexington Utilities for all gas delivered during the month at (1) the Regular Rate, or (2) the Competitive Fuel Rate.

1. Regular Rate:

Customer Charge	\$ 265.00
First 30,000 Therms	\$ 0.2312 per therm
Next 30,000 Therms	\$ 0.1982 per therm
Over 60,000 Therms	\$ 0.1748 per therm

Plus the applicable tariff cost of gas currently in effect.

2. Competitive Fuel Rate:

It is the intent of this rate that the customer's cost of natural gas used shall be competitive with the as-fired cost of the alternative fuel that the customer would actually utilize in lieu of natural gas.

If, at any time during the term of this contract, the customer believes its monthly as-fired cost of the alternate fuel to replace natural gas will be less than the cost of natural gas at the Regular Rate, then the customer shall advise Lexington Utilities in writing with supporting documentation, by the twenty-fifth (25th) day of the

month, that the cost of natural gas at the Regular Rate for the ensuing month will exceed the as-fired cost of alternate fuel.

Lexington Utilities will respond to the customer by the last day of the calendar month that Lexington Utilities will either:

- a. Lower the price of natural gas to be competitive with the as-fired cost of the alternate fuel and deliver gas; or
- b. Suspend service on a day-to-day basis for the next calendar month.

In the event Lexington Utilities elects to lower the rate to be competitive with the alternative fuel, the customer may not discontinue the purchase of natural gas hereunder for that month. In no event will the Competitive Fuel Rate of natural gas exceed the cost as determined under the Regular Rate of this schedule.

SPECIAL PROVISIONS:

1. Gas purchased on this schedule shall be separately metered and shall not be used interchangeably with firm gas purchased on any schedule.
2. Customers receiving service under this schedule shall have complete standby fuel and equipment available and agree to use it or such customer shall submit a written statement to Lexington Utilities that it can cease using gas and not cause undue hardship to its employees by virtue of such gas curtailment or discontinuance.
3. In the event the customer fails to discontinue the use of gas after one hour's notice from Lexington Utilities that gas under this schedule is not available, all gas so used shall be paid for as unauthorized gas at a rate of \$2.00 per therm for the first five percent and \$2.50 per therm for all over five percent, in addition to the Industrial Interruptible Sales Rate.
4. The term of the contract shall be for a period of not less than one year.
5. All rate and tariff schedules are subject to Lexington Utilities' stranded costs provisions. Effective July 1, 2000, customers that switch from firm sales service to any other service or schedule is subject to a stranded cost adjustment to their bill. This charge will be based upon, but not limited to, their usage characteristics, related supply requirements, related pipeline demand/reservation charges, stranded distribution investment and other related stranded costs created by the switching of service.

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

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

**INDUSTRIAL FIRM TRANSPORTATION RATE
SCHEDULE 6080**

APPLICABLE:

To any new industrial class of customer connected to Lexington Utilities' gas system and whose estimated average daily consumption is equal to or greater than 5000 therms per day:

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

CHARACTER OF SERVICE:

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

MONTHLY RATE:

Customer Charge	\$400.00
First 100,000 Therms	\$ 0.1572 per therm
Next 50,000 Therms	\$ 0.0899 per therm
Over 150,000 Therms	\$ 0.0588 per therm

DETERMINATION OF DELIVERIES:

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

BALANCING OF TRANSPORTATION VOLUMES:

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

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

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

In instances where there is an over-deliver of supply, Lexington Utilities at its option, may cash-out this over-supply and purchase any or all of the excess volumes at a rate of 20 cents per dekatherm lower than its lowest cost of commodity supply that month.

In instances where there is an under-deliver of supply, Lexington Utilities at its option, may cash-out this under-supply and sell any or all of the deficit volumes to the customer at a rate of 20 cents per dekatherm higher than the firm sales tariff rate for that month.

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

OPERATIONAL FLOW ORDER:

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

SPECIAL PROVISIONS:

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

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

RECONNECTION CHARGE:

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

**PUBLIC SCHOOLS FIRM SALES RATE
SCHEDULE 6110**

APPLICABLE:

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

MONTHLY RATE:

Customer Charge	\$26.00
All Therms	\$ 0.5417 per therm

Plus the applicable tariff cost of gas currently in effect.

SPECIAL PROVISIONS:

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

RECONNECTION CHARGE:

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

PURCHASED GAS ADJUSTMENT:

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

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.

AUTOMATED METER READING SYSTEM (AMR): A project that will enable meter readers to drive by and electronically acquire meter readings without exiting the vehicle and physically reading the meter, by attaching an electronic device (ERT) to all city utility meters. This system is utilized to achieve efficiencies and savings for city departments.

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.

GEOGRAPHIC INFORMATION SYSTEM (GIS): A project that will link the City to a citywide mapping system database, including hardware and software. This system is to be utilized as a planning, analytical and engineering tool by City departments.

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.