


KANNAPOLIS

Annual Budget for Fiscal Year 2017-2018
City of Kannapolis, North Carolina



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CITY OF KANNAPOLIS, NORTH CAROLINA

MAYOR AND CITY COUNCIL

Milton D. Hinnant
Mayor

Doug Wilson
Mayor Pro-Tem

Dianne Berry
Council Member

Darrel Jackson
Council Member

Tom Kincaid
Council Member

Roger Hass
Council Member

Ryan Dayvault
Council Member

CITY OFFICIALS

Michael B. Legg
City Manager

Bridgette L. Bell
City Clerk

Eric Davis
Finance Director

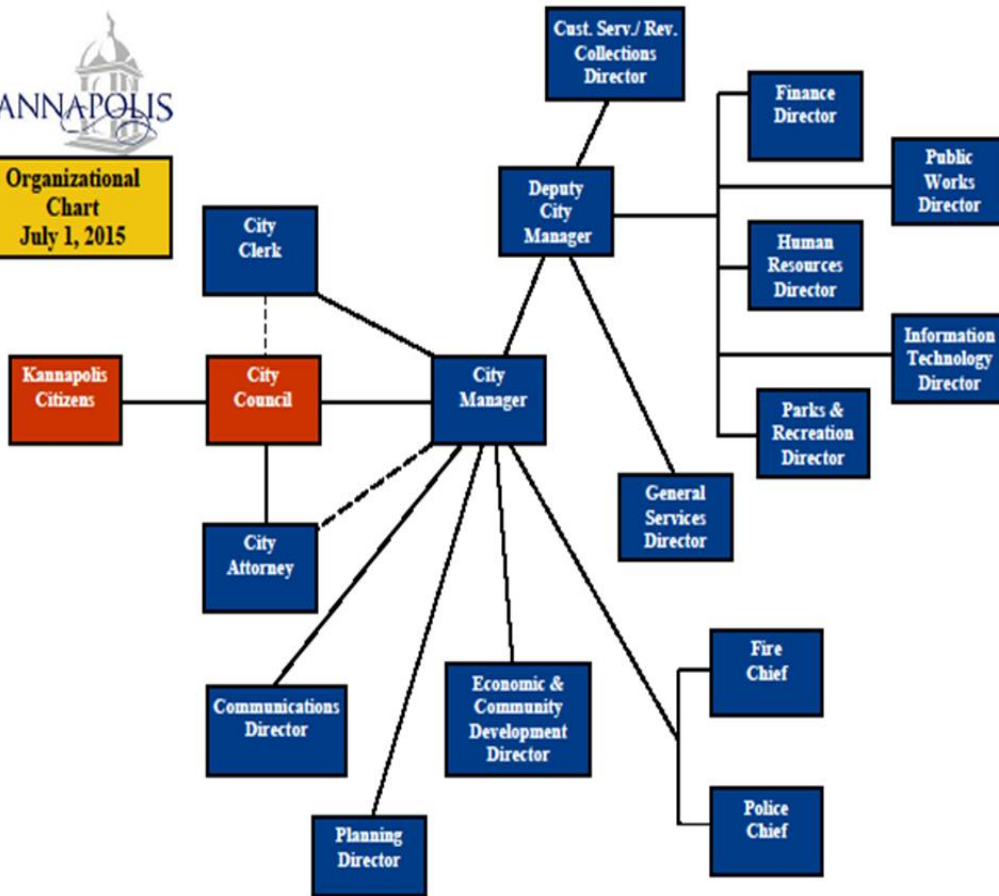
R. Edward Smith
Deputy City Manager

Tina H. Cline
Human Resources
Director

Walter M. Safrit, II
City Attorney



**Organizational Chart
July 1, 2015**





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Kannapolis
North Carolina**

For the Fiscal Year Beginning

July 1, 2016

[Signature]
Executive Director

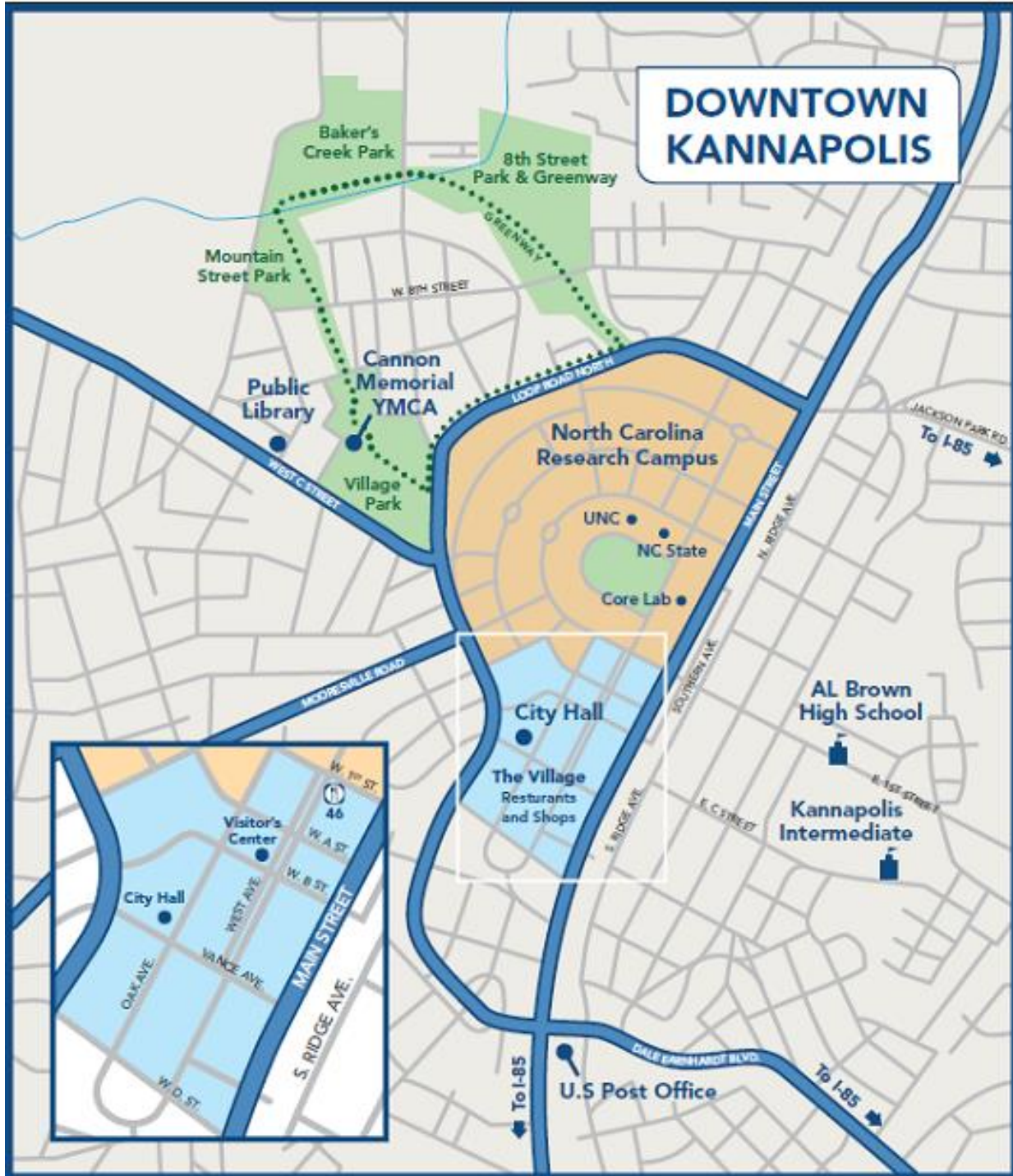
The Governmental Finance Officers Association of the United States and Canada (GFOA) presented an award for *Distinguished Budget Presentation* to the City of Kannapolis, North Carolina for its annual budget for the fiscal year beginning July 1, 2016. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Kannapolis, North Carolina Location Map



Downtown Kannapolis





FACTS AND INFORMATION ABOUT THE CITY

Kannapolis, North Carolina, is destined to become the most dynamic and desirable community in the Piedmont, a City that is attractive to families, loved for its neighborhoods, appreciated for its uniqueness and respected for its contribution to the economic vitality of the region. The City’s location, history, access to excellent educational opportunities and other amenities all contribute to the citizens of Kannapolis working toward fulfilling the City’s vision of a growing, dynamic and prosperous future.

LOCATION

Kannapolis has a population of 42,625 according to the 2010 Census, and is located in the piedmont area of North Carolina midway between the Atlantic Seacoast and the Great Smoky Mountains. The City is in the north central portion of Cabarrus County and the south central portion of Rowan County. Approximately eighty-two percent of the area of the City lies in Cabarrus County and the remaining eighteen percent in Rowan County. The City covers an area of approximately 34 square miles. The City is located approximately 12 miles northeast of Charlotte, North Carolina and abuts the City of Concord, North Carolina.

HISTORY

Kannapolis grew up around Cannon Mills Company, an enterprise begun in 1906, which came to be known as one of the world's major producers of household textiles. As the company prospered, the village serving the company and its workers (*the "Mill Village"*) grew to become a large, unincorporated community.

In 1982, David H. Murdock purchased Cannon Mills Company, which included the manufacturing properties as well as the Mill Village. The entire central business district of the city, with its commercial buildings and certain surrounding mill houses, is included in the Mill Village. Murdock began to refurbish the Mill Village by

constructing new colonial facades, additional buildings, tree-lined streets, brick walks and a 65,000 square foot arcade-style mall. In addition, residents, the business community, and industry joined hands to build a new \$4 million YMCA, a new Senior Center and a new public library. On December 11, 1984, the City was incorporated with a population of approximately 32,000 and an assessed value of taxable property of approximately \$708,000,000. Currently the City’s population is estimated to be 43,782 with an assessed value of approximately \$3,546,893,759. (See Appendix A)

City of Kannapolis Population

FY2013	FY2014	FY2015	FY2016	FY2017
43,312	43,782	44,359	46,144	47,839

During 1986, the bed and bath operations of Cannon Mills Company were sold to Fieldcrest Mills, Incorporated, and on January 30, 1986, these operations became a part of Fieldcrest Cannon, Incorporated, a new corporation. Murdock retained all of the non-manufacturing real estate, including the central business district, the surrounding mill houses, and certain other properties.

The non-manufacturing properties retained by Murdock initially included approximately 1,500 residential units, and the water and sewer systems serving the Mill Village. In 1989, the City purchased the water filtration plant and lines serving the Mill Village. The water filtration plant currently supplies water for the rest of the City as well as supplementing supplies for the Cities of Concord and Landis, North Carolina. The central business district of the City features nationally recognized stores as well as home-owned shops. Access to and around the central business district has been enhanced by the construction of Dale Earnhardt Boulevard, a major thoroughfare that provides access from Interstate Highway 85 and distributes traffic in and around the central business district.

Unfortunately, during 2003 the massive manufacturing facilities in downtown closed and nationwide over 7,000 people lost their jobs including 4,800 in Cabarrus and Rowan counties. The assets of Fieldcrest Cannon, Inc., owned by Pillowtex Corporation, were sold. Because Kannapolis is located in a high growth area of the Southeast, there was considerable interest by developers in these facilities. The new owner is David Murdock, who had previously purchased the facilities from the Cannon family in 1982 and sold them to Fieldcrest in 1986. On February 23, 2006 Mr. Murdock, owner of Castle & Cooke, Inc. and Dole Food Co., Inc. along with leaders from the University of North Carolina system, Duke University and the N.C. Community College System, and local, State and federal elected officials broke ground on the North Carolina Research Campus in downtown Kannapolis.

This research campus will focus primarily on biotechnology research related to nutrition. The 350 acre Research Campus is a joint venture between Dole Foods, the University of North Carolina system, and Duke University. Murdock has invested over \$1.3 billion to build the research facilities, office space, town homes and a retail center. The UNC and Duke institutions will fund and operate their programs. As of January 1, 2013 Castle & Cooke, Inc. had constructed buildings on the Research Campus at a cost of approximately \$270 million making up the TIF District. The TIF District's incremental increase in value since being formed equates to \$2,264,856 of the approximate \$25,082,401 tax levy for all of Kannapolis.

EDUCATION

Kannapolis City School Administrative Unit serves most of the City's residents. The Cabarrus County School Administrative Unit serves residents in the southern part of the City, and the Rowan County School Administrative Unit serves those near the northern edge of the City. The City has no direct financial responsibility for the public school system. The State provides operational funds for a basic minimum education program, which is supplemented with county and federal funds. Financing public school facilities is primarily the responsibility of Cabarrus and Rowan counties; however, State bond funds have been made available for school construction in the past. Each school administrative unit is governed by an elected Board of Education, which appoints a school superintendent.

Nine colleges, universities and trade schools are located within a twenty-five mile radius of the city. City residents most commonly commute to the University of North Carolina at Charlotte, Catawba College, Davidson College, and Pfeiffer University. Rowan-Cabarrus Community College (RCCC) and Shaw University have facilities within the City's boundaries.

RCCC played a critical role providing former textile workers basic educational classes, including high school equivalency courses, and retraining opportunities. With the announcement of the North Carolina Research Center, RCCC is working with the other campuses in the North Carolina Community College System to begin biotechnology training courses. The public school systems are also exploring opportunities to expand their life science programs.

TRANSPORTATION

Interstate Highway 85 serves the City from the south, north and east. Major thoroughfares, including US 29/601, Dale Earnhardt Boulevard, Lane Street, and the Kannapolis Parkway, provide connections to Interstate Highway 85 and route traffic through the City. There are approximately 302.5 miles of streets within Kannapolis, including 225.9 miles maintained by the City. The remainders are either maintained by the State of North Carolina or by private concerns. The primary funding source of the City's street maintenance budget is state funds. The City also provides street improvement work through the use of federal funds. New subdivision streets are primarily constructed by private developers for approval and acceptance for maintenance by the City.

The Southern Railway Company and Amtrak, which maintains a terminal in the City, provide rail service. The N.C. Department of Transportation in partnership with the City built a new terminal in Kannapolis with construction completed in December of 2004. Long distance Bus transportation is provided by Greyhound Trailways, and by a private charter Bus Company with facilities located in the City.

Local Bus transportation is provided by Rider, the Concord Kannapolis Transit System, which began operating in the spring of 2004 serving both the City of Kannapolis and the City of Concord. The system averages over 1,200 passengers per day and gives residents and visitors alike new opportunities for transportation for only \$1 per ride. The ADA accessible buses are complimented by the services of the Cabarrus County Para Transit

service to ensure that all residents have access to transportation.

Air transportation is available at Charlotte Douglas International Airport, located approximately 27 miles south of the City and the City of Concord airport located within 3 miles of the City via I-85.

MEDICAL FACILITIES

Northeast Medical Center, a 457-bed facility located on a 60-acre campus in Concord is less than one mile from the City. NorthEast employs 350 physicians and works with 30 other physician practices through the NorthEast Physician Network. NorthEast Medical Center provides a full range of services including outpatient surgery, x-rays, laboratory, emergencies, a pharmacy and nationally recognized centers for the treatment of heart disease and cancer. Rowan Regional Medical Center is also available to citizens in Kannapolis.

The City’s ability to build and maintain a strong and diverse tax base is certainly affected by local factors/conditions, but it is often more a result of what is happening beyond the control of local officials. As stated earlier, Pillowtex, the largest employer in the City closed its Kannapolis manufacturing operations in 2003. At that time, approximately 1,500 Kannapolis residents lost their jobs along with approximately 3,300 others that worked at the Kannapolis facility but lived outside the City. So far the plant closing has had very little impact on the City revenues and services.

The top taxpayers for the City of Kannapolis:

- Castle & Cooke, LLC NCRC with 5.90%
- Castle & Cooke, LLC (Real Estate) with 2.15%
- Trinity of Cabarrus LTD/Shoe Show with 1.40 %
- Atlantic American Properties, Inc. /Club at Irish Creek, LLC with 1.33%
- Afton Ridge Joint Venture, LLC/CK Afton Ridge Shopping Center with 1.33 %
- Wachovia with 0.97%
- Duke Energy Corporation with 0.91%
- Integra Springs, LLC with 0.75%
- The Grand in Kannapolis, LLC with 0.56%
- Public Service Company of NC with 0.42%

The top ten taxpayers make up a total of 15.72% of the City’s tax base.

As illustrated in the table below, the City’s economy remains strong despite the October 2008 crash of the stock

market and the great recession which followed. Commercial and Industrial building continues to perform at a similar pace in FY 2018 as the past year, possibly better. Looking forward, the overall economy should benefit from NCRC and other commercial entities strong growth, especially with the announcement of new enterprises such as a new data center.

Local Trends

City of Kannapolis Building Permit Activity

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Single-Family Residential Permits (Value in millions)	405 \$38.7	368 \$27.5	92 \$7.8	183 \$15.8	65 \$7.8	130 \$16.0	434 \$43.9	291 \$51.3	270 \$34.4
Commercial/ Industrial Building Permit (Value in millions)	34 \$17.8	31 \$22.5	9 \$5.6	119 \$17.8	102 \$9.2	102 \$2.1	71 \$73.7	89 \$90.7	94 \$40.3
Total Building Permit (Value in millions)	439 \$56.5	399 \$50	101 \$13.4	302 \$33.6	167 \$17.0	232 \$18.1	505 \$117.6	380 \$142.0	364 \$74.7

Per Capita Personal Income in Cabarrus and Rowan County

County	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY 2015	FY 2016
Cabarrus	35,935	34,083	34,587	34,444	34,452	38,079	31,576	33,576	37,947
Rowan	30,795	30,444	30,761	29,750	37,700	31,365	28,155	29,583	31,209

Unemployment Rate in Cabarrus and Rowan County

County	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY 2016	FY 2017
Cabarrus	11.4%	11.3%	10.1%	9.3%	7.9%	6.8%	4.7%	4.8%	4.0%
Rowan	13.6%	12.8%	11.3%	10.3%	8.8%	8.0%	5.3%	5.5%	4.4%

*Data through April 2015

COMMERCE AND INDUSTRY

To attract more companies to Kannapolis, the City has partnered with a private development firm to build the Kannapolis Gateway Business Park on an 85-acre tract west of the City within one mile of I-85. Construction on a second service road was completed in 2006, by March of 2007 the park was almost entirely built out with businesses including Novant Health, Carolina-Gulf Packaging and Stewart-Haas Racing.

In February of 2011, Kannapolis City council approved an industrial incentive grant for the S.P. Richards Company. In March 2012, S.P. Richards Company completed the construction of their distribution center in Afton Ridge. Currently, there are projects valued at over \$1.5 billion in different stages of planning and construction, including the North Carolina Research Campus. Estimates show that between 5,000 and 7,000 jobs will be created by new business investment over the next five to ten years. Residential announcements have also been numerous and include mid-range homes with price points starting at \$150,000, to larger lot subdivisions

featuring multi-million dollar mansions. These include Auburn Woods, Azalea Estates, Castlebrooke Manor, The Falls, Newman Manor, Pelham Pointe, Pine Creek, Jacob’s Ridge, and The Farm at Riverpointe, Trinity Crest, and The Village at Kellswater Bridge, Waterford on the Rocky River, Wellington Chase, Wildwood Ridge and Windsor (Phases II & III). The City continues to meet the challenges of progressive change.

The number of Kannapolis small businesses is growing. In the past three years, Cabarrus and Rowan Counties have added approximately 4,206 new jobs to the local economy. The transition of the City from the manufacturing industry to other sectors has provided a steady stream of new workers into the job market. Job training is made possible by the vocational education programs in public schools and by three neighboring community colleges and technical schools.

LOCAL ECONOMY

Kannapolis continues to enjoy a favorable economic environment despite the slow recovery from the Great Recession. The City's economy has benefited from the

City's proximity to Charlotte and access to major interstate highways. Over the past fifteen years, several major businesses have located in Kannapolis. Retail and hospitality initially drove much of this new growth, but in recent years most new development has been associated with the construction of the North Carolina Research Campus. The NC Research Campus, estimated to take ten years to complete, is a joint venture between Duke University, the University of North Carolina System, and Dole Foods. David Murdock; CEO of Dole Foods and Castle & Cooke, will invest over \$1.3 billion to build the research facilities, office space, town homes and retail center, while the UNC institutions and Duke University will fund and operate their programs. In 2010, General Mills became one of the latest additions to the North Carolina Research Campus; a Fortune 500 Company, General Mills will collaborate with universities and other corporations that already have facilities on the campus. Its corporate partner, Monsanto, has also been drawn to the campus due to the facility's proximity to Charlotte, the ability to partner with other universities, and the availability of analytical equipment. The City of Kannapolis completed construction on the Cabarrus Health Alliance facility on the NC Research Campus in April 2012. In mid-2013, the announcement of a 50,000 square foot data center which will be completed in FY 2016 on the research campus. In March 2014, Childress Klein Properties announced the construction of a 360,000 square foot speculative industrial building, to be known as Afton Ridge 1, in the Afton Ridge Business Park. The building, which fills a local void for available manufacturing and warehouse space, was completed at the end of FY 15. The City of Kannapolis is poised for an era of rapid growth and development as evidenced by the North Carolina Research Campus and the development and/or expansion of over 15 new sub-divisions and several PUD developments in the City. The City continues to meet the challenges of progressive change.

PUBLIC SERVICE ENTERPRISES

On July 1, 1987, the Kannapolis Sanitary District and the Royal Oaks Sanitary District merged with the City. The City purchased Cabarrus County water lines within and just outside the City during 1995. The City is now responsible for all water and sanitary sewer service in the City. The City owns and operates a water distribution and wastewater collection system currently serving approximately 18,000 residential, commercial and industrial customers with 2 million gallons of elevated water storage capacity. FY 17 will see the commencement of the Albemarle Water Line. The city will begin

purchasing 8 MGD through this new source. The City also owns a water filtration plant designed for 15MGD capacity and currently produces approximately 3MGD. Wastewater treatment is provided by the Rocky River Regional Wastewater Treatment Plant, which is owned and operated by the Water and Sewer Authority of Cabarrus County.

Electrical power systems within the City are owned and operated by Duke Power Company and the Town of Landis.

Public Service Company of North Carolina provides gas service to the City through a franchise agreement with the City.

OTHER SERVICES

In addition to water and sewer services, the City provides police and fire protection, planning and zoning, parks and recreation, refuse collection, street maintenance, stormwater maintenance, street lighting, traffic engineering, code enforcement, and community development services.

City of Kannapolis Strategic Visioning Process Goals

I. Vision Statement.

Our City shall strive to become the most dynamic and desirable community in the Piedmont. A City that is:

- Attractive to families;
- Loved for its neighborhoods
- Appreciated for its uniqueness
- Respected for its contribution to the economic vitality of the region

II. Mission Statement.

The City of Kannapolis will work in partnership with our community to enhance the quality of life through positive leadership the delivery of effective, quality service and the achievement of our shared vision.

III. Core Values.

We pursue **Excellence** in all that we do.

- Quality of work
- Effectiveness of our programs and services
- Dedication to getting the job done correctly
- Adaptability to changing conditions
- Pride in our successes
- Learning from our failures
- Accountability for each of our actions

We exercise the utmost **Professionalism** in our interaction with others.

- Civility in our interaction with others
- Respect for diversity and differing views and opinions
- Use of teamwork and partnerships
- Customer-focused approach to providing service

We perform our duties with a focus on **Integrity**.

- Honesty before all else
- Adherence to the highest ethical standards
- Fairness to all groups and individuals
- Loyalty to our employer and to our community

We practice good **Stewardship**.

- Efficiency of services
- Protection of the public trust
- Preservation of the City resources
- Betterment of our workforce
- Preservation of our natural environment

City of Kannapolis - Policy Agenda FY 2018

Community Outreach, Education and Service

1. Foster ways to prepare the community for the massive socio-economic change coming to the City.

- Establish and actively support the following new citizen commissions:
 - i. Citizen’s Advisory Commission for Community Development.
 - ii. Environmental Stewardship Commission.

The annual budget includes \$50,000 for this purpose.

2. Improve communication to citizens regarding the changing direction of the City.

The annual budget includes \$70,000 for this purpose.

3. Develop and implement upgrades to the City website to transform it into a more effective communication tool for customer service, fostering community change and economic growth.

The annual budget includes \$34,000 for this purpose.

4. Actively support youth, citizen and employee academies as a means of educating and involving citizens.

The annual budget includes \$13,000 for this purpose.

5. Take bold steps to improve customer service.

- Involve employees in training program.

6. Examine current relationships and implement measures to improve intergovernmental cooperation and collaboration at the Local, State and Federal levels.

Economic Growth and Development

7. Increase disposable income for residents by creating new, higher paying jobs.

- Strive for creating 5,000 new jobs in the City by end of FY 18.

8. Expand the tax base *actively* facilitating new private investment.

- Maintain aggressive incentive programs (*recent examples: Haas/CNC Racing, Golden Gait Trailers, and Ei*).
- Continue to creatively partner with private investors to foster economic growth (*recent examples: MarkPiercePoole Properties/Gateway Biz Park, Castle and Cooke/NCRC, Kellswater/Merrifield Properties, Childress Klein, Riverpointe*).

9. Continue to support the North Carolina Research Campus in traditional and non-traditional ways.

- Support the Castle and Cooke efforts to locate a USDA Nutrition Research Center on the NCRC.
- Partnering with Castle and Cooke, actively recruit new private business investment and university-based researchers to the campus.

The annual budget includes \$3,600,768 for debt service for the TIF Bonds.

10. Develop and implement ways to improve developer, investor and business relations – create a “business friendly” environment.

11. Support improvements to the education and retraining system in Rowan and Cabarrus counties.

- Support the completion and assist in the implementation of the Cabarrus-Rowan Education and Workforce Development Action Plan.

12. Continue to creatively find ways to promote tourism in the City.

- Maintain and improve (or develop) partnerships with AAP/Cannon Village, Kannapolis Intimidators, Cabarrus Convention and Visitors Bureau, Cabarrus Events Association, other development interests (Kellswater, Childress Klein, etc.).
- Continue to grow the Summer Entertainment Series at Village Park.
- New Spring Festival.
- With the NCRC and the Cabarrus CVB as partners, develop a plan for embracing the business traveler that will increasingly descend upon Kannapolis as the NCRC grows.
- Identify the right balance between motorsports tourism and the new life science community especially as it relates to downtown Kannapolis.

The annual budget includes \$176,000 for this purpose.

Quality of Life

13. Improve the visual image of the City.

- Expand community education.
- Aggressively increase code enforcement efforts.
- Make targeted beautification investments.
- Facilitate organized, proactive community clean-up efforts.

The annual budget includes \$205,000 for this purpose.

14. Improve Quality of Life: Excellent Education, Visual Attractiveness, Public Safety, Public Infrastructure and Parks, Entertainment, Culture and Recreation.

- Implement a Quality of Life Action Plan.
- Continue to aggressively invest in Parks and Recreation activities.
- Explore with Cabarrus County (and possibly Rowan County) the possibility for a state of the art library on the NCRC.
- Raise the profile of the arts as a cultural and economic growth amenity.
- Become more actively involved in the Cabarrus Arts Council.
- Embrace cultural opportunities like Kannapolis' own Piedmont Dance Theatre.

15. Find ways to embrace and preserve Kannapolis' incredibly unique history.

- Support the efforts of the Kannapolis History Associates.
- Support the community's exploration of a Cannon family tribute.
- Develop a plan for historic preservation of targeted mill village communities.

16. Develop an environmentally sensitive culture in the community.

- Promote "green" building objectives and/or standards.
- Consider improved recycling programs.
- Continue Phase II stormwater and water conservation education programs.

- Improve air quality education programs.
- Support the activities of the Environmental Stewardship Commission.

Growth Management and Sustainability

17. Build sustainable new neighborhoods; preserve existing strong neighborhoods; and facilitate redevelopment of fragile neighborhoods.

- Improve and continue to implement strong UDO development standards.
- Actively assist neighborhoods in organizing.
- Establish focused, but comprehensive, socio-economic and physical redevelopment efforts – begin in the James Street/Happy Hollow neighborhood.
- Maintain a diverse range of housing options for both existing and new residents.

18. Develop a revised Land Use and Growth Management Plan.

- Prepare and implement a Central City Redevelopment Plan.
- Prepare and implement a Kannapolis Parkway Development Plan.
- Ensure that adequate land is set aside for office and industrial development opportunities.
- Address Western Cabarrus growth more directly with a focused planning effort.
- Support the findings of the Highway 3 Corridor Plan. Additionally, develop a more focused redevelopment plan that supports the planned widening of Highway 3 from Kannapolis Parkway to the NCRC.

19. Establish a transportation plan that supports and compliments the MPO and NCDOT plans.

- Continue to invest in strategic road and traffic improvement projects like Leonard Street and the Rogers Lake Road Extension projects from FY2008 and FY2009.
- Implement the NCRC TIF transportation projects.
- Openly and outwardly support the extension of CATS light rail to UNC-Charlotte.
- Aggressively participate in the exploration of mass transit expansion options in Cabarrus County and Rowan County.

20. Ensure for an adequate long-term water supply.

- Implement long-term water conservation measures (drought and non-drought conditions).
- Continue to investigate the various long-term water supply options in both the Catawba and Yadkin basins and implement the plan that is in the best interest of Kannapolis citizens.
- Construction of Albemarle Water Line-City will begin purchasing water through this water line in FY 16.

The annual budget includes \$1,237,763 in debt service for the Albemarle Water Line within the Water & Sewer Fund.

General City Management

21. Develop and implement a 5-Year Personnel and Operating Plan.

- Continue to strive towards a fully staffed professional Fire Department.
- Catch up on personnel needs in other departments and strive to maintain the necessary staffing to stay ahead of the growth impacts.

22. Support the City's workforce.

- Develop and implement a revised pay plan with competitive pay and benefits.

- Implement a communications plan for consistently disseminating information to all employees.
- Involve employees in facilitating operational improvements and overall change in the community.
- Develop and implement a comprehensive employee succession plan that supports the training and eventual advancement of existing employees to new positions as retirements and other position vacancies occur and opportunities are presented.

23. Maintain a reasonable and economically competitive tax rate.

24. Continue to examine information technology and its role in the City organization and the community at large.

- Strategically include technology improvements in future operational budgets in all City departments.
- Identify and maximize the expanded WIFI possibilities with Castle and Cooke, Windstream and Time Warner.

The annual budget includes \$75,000 for this purpose.

City of Kannapolis City Government Core Businesses

City Council also identified and committed to the core businesses of city government. The core businesses are the key operational functions of the city that must be maintained as the larger goals and objectives are achieved.

City of Kannapolis core businesses are:

- Enforce laws and prevent crimes
- Provide fire and life safety
- Develop parks and ball fields; provide recreation programs
- Inform and involve stakeholders
- Build, maintain and rebuild road and sidewalks
- Shape future development
- Stimulate economic growth
- Provide water and sewer services
- Provide transportation services
- Provide recycling services
- Provide sanitation services



May 22, 2017

Subject: Recommended FY 2017-18 Budget

Dear Mayor Hinnant and Members of the Kannapolis City Council:

I am pleased to present to you the recommended Fiscal Year 2017-18 (FY 2018) Budget for the City of Kannapolis, North Carolina, which begins July 1, 2017 and ends June 30, 2018. This budget has been prepared in accordance with the North Carolina Local Budget and Fiscal Control Act and the requirements of the N.C. General Statutes. This balanced budget identifies the revenue projections and expenditure estimates for FY 2018.

The FY 2018 Budget continues to be developed on the solid foundation of multi-year planning efforts that City Council spent much of the past several years developing. Emerging from those long range planning exercises were several substantial conclusions upon which the annual budgeting process has been constructed in recent years. Based on these FY 2012-13 Planning efforts, the following **Core Values and Overarching Goals** were established. They continue to be quite relevant five years later.

1. Provide equal opportunities for all citizens.
2. Be fair in decision making.
3. Find and develop good partnerships.
4. Improve aging and failing infrastructure.
5. Integrate faith and community.
6. Lay a foundation for future success.
7. Communicate to citizens that the City is managing its money wisely.
8. Provide for a great quality of life.
9. Make Kannapolis a community where families want to live long-term.
10. Foster the continued transformation from a “mill town” to a new economy.
11. Strive to be effective problem-solvers.
12. Provide leadership.
13. Become a stimulus for economic development via good policy decisions.

The total proposed FY 2018 Budget for the City of Kannapolis is **\$68,125,000**, a 6.4% increase (\$4,112,700 actual) from the FY 2017 Budget. This figure is the total of the General Fund, the Water and Sewer Fund, the Stormwater Fund, the Environmental Fund, the Public Transit Fund, the Separation Pay Fund, and Downtown Fund and.

RECENT BUDGET HISTORY						
FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 Proposed
\$45,027,535	\$49,821,781	\$51,589,343	\$53,046,396	\$59,539,383	\$64,012,300	\$68,125,000

Recent City of Kannapolis budgets have been focused on construction of a new City Hall and the bold move of purchasing the City’s downtown properties to facilitate its revitalization. Those have been monumental milestones in the City’s 33-year history. Fiscal Year 18 is expected to continue to make a mark on the City’s history in a variety of ways. The recommended FY 18 Budget includes substantial resources being allocated to the significant redevelopment of the City’s historic downtown.

Operationally, recent budgets have focused on streamlining and improving government services through the construction of the City Hall and Police HQ (as described above), the establishment of General Services and in-house Planning departments, and the investment in employees through the implementation of a salary study. Recent budgets have also focused on substantial “catch up efforts” through the replacement of vehicles and equipment, adding staffing capacity and providing new funding for targeted service delivery improvements. These efforts continue in the recommended FY 18 Budget.

There are a number of factors contributing to the changes in the FY 2018 Budget. Some of these reasons are explained below and in more detail in the City Manager’s Budget Summary document.

The following are the key highlights of the FY 2018 Budget:

- ***Continued aggressive efforts to revitalize and redevelop Downtown Kannapolis.*** The FY 18 Budget includes \$25 million (approximately \$2 million in annual debt service) for the total replacement of municipal utilities in the City’s Downtown and the accompanying streetscape reconstruction. This project will set the stage for substantial private investment going forward. The financing of the planned Sports and Entertainment Venue and the Demonstration Project Parking Deck will impact the FY 19 Budget but both projects are anticipated to begin in FY 18. The Demonstration Project (will bring a \$45 million private investment, growing to \$60 million with a second phase planned for the next two years). More than \$50 million is programmed in the CIP for these two projects. Discussions with both Cabarrus County and the Cabarrus Convention and Visitors Bureau are underway regarding their participation in these efforts. Ultimately, these targeted public investments are projected to generate nearly \$400 million of private investment in downtown Kannapolis over the next decade. At buildout, this equates to more than \$2.5 million of new property tax revenues for both the City of Kannapolis and Cabarrus County.

- ***Continued focus on Economic Development and Job Creation.*** While the Downtown effort is clearly a major driver of budget allocations and City Council/staff time, it is not the only investment in the FY 18 Budget. \$6 million (budget impact of \$450,000) is included for the expansion of water and sanitary sewer lines (and a new water tank) in the City's growth area of western Cabarrus County. These utilities will facilitate substantial new growth and development. The 15-year projection for this area includes \$482.8 million in residential construction (1,775 homes, population growth in excess of 4,000 people). This projected new development will result in an estimated *annual* buildout property tax revenue of \$3.0 million to the City (\$202,000 annually if evenly distributed over 15 years). Additionally, the Concrescere Corporate Park is projected to result in \$66 million over the same 15 years (\$415,462 annual property tax revenues at buildout). Finally, the new development will contribute nearly \$7 million in water and sewer connection fees. This water and sewer expansion project is a very sound investment for the City and its citizens.

Nearly \$500,000 is allocated to the Economic Development Budget for a variety of economic development initiatives and activities, most of which have not been completely identified at the time of this budget preparation. The potential use of these funds will be for downtown tenant relocations, enhancements to the planned streetscape and Sports and Entertainment Venue projects, downtown building rehabilitation (e.g., the Gem Theater), and incentive funding for non-downtown economic development projects. These funds could also be used to enhance code enforcement should additional resource needs be identified during the coming year. It is likely that the use of these funds will be determined within the first three months of the fiscal year and communicated to City Council at that time.

City Council adopted a multi-year Economic Development Plan in 2012 of which the following broad goals have been identified as priorities. These goals continue to be guiding principles for the development of our long range Capital Improvement Plan and each annual budget in recent years.

- Grow the City's tax base.
- Create new job opportunities.
- Retain existing jobs.
- Redefine the City's image.
- Increase property values.
- Retain and create wealth.
- Reduce poverty.
- Strive for long-term economic stability of the community.
- Promote economic self-sufficiency.

However, it is important to note that the 2012 Economic Development Plan is rapidly becoming dated and is in need of a revision. The investment in Downtown Kannapolis and the expansion of utilities to the Western Growth Area are absolutely in keeping with the larger goals of this Plan; but additional priorities for the next decade need to be revisited in FY 18.

- ***Continued focus on Capital Improvement Investments.*** In addition to the Downtown and Western Cabarrus projects described above, the FY 18 Budget includes \$10.5 million in funding for several key operational projects: 1) the replacement of Fire Station Two and Fire Station Three (both currently under design), 2) the replacement of a ladder truck and fire engine, and 3) Phase III of the Village Park Improvements (currently nearing completion).
- ***Continued efforts to improve overall City services.*** The establishment of 15 new positions (\$600,000 budget impact) will continue to improve service delivery and internal efficiencies. More than \$3 million is also included in operating capital and vehicles to provide our employees the tools needed to perform their jobs more efficiently and effectively. A third of the new employees and nearly half of the operating capital cost is directly related to the conversion of yard waste collection services to an in-house operation.
- ***Continued Financial Plan Implementation.*** Per the City’s 10-year Financial Plan, the proposed FY 18 Budget includes no Property Tax increase and no Environmental Fee increases. However, Water and Sewer rate increases and Stormwater Fee increases are included to establish a new revenue stream for the Downtown Infrastructure Project and the Western Cabarrus Water and Sewer Expansion Project. The General Fund Budget includes an Ad Valorem (Property Tax) Rate of 63 cents per \$100 of assessed property valuation; the same as the FY 17 rate.

The purpose of the 10-Year Financial Plan is to implement sound financial management to guide the City’s decisions. This effort has created an environment of predictability and provided the pathway for every major decision of the past several years. The FY 18 Budget is the fourth year of full implementation of the Plan. The components of the Plan (and a corresponding status of each) are as follows:

Budget Development.

- a. *Enterprise funds will set rates so that inter-fund transfers are not required and that all funds become self-supporting.* This change will take a number of years to achieve and began with the FY 13 Budget and this continues in FY 18. The Stormwater Fund became self-supporting in FY 17.
- b. *Elimination of one-time revenues (or other special revenues) to be used to finance continuing city operations.* As the economic downturn eased over the past few years, this approach was injected into the budget process. It must continue. There are no one-time revenues used for reoccurring operating expenditures in the FY 18 Budget. One note however, some fund balance appropriations may be needed in FY 19 through FY 21 to “bridge the gap” between the financing demands of the downtown investments and corresponding private investment. This is expected to be a short-term issue and is a primary reason for establishing such a strong fund balance. Additionally, nearly \$500,000 in Economic Development funding included in the FY 18 Budget which will create some additional budget capacity in the next few years. This kind of multi-year budgeting approach is an important part of the City’s financial planning.
- c. *Reliance more on user fees than taxes to implement the Financial Plan.* The increases in the Water and Sewer charges and the Stormwater Fees are all included in the FY 18 Budget to fund specific projects supported by those funds.

Capital Improvement.

- a. *City Council will adopt a Capital Improvement Plan.* This has been adopted and revised twice. It will be continually updated in response to financial influences and City Council objectives.
- b. *Grants will only be sought for approved CIP projects.* This policy is being implemented by staff. The only exception are small grants funded out of operational budgets.

Debt Management.

- a. *City will seek a balanced approach to capital funding: Debt vs. Pay-Go vs. Capital Reserve.* There is a solid balance of all three approaches in the FY 2018 Budget. Approximately \$2 million is included as cash outlay for operating capital needs (generally items less than \$100,000 per item). About \$2.6 million in new debt service is included to fund approximately \$32 million in major capital improvement projects.
- b. *City's Net Debt (tax supported) will be 4% of assessed value or less.* When one half of the NCRC Bond obligation is removed (Cabarrus County's commitment), the City's net, tax supported debt is currently 1.65% of the assessed value. This policy was recently amended by City Council to permit higher debt load to facilitate the changing CIP due largely to the downtown efforts. It will increase for FY 19. This policy is still quite conservative as State law permits up to 8%.
- c. *Debt service expenditures will not exceed 15% of total fund expenditures.* Staff continues to monitor this provision. It is likely that a recommended policy adjustment will be needed due to the aggressive nature of the City's downtown efforts.
- d. *Aggregate 10-year principal payout target ratio of 60% or better.* Staff continues to monitor this provision.
- e. *Target of 10% equity funding in CIP on 5-year rolling average.* Staff continues to monitor this provision.

Cash Reserves.

- a. *A contingency reserve of at least 0.5% should be budgeted annually.* This is included in the FY 18 Budget.
- b. *Establishes General Fund - Fund Balance range of 25% to 33% (13 -17 weeks operating expenses).* The percentage is projected to be 23% in the FY 18 Budget. This is down from 32% in FY 17. However, this is impacted by short-term transfers to capital project funds. The City plans to borrow funds in FY 18 to replenish fund balance but at June 30, 2017 the City will have paid for several expenditures with cash in efforts to maintain schedules. Without these transfers the fund balance would have increased by \$2,000,000 (closer to 30%). The City has now achieved this goal but the key is to maintain it within the target range in future years.
- c. *The Water and Sewer Fund will strive to maintain cash balances of 25% of fund operating expenditures.* This goal has been achieved. The current cash balance in the Water and Sewer Fund is \$6.4 million which represents 41% of the operating expenditures.

Investment Management. Establishes approved investment instruments. *This is occurring.*

- ***Consistent Revenue Growth.*** We have been fortunate over the past few years to have experienced a steady increase in revenues. This trend is what is allowing the City to move forward aggressively with various economic development initiatives City-wide. It has also allowed the City to play catch up in

staffing and capital investment from years of limited resources. A few of the key revenue highlights of the FY 18 Budget are described below:

- a. Projected FY 18 property tax revenue growth is due solely to new private sector investment in our city (\$829,700). This is the second consecutive year of greater than \$800,000 in projected new tax revenues from private investment. This has not happened since FY 08 and FY 09.
- b. Sales tax revenue is projected to increase substantially (17.2% increase of \$1,336,100 from FY 17). This is compared to 12.5% (\$863,900) growth in FY 17. This increase is due to robust economic growth throughout Cabarrus County, as well as changes in the State's sales tax collection structure. There is a word of caution however; the General Assembly continues to discuss and consider legislation that would redistribute local sales tax funding to other, less prosperous parts of the State. Kannapolis is projected to lose \$250,000 if this were to occur. Staff will monitor this and will recommend a post-budget strategy to address this impact should it become a reality. It remains unclear if this legislation will pass.
- c. Water and Sewer revenues are projected to increase by 7.9% (\$1,289,200). By comparison, the FY 2017 increase from FY 2016 was 3.59% (\$562,500). **In keeping with the 10-year Financial Plan, there have been no water or sewer rate increases for four consecutive years.** During this time, natural growth in the system has provided necessary funding for continued operations and some limited expansion and improvement of the system. Aligned with the Financial Plan a rate increase of \$0.40 per 1,000 gallons for both the water and sewer is included in the recommended FY 18 Budget. For the typical 4,000 gallon per day user, this increase amounts to \$3.20 per month.

This rate increase will provide additional revenues for two primary economic development projects: 1) the Downtown Infrastructure Improvement Project, and 2) the Western Cabarrus Utility Expansion Project. The rate increase provides \$857,260 in additional revenues. The remaining \$431,940 in projected new revenues is attributable to growth in the system due to private investment and the full year implementation of the meter replacement project. The planned increase has been anticipated since the adoption of the Financial Plan and CIP several years ago.

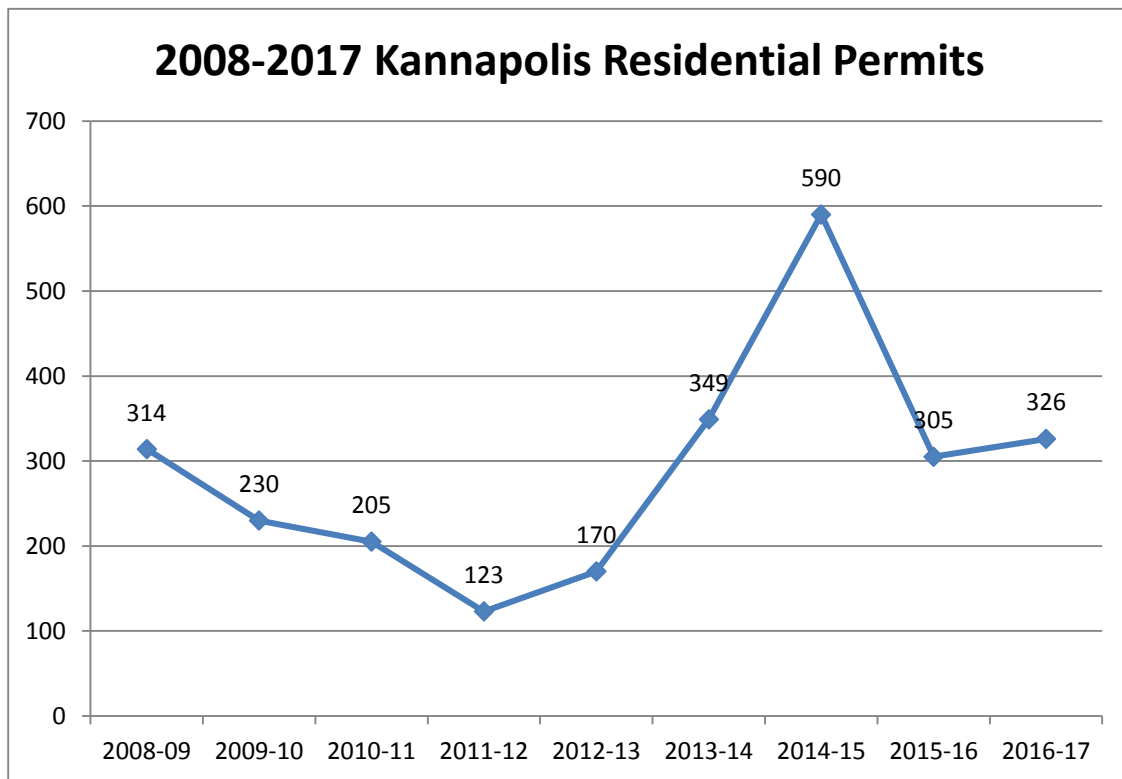
- d. Stormwater fees revenues are projected to increase by \$654,000 in FY 18. By comparison, the FY 17 budget increase from FY 16 was \$315,000 which was due exclusively as the result of new private investment in the City. The FY 2018 Stormwater Fund Budget includes a \$1.25 increase in the monthly stormwater rate for all tiers. The sole purpose of this rate increase is to fund part of the \$8,000,000 Downtown Infrastructure Improvement Project. This increase has been anticipated since the adoption of the Financial Plan and CIP several years ago. The projected increase in FY 18 is due to both revenues from growth and development as well as revenues from the recommended rate increase.

Looking Ahead – FY 2018 and Beyond

The vast majority of our City's revenue streams are tied to a growing economy (ad valorem taxes and sales taxes represent 78% of all of our City's General Fund revenues and 47% of all revenues. As a result, commercial and residential development is critical to our future prosperity. This growth is also one indicator of our future revenues.

The City's positive growth trends are continuing. Over the past three years (April 2014 to March 2017) 1,221 residential permits were issued (including 368 apartment units). The private investment for this residential development was \$131,471,806. This three year total of permitting was close to the same number of permits issued in the previous six years combined). This is depicted in the graph on the following page. Additionally, and perhaps more importantly, during the same three year period \$178,300,266 in private commercial and industrial development was permitted.

Clearly the previous six years were impacted by the recession. The take-away of these numbers is that the economy is more than recovered and private investment continues to trend upward. This new residential and non-residential development for only these three years represents nearly \$2 million in new property tax revenues and at least 2,000 new residents moving to our City.



*Note: 304 multi-family units were built in 2014-15.

The reality is that these growth numbers are likely to pale in comparison to what our City will experience over the next decade. If the City does nothing to plan and facilitate the positive impacts of the coming growth wave, growth will still come, albeit at a different pace and with mixed impacts on the quality of life and livability of our City. This is why it is even more important than ever that we pay attention to this huge opportunity. Several components of the FY 18 budget recognize this pending growth wave:

- *Downtown.* The Downtown revitalization efforts will play a much larger role in the City's growth over the coming years. Private investors will absolutely respond to the City's aggressive and proactive efforts (they already have); and they will they will not only invest in Downtown. A vibrant downtown is a major attraction for homebuilders and new residents, as well as for corporate and industrial investors. We should not think that the only spinoffs from our Downtown efforts are projects like the demonstration project. While these are critical to our success, they are not the only positive effects that we will experience over the next decade. The FY 18 Budget includes \$25 million of new capital investment planned for Downtown and nearly \$500,000 of operating funding. It is anticipated that the FY 19 budget will include an additional \$50 million in capital funding for Downtown.

These Downtown public investments (especially those anticipated in the FY 19 Budget) are largely dependent upon growth to fund them. If the private investment does not follow the public investments, future budgets will be very difficult to balance without replacement revenues. This is why it is so critical that, to the greatest extent possible, all barriers to growth be eliminated and all enhancements to growth be implemented. Doing both is not a one year effort – it will take consistency and patience; but simply waiting on the growth is not an option.

- *The Comprehensive Plan.* Private sector investors (including financing institutions backing the investors) migrate to places that remove uncertainty from the decision making process. The Comprehensive Plan achieves this very thing. Perhaps more importantly, this roadmap for our future ensures that the growth we see is the kind that has mostly positive impacts on the community. The Plan will establish a blueprint for staying ahead of these impacts and adjusting policy and funding to facilitate it. Funding in FY 18 continues this effort.
- *Public Safety.* Maintaining a low crime rate and maintaining high levels of service delivery in both the Police and Fire departments are enormous (and sometimes overlooked) quality of life measures. High crime communities are rarely high growth communities. The construction of a new Police HQ in 2016, the addition of new police and fire personnel and the construction in FY 18 of two replacement fire stations are examples of efforts to maintain a safe community. Looking ahead, exploring a long-term, sustainable approach to fire protection in the Western Growth Area will be critical. This is where the vast majority of our new residents will live.
- *Service Delivery Enhancements.* We should never under-estimate the impact municipal service delivery has on decisions to invest in, and relocate to, our community; and on the decision to continue to live and work here. Over time, poor service will result in the slowing of private investment and residential relocations to our community. The decision to bring yard waste collection services in-house in FY 18 is a good example of staying ahead of a problem and improving service to the community. The one-stop shop environment resulting from the construction our City Hall/Police HQ and the creation of an in-house

Planning Department are also recent examples of enhancing public services. **Going forward, much more attention will need to be given to providing additional resources to the Public Works Department to place them in a position to stay ahead of the growth impacts.** The services provided by this department are by far the most used by our citizens. Clean water from the tap, pothole free streets, toilets that flush properly and garbage (and yard waste) that gets collected as expected; these are non-negotiable services for most residents. By extension, the Customer Service function is a significant portal for these services and we must not lose sight of this being a key link to how our City is viewed. We must ensure that these services are never compromised and only enhanced. They should be viewed as the foundation for all we are as a City.

- *Communication and Image.* It is more critical than ever that we pay close attention to how the outside world views our City. We have made incredible strides over the past decade in gradually shedding away our image as a shell-shocked former textile community with no future. Of course the initial development of the North Carolina Research Campus played a dramatic role in changing the views of our community. However, this positive impact can no longer be taken for granted. The NCRC will rebound and grow again but City leadership will need to continue to take a major role in framing our community for those watching us. Ultimately we want to be regarded as a vibrant, progressive City contributing in a significant way to the Charlotte regional economy. The construction of a new City Hall was a key milestone in this effort. Activities in recent years continue to move us in that direction: wayfinding, gateway and corridor enhancements, furthering the City’s brand “Discover a Healthy Life” (Run Kannapolis, Loop the Loop), the aggressive promotion and use of the Laureate Center, new logo, and vastly improved marketing materials including an overhauled website. In FY 18 the implementation of a new marketing plan will begin. Another topic of major focus in FY 18 will be exploring strategies for substantially enhanced code enforcement which may require mid-budget year funding additions. Finally, the Mayor and City Council have played a key role in the City’s positive image projection. That continued leadership will be important going forward.
- *Parks and Recreation.* On the City’s website, the Parks and Recreation section is the second most visited page behind Job Postings. There is good reason. Over the past decade our park system has evolved into a major asset for both image and overall quality of life in our community. Quality parks and solid recreation offerings are absolutely economic development drivers. The nearly completed expansion of Village Park is funded for financing in FY 18. Two greenways and two eastside park investments will be part of the FY 19 budget. Some of these projects may start construction in FY 18. In FY 19/FY20 a new park on the Westside of the City will begin.

In support of a growing economy and a growing municipality, there are a number of City investments planned in the next three years. These projects are all included in the Capital Improvements Plan (CIP) and the revenues are included in the 10-year Financial Plan. It is important to remember that the implementation of the CIP and Financial Plan account for both new investments and retiring debt. There will be plenty of debt that is eliminated over the next decade at the same time that new critical investments are being added. The overall goal is to find the right balance between these two dynamics and new revenues coming from City Council action (via taxes and fees and/or facilitating/encouraging new private sector development).

The table on the following is a compilation of CIP projects for the next three years (some are described in more detail in the commentary above).

FY 2019-FY 2021 Capital Improvement Program (CIP) Projects		
Downtown Sports and Entertainment Venue	Royal Oaks Waterline Replacement Phase I, II and III	Downtown Parking Deck (Demonstration Project)
Eastside Park – Property Acquisition	Rocky River Greenway	Eastside Park – Little Texas
Bakers Creek Park Improvements	Westside Park Phase I	Little Texas Rd/Dale Earnhardt Blvd Sidewalk Phase II
Summit Ridge Sewerline	Two (2) Fire Engine Replacements	Sludge Lagoon Dewatering @ Water Treatment Plant
Highway 3 Sewerline abandonment Phase II	I-85 Widening Utility Relocations	Mooreville Road Waterline
Resurfacing the Public Works Operation Center Parking Lot	Ashford Street Stormwater Improvements	Street Sweeper
Fire Station 1 Remodel	Police Mobile Command Unit	Irish Buffalo Creek Greenway Phase II
North Bakers Creek Branch Greenway (with grant funds)	Haz-Mat Truck	Fire Alerting System (with grant funds)
Sewer Rehab (Project CW3-a) – Villages around Downtown	Multiple vehicles and operating capital items in all departments	

Closing Thoughts

This recommended FY 2018 Budget is balanced in accordance with State statutes and it directly addresses the goals and priorities that the City Council has established over the past several years of long range planning and strategy development. I am confident that this budget will again serve as a strong foundation for the coming years as our City continues to grow and prosper.

The talented team in our Finance Department guided us through the budget process with great success. The preparation of the budget is always a group effort with a number of staff participating in its development. I am continuously amazed at the dedication our employees have to striving for excellence in all that they do. For each of them I am extremely thankful. I am very proud of the commitment to long hours that many of our staff put into the preparation of this budget. In particular, under the direction of Finance Director Eric Davis, Budget

Analyst Jason May was this year's budget manager. Both Eric and Jason performed exceptionally well. As always, our Deputy City Manager Eddie Smith and all of the Department Heads and their management teams should be applauded for their contributions to this process.

I continue to be very energized by City Council's support of the implementation of the Capital Improvement Plan, Economic Development Plan, the 10-year Financial Plan and the Staffing Study. These plans, while sound from a City Management perspective, are never easy to adhere to; implementation can be a bit tasking due to the difficult decisions that must occur. Without these plans the purchase of our downtown would have been almost impossible to have achieved; the revitalization phase would be even less plausible. Without these plans we would not be moving forward with many of the components of the FY 18 Budget. It is clear that City Council sees the vision of what can be accomplished for our community if a sufficient level of resources is provided. It is my hope that this commitment continues for the next several years as these plans continue to be refined and implemented. I am confident that it will. Very few communities have the opportunities we have before us. Even fewer communities have the commitment and vision to take such a bold steps to capitalize on them.

Without reservation, I respectfully recommend this proposed FY 2017-18 Budget to the City Council for its thoughtful consideration.

Sincerely,

Mike Legg
City Manager

**AN ORDINANCE ADOPTING A BUDGET FOR THE
CITY OF KANNAPOLIS, NORTH CAROLINA FOR THE
FISCAL YEAR BEGINNING JULY 1, 2017 AND ENDING JUNE 30, 2018**

BE IT ORDAINED by the City Council of the City of Kannapolis, North Carolina, meeting in open session this 26th day of June, 2017, that the following fund revenues and departmental expenditures, together with certain restrictions and authorizations are hereby adopted.

SECTION I – GENERAL FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Ad Valorem taxes	\$ 25,000,000
Sales taxes	9,100,000
Intergovernmental	6,371,000
Miscellaneous	3,519,000
Appropriated Fund Balance	<u>0</u>
TOTAL	<u>\$43,990,000</u>

SECTION II - WATER AND SEWER FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Charges for Services	\$16,282,200
Other Revenues	1,245,000
TOTAL	<u>\$17,527,200</u>

SECTION III – STORM WATER FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Storm Water Fees	\$ 2,994,000
Miscellaneous	<u>0</u>
TOTAL	<u>\$ 2,994,000</u>

SECTION IV – ENVIRONMENTAL FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018:

User Fees	\$ 2,400,000
Transfer from Other Funds	1,109,290
Solid Waste Disposal Tax	<u>32,010</u>
TOTAL	<u>\$ 3,541,300</u>

SECTION V – PUBLIC TRANSIT SYSTEM FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Motor Vehicle Privilege Tax	\$ 190,000
Transfer from General Fund	<u>408,000</u>
TOTAL	<u>\$ 598,000</u>

SECTION VI – SEPARATION PAY FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Transfer from General Fund	\$ 465,000
TOTAL	<u>\$ 465,000</u>

SECTION VII – DOWNTOWN FUND: The City Council does estimate that the following revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018:

Property Leases	\$ 770,000
Transfer from General Fund	\$1,206,200
Miscellaneous	\$ 107,500
TOTAL	<u>\$2,083,700</u>

SECTION VIII - GENERAL FUND: A total of \$43,990,000 is hereby authorized to be expended from the departmental accounts of the General Fund as follows:

General Government	\$ 7,608,481
Community Development	889,432
Police	8,586,098
Fire	7,430,386
Parks and Recreation	1,990,345
Public Works, incl. Powell Bill	4,544,280
Other	4,486,724
Contingency	225,000
Debt Service	<u>8,229,254</u>
TOTAL	<u>\$43,990,000</u>

SECTION IX - WATER AND SEWER FUND: A total of \$17,527,200 is hereby authorized to be expended from the Water and Sewer Fund as follows:

General Management Services Fee	\$1,616,000
Billing and Collections – Water and Sewer	813,152
Distribution - Water and Sewer	2,715,375
WSACC – Sewage Treatment	3,026,687
Water Treatment Plant	2,869,396
Transfer to Other Funds	114,290
Debt Service	<u>6,372,300</u>
TOTAL	<u>\$17,527,200</u>

SECTION X – STORM WATER FUND: A total of \$2,994,000 is hereby authorized to be expended from the Storm Water Fund as follows:

Personnel	\$ 801,158
Operations	625,942
Debt Service	1,284,900
General Management Services Fee	<u>282,000</u>
TOTAL	<u>\$ 2,994,000</u>

SECTION XI – ENVIRONMENTAL FUND: A total of \$3,541,300 is hereby authorized to be expended from the Environmental Fund as follows:

Personnel	\$ 255,800
Operations	3,032,100
Debt Service	253,400
General Management Services Fee	<u>0</u>
TOTAL	<u>\$ 3,541,300</u>

SECTION XII – PUBLIC TRANSIT SYSTEM FUND: A total of \$598,000 is hereby authorized to be expended from the Public Transit System Fund as follows:

Contracted Services	\$ <u>598,000</u>
TOTAL	<u>\$ 598,000</u>

SECTION XIII - SEPARATION PAY FUND: A total of \$465,000 is hereby authorized to be expended from the Separation Pay Fund as follows:

Salaries-Separation Pay	\$ <u>465,000</u>
TOTAL	<u>\$ 465,000</u>

SECTION XIV - DOWNTOWN FUND: A total of \$2,083,700 is hereby authorized to be expended from the Downtown Fund as follows:

Operations	\$ 877,500
Debt Service	\$1,206,200
TOTAL	<u>\$2,083,700</u>

SECTION XV - TAX RATE ESTABLISHED: An Ad Valorem Tax Rate of \$0.63 per \$100 property valuation is hereby established as the official tax rate for the City of Kannapolis for the fiscal year 2016-2017. This rate is based on an estimated valuation of \$3,980,659,152 and an estimated 98 percent collection rate, which was at least the collection rate experienced during the 2015-2016 fiscal year. Allocation of the 2017-2018 tax rate will be as follows:

GENERAL FUND	\$.63
TOTAL TAX RATE	\$.63

SECTION XVI - SPECIAL AUTHORIZATION - CITY MANAGER:

a. The City Manager is hereby authorized to transfer funds from one line item to another line item within each Fund of said budget with the exception of the general contingency account. Utilization of any contingency appropriation shall be accomplished with City Council approval only.

b. Authorization is hereby given to the City Manager to withhold or postpone the expenditure of any funds appropriated in this ordinance when it appears to the City Manager that it would be in the best interest of the City for such expenditure to be withheld. This provision shall not in any way limit or restrict the right of the City Council to direct immediate disbursement of any appropriated funds when City Council is of the opinion that the funds should be expended regardless of the position taken by the City Manager.

SECTION XVII - SPECIAL AUTHORIZATION – STAFFING AUTHORIZATION:

Funds allocated in this budget ordinance are meant to fund the employment of 353 Full Time positions for fiscal year 2017.

This Ordinance is approved and adopted this 26th day of June, 2017.


Milton D. Hinnant, Mayor

ATTEST:


Bridgette Bell, MMC, NCCMC
City Clerk



**City Manager's
FY 2018 Budget Summary**

May 22, 2017

1 | GENERAL FUND

For more information please see page 5 of the FY 2018 Preliminary Budget document.

General Fund Revenues

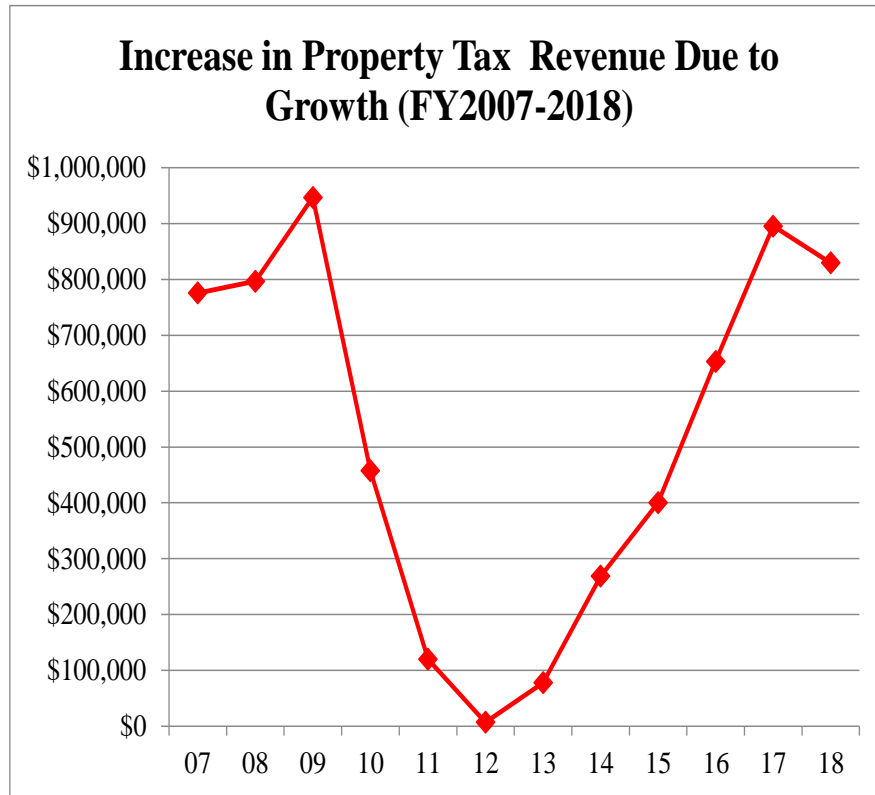
Property taxes and sales taxes continue to be the predominant revenue streams in the FY 2018 General Fund Budget (57% and 21%, respectively). Property tax revenue continues to be a very stable revenue source and is likely to increase over the next several years as the economy improves and land development activities accelerate. The same can be said for sales taxes, provided there is no General Assembly action that would change that course. In fact the percentage from sales tax revenues is higher than in previous years. Based on the 10-year Financial Plan, there are property tax rate increases planned for the next several years, provided that growth is maintained and that our various funding partners on the Downtown effort continue to offer financial support.

The proposed FY 2018 General Fund Budget is **\$43,990,000**, which represents a 5.75% increase from the FY 2017 Budget (\$2,389,200 actual). The total ad valorem (property) tax revenue projected for FY 2018 is \$25,000,000 based upon an estimated tax base of \$3.98 billion (an increase of \$121.6 million from FY 17) and a collection rate of 98%. Property tax revenues are projected to rise by 3.48% or \$829,700 in FY 18. Each penny on the tax rate is now equal to approximately \$396,825 (up from \$383,465 in FY 17 and \$354,410 in FY 16).

The recommended FY 2018 General Fund Budget includes **an Ad Valorem (Property Tax) Rate of 63 cents** per \$100 of assessed property valuation. This represents no change from the FY 2017 budget. Public Safety (Police and Fire) expenditures account for 37% of all General Fund expenditures.

The primary drivers of this year's revenue projections are:

1. All of the \$829,700 of projected increase in *ad valorem tax revenue is due to natural growth* in the tax base (private sector investment). This represents about the same increase experienced from FY 16 to FY 17. This is the second consecutive year of greater than \$800,000 in projected new tax revenues from private investment. This has not happened since FY 08 and FY 09. This organic growth in the City's tax base was approximately \$122 million over the past year. The historical increases in property tax revenues are shown on the graph on the following page. The City and the region continue to grow steadily with no hints of any slowing of the growth.



2. \$1,336,100 is the projected increase in *local option sales tax revenue*. This represents a 17.21% increase from FY 16. This is a significantly larger increase than the FY 15 change from FY 14 (5.4%) and the FY 16 change from FY 15 (7.3% or \$470,000) and the FY 17 change from FY 16 (12.5% or \$863,900). This increase is due to robust economic growth throughout Cabarrus County. There is a word of caution however; the General Assembly continues to discuss and consider legislation that would redistribute local sales taxes funding to other, less prosperous parts of the State. The General Assembly's Fiscal Research Division projects Kannapolis to lose \$387,000 in FY 18 on the Cabarrus side and gain \$137,000 on the Rowan side (a net \$250,000 loss). If this does indeed occur, staff will recommend a post budget adoption strategy to address this impact. It remains unclear if this legislation will pass.
3. Smaller increases in General Fund revenues include: ABC fund distributions (\$25,000), investment income earnings (\$50,000), and additional internal management fees charged to the City's Enterprise Funds (\$116,800).
4. FY 18 proposed budget includes no Fund Balance appropriations.
5. There are no sustentative reductions in General Fund revenues from the FY 17 Budget.

General Fund Expenditures – Personnel

The recommended General Fund budget includes nine (9) new full time positions, two of which are conversions of existing part-time positions to full-time. These positions are generally in-line with the recommendations from the 2015 Staffing Study, with a couple of exceptions described below. The budget impact of these positions is \$380,095 (salary and benefits) excluding normal gear, uniform and equipment costs which are included in the operating budgets. Offsetting revenues of \$36,000 for the part-time conversion positions brings the *net* budget impact to \$344,095.

Position	Department	Budget Impact
Evidence Custodian	Police	\$ 49,225
Three (3) Firefighters	Fire	\$ 130,392
Training Coordinator	Fire	\$ 45,044
Part-time Senior Office Asst. to full-time*	Parks	\$ 38,462
Construction Main. Worker II (Streets)	Public Works	\$ 38,462
Building Engineer II	General Services	\$ 40,048
Part-time Senior Office Asst. to full-time*	General Services	\$ 38,462
Totals		\$ 380,095

*The addition of these positions includes a partially offsetting reduction of part-time salaries in both the Parks and Recreation and General Services Budgets. These employees are already working at least 1,000 hours per year and due to retirement system rules they already receive retirement benefits.

The need for some of the positions is self-explanatory; based on the finding of the Staffing Study, work load increases, and more importantly “catching up” from years of limited ability to add new employees to meet the demands of providing quality City services. However, for a few of the positions, some additional details and clarifications may prove helpful to the reader:

1. The need for the Evidence Custodian in the *Police Department* is primarily related to workload and limited staffing. Currently the Police Department only has one person handling all training and evidence for all personnel. The increase of evidence seized and training required has increased drastically over the years. Tracking and maintaining the integrity of evidence is essential in the prosecution of criminal cases. Keeping up with both of these responsibilities has become too much for one individual to handle.
2. The need for a Training Coordinator in the *Fire Department* is based in a greater need for more effective, coordinated and consistent training. This responsibility has evolved for several years; first with a department committee, then a part-time coordinator, and now a full-time manager as proposed in the FY 18 Budget. Transition from part-time to full-time allows time for the “creation” of training and developmental programs instead of “cookie-cutter” training. This transition is a critical component within the Department’s organizational structure to ensure continued success and effectiveness in the delivery of its critical services.
3. In the FY 17 budget year the *Parks and Recreation Department’s* existing Senior Office Assistant was converted to a Program Assistant (essentially advancing the recommendations of the Staffing Study). This was due to significant customer demands and the need to become more active in downtown events like

Jiggy with the Piggy. The existing Senior Office Assistant employee was qualified to move into the Program Assistant position and that change was made. Part-time funds already budgeted in the department were then used to hire a part-time administrative support position. In FY 18 Budget simply restores the full-time Senior Office Assistant position.

4. The *General Services Department* positions were not included in the Staffing Study as the Department had just been created at the time of the Study. There are two factors driving the need for these two positions:
 - a. The significant consolidation of certain services to the General Services Department from other departments which require more field work and more administrative support. There is offsetting reductions in other departments as well as savings through centralization and economies of scale.
 - b. The recommended termination of the Downtown property management contract with NAI Southern Real Estate (saving \$116,400 annually). While a monetary savings, this will require both increased field work and administrative support.
 - c. Growth in rentals of City facilities, notably the Laureate Center.

Increases via the normal pay for performance plan continues for FY 18 and are budgeted throughout each department. This funding is included in the Non-Departmental section of the recommended Budget.

General Fund Expenditures – Capital

Funding is included in the recommended FY 18 Budget for several capital projects. These projects, listed in the table below, are all programmed for this budget year in the Capital Improvement Plan (CIP) and total \$10.44 million with a budget impact of \$980,920. All of these projects will be financed.

Capital Improvement Program Project	Total Cost	Budget Impact
Replace Fire Station #2 (under design in FY 17)	\$3,550,000	\$ 297,500
Replace Fire Station #3 (under design in FY 17)	\$3,550,000	\$ 297,500
Replace a Ladder Truck in the Fire Department	\$1,380,000	\$ 185,250
Village Park Phase 3 (constructed in FY 17)	\$1,350,000	\$ 121,500
Replace Fire Engine	\$609,000	\$ 79,170
Totals	\$10,439,000	\$ 980,920

Several other smaller operating capital items and projects are included in the recommended FY 18 Budget but are not included in the CIP. These projects listed in the table below total \$239,300 and will all be paid for with cash.

Operating Capital Project	Department	Budget Impact
Upgrade Laser fiche hardware and software	Info. Tech.	\$ 34,000
Kronos Workforce Tele staff	Info. Tech.	\$ 28,000
Office 365 upgrades – cloud based email (will result in reductions for servers, etc.)	Info. Tech	\$ 92,448
Online Utility Application	Info. Tech	\$ 22,000
Disaster Recovery Updates	Info. Tech	\$ 63,184
KRIMESITE software	Police	\$ 16,000
Camera System Phase I (base equipment)	Police	\$ 37,500
Snow Plow	Public Works	\$ 12,000
Salt Spreader	Public Works	\$ 20,000
Brine Sprayer	Public Works	\$ 25,000
Workman vehicle with infield groomer	Parks & Rec.	\$ 12,600
Maintenance Tractor	Parks & Rec.	\$ 29,000
Ballfield and soccer field renovations	Parks & Rec.	\$ 25,200
Totals		\$ 239,300

Finally, there are a number of vehicle purchases (all replacements) included in the recommended FY 18 Budget. These vehicles total \$748,500 and will be paid for with cash.

Vehicle Description	Department	Budget Impact
Three police cruisers & seven SUVs for patrol (10 replacements)	Police	\$ 520,800
FSUV to replace F408 (2006 Crown Vic)	Fire	\$ 29,700
SUV to replace PW-2; 1997 Chevy Blazer	Public Works - Engineering	\$ 25,000
Replacement Truck (Large crew cab truck with towing capabilities)	Public Works - Signs	\$ 106,000
Replace S-16 Truck (smaller crew cab truck)	Public Works - Streets	\$ 40,000
One Pick-up truck to replace an old police cruiser at Bakers Creek Park	Parks and Rec.	\$ 27,000
Totals		\$ 748,500

General Fund Expenditures – Operating

The items listed in the table beginning on the following page are operating expenditure highlights. This list is a mix of: 1) recurring expenditures of note, 2) new expenditures, 3) increased expenditures, and 4) substantially decreased expenditures. They are numbered only for ease of review (not as any sort of priority ranking).

1	\$39,500 Increase	<i>City Council - Election.</i> Included is \$36,000 in Cabarrus and \$3,500 in Rowan for the November 2017 municipal election.
2	\$478,387 Increase	<i>Community and Economic Development – Economic Development Initiatives.</i> The only certain use recommended for these funds is \$20,000 in Small Business Facade Grants and \$45,000 for short-term professional services to advance specific economic development projects. The remainder of the funding (the increase) is a set aside for a wide range of anticipated, but not-yet fully defined strategic economic development initiatives. The potential use of these funds will be for downtown tenant relocations, enhancements to the planned streetscape and Sports and Entertainment Venue projects, downtown building rehabilitation (e.g., the Gem Theater), and incentive funding for non-downtown economic development projects. The use of these funds will be determined within the first three months of the fiscal year and communicated to City Council at that time.
3	(\$3,650) Decrease	<i>Community and Economic Development - Community Support.</i> Funding (\$61,250 total) in this line item is for support for community groups not eligible for CDBG funding. The Cabarrus Arts Council has historically been granted approximately \$20,000 of these funds and it is recommended that this continue. Staff is recommending that the balance of the funds be used for programs and events related to economic/community development (tourism, NCRC, downtown, job creation, workforce development), promotion of the City’s brand (Discover a Healthy Life), and when possible, providing vouchers for use of City rental facilities if the program is directly tied to the aforementioned initiatives. Most importantly, the City must focus on developing a purposeful alliance with nonprofits rather than maintaining a relationship of benevolence; Nonprofits who are applying for funds may be asked to present evidence of community needs. This first year of funding, staff is recommending a formal decision-making process comprised of key Department Heads to coincide with the CBDG grant funding cycle. There will be a Request for Proposals (RFP) that specifically defines the target services and programs the City is seeking based on the criteria above. The process

		will demonstrate fairness, maximize accountability, minimize negative consequences and favoritism, and help determine whether the nonprofit can achieve the City's goals. City Council will be asked to approve the staff recommendations. Historically these funds have been allocated for the following purposes: Intimidators July 4 th sponsorship, 600 Festival, Irish Creek Collegiate Golf Tournament, Cabarrus Crime Stoppers, YMCA Strong Kids Campaign, Charlotte Biotech Conference, Five Ventures Entrepreneur Competition, Chamber of Commerce Annual Meeting.
4	\$24,000 Increase	<i>Communications.</i> This funding (\$183,500) supports the following activities: Connect CTY mass communication system, Run Kannapolis initiative and other Healthy Living Initiatives; Kannapolis Matters publications; Special Event Mailings; Marketing Plan implementation, Economic Development Marketing and one Citizen Academy. A significant part of the increase (\$12,500) is due to the movement of environmental education funding from the Environmental Fund to the General Fund.
5	(\$16,000) Decrease (consolidation)	<i>Human Resources - Centralizing all Pre-employment Expenses.</i> This involves moving funding for background checks, drug tests, etc. from all departments into the Human Resources budget which saves expenses due to economies of scale and more efficient/centralized management of the expenses. Some of this decrease occurred in FY 17 and continues in FY 18.
6	(\$12,500) Decrease	<i>Finance - Tax Collection.</i> This reduction is due to the City of Concord's decision to contract with Cabarrus County to send tax bills, which, through economies of scale impacts, will reduce Kannapolis' cost from \$3.58 to \$2.00 per tax bill.
7	\$19,000 Increase	<i>Information Technology - Network Administration.</i> A 4.39% increase is included for Network Administration (\$452,000 total) through our contract with service provider Technologies Edge. This increase is similar to the increase with Waste Management in the Environmental Fund, and similar to rate increases found in the Water & Sewer Fund. The I.T. Department Head will have be expected to prioritize staffing levels to meet the City's needs both on a daily basis in an office setting, as well as for special events and City Council meetings in the Laureate Center.
8	\$50,016 Increase	<i>Information Technology - Annual Maintenance (Software Maintenance and Licenses).</i> This increase is due to a new, post-

		warranty audio-visual system support contract for City Hall technology.
9	\$182,500 Increase	<i>General Services - Repair & Maintenance: Buildings & Grounds.</i> This is the first year of centralizing all repair and maintenance funds from all General Fund budget accounts to the General Services Department. The General Services Director will prioritize the use of a total of \$125,000 in funding; there are more maintenance needs than the recommended budget will support in one year. This increase is offset by a similar decrease spread among multiple departments. Also included is \$75,000 for the anticipated move and upfits for a new employee health clinic location. Currently, the clinic is located at the Cabarrus Health Alliance. For a variety of reasons, including space needs by CHA, we will need to relocate this function. One location we are exploring is the old Finance Department space at the old City Offices but other options are being considered as well. Ultimately this function can be located in the City Hall but this decision would probably need to be part of a bigger long term office plan for the building which staff believes is premature at this time.
10	\$71,000 Increase	<i>General Services - Utility Payments.</i> \$316,000 is budgeted for utility payments (water/sewer, electricity and natural gas) on all City owned properties including the new City Hall. The FY 17 budget was forecasted using only three months of historical usage for the New City Hall thus limiting the accuracy of those estimates. The FY 18 Budget Forecast is based on 16 months of expenditures. Also included is utility costs for a relocated health clinic.
11	\$113,000 Increase	<i>General Services - Telephone.</i> The primary driver of this increase is the consolidation of all phone service accounting in various departments to the General Services Department. There are also some savings factored in as well as some increases due to new positions. Additionally some rightsizing is factored in using the previous expense trends.
12	\$105,500 Increase	<i>General Services - Contracted Service.</i> The City has budgeted \$224,700 in contracted services in conjunction with the operation and maintenance of City Hall. These contracts include: Fire protection, landscaping, HVAC maintenance, wood touch up, window washings, elevator maintenance, etc. The increase is driven by two factors; 1) post post-warranty expenses for the new City Hall that were not required in FY 17, and 2) increased stewardship of City assets via new preventative maintenance contracts at various sites City-wide. This

		proactive approach is an objective of the General Services Department with full support from the City Manager.
13	\$25,000 Increase (consolidation)	<i>General Services - Equipment rental.</i> The total funding for is budgeted at \$100,000. This line continues to consolidate copier and postage machine leases for the City into one central departmental expense. With the move to the new City Hall/Police HQ these machines are shared by multiple departments. This increase is the final part of the centralization and is offset by a similar decrease spread among multiple departments.
14	(\$22,500) Decrease	<i>General Services - Repair & Maintenance: Railroad Depot.</i> Current year funding included renovations to the Train Station to convert it to more marketable meeting space which was completed. The budget has returned to the FY 2016 level.
15	\$129,500 Increase	<i>Grounds Maintenance for City Facilities.</i> Total funding is \$191,500. This cost covers all five Fire Station locations, the Gateway Business Park, Public Works Operations Center, two railroad overpasses, Veterans Park, Dale Earnhardt Tribute site, City Hall and certain downtown streets. It does not include parks maintenance. There are a variety of reasons for this increase: 1) higher level of asset management (e.g., tree care contract) similar to increases in building management, 2) having a full year of expenses on the new City Hall to determine full costs and some continued consolidation from other department budgets into General Services.
16	(\$124,000) Decrease	<i>Police Support Services - Capital Outlay.</i> The Police Department purchase of ProQA software was a one-time expenditure in FY 17 which will not be repeated in FY 18. This is the driver of the decrease.
17	(\$52,300) Decrease	<i>Police Field Operations - Public Safety Supplies.</i> Funding was earmarked for new officers in the FY 17 Budget. As no new officers are included in the recommended FY 18 budget, this expense will decrease.
18	\$150,000 Increase	<i>Fire Department - Contract with Odell Fire Department.</i> \$300,000 is budgeted (increase of 100%) for fire protection services in the Kannapolis's western growth area (west of Coddle Creek Reservoir). The agreement with the Odell VFD is tied to property values and private investment. As part of the Cabarrus County revaluation in FY 17 this area experienced the largest growth in property values and the majority of the residential permitting in Kannapolis. This trend is likely to continue for the foreseeable future – as will the corresponding fire protection expenses. Discussions with Cabarrus County, the Odell

		<p>Fire Department and the City of Concord regarding the long range plan for this area’s fire protection is well underway and will continue. The recommended budget does not include funds to facilitate any change in this arrangement for fire protection in the City’s western growth area but a mid-budget year change is possible.</p>
19	\$19,200 Increase	<p><i>Fire Department – Contracted Services.</i> The majority of the increase is for the local match for a \$670,000 regional FEMA grant match for accountability/tracking system using radio technology to transmit firefighter locations while operating in dangerous environments. The Kannapolis portion of this grant is \$180,000 which includes an \$18,000 (10%) local match.</p>
20	\$317,444 Increase and off-setting (\$370,000) Decrease	<p><i>Public Works - Engineering.</i> These changes facilitate the final move from 100% contracted services to a hybrid of contracted services and in-house employees. This brings the Contract-Engineering line item down from \$700,000 in FY 17 to \$325,000 in FY 18 and increases the personnel expenses from \$440,495 in FY 17 to \$757,938 in FY 18. The FY 17 total included funding for the Public Works Director, Assistant Public Works Director, two existing Engineering Technicians and two clerical support positions. The increase will fund a City Engineer, two Civil Engineers, and one additional Engineering Technician. These positions have all been approved previously by City Council but the formal budget adjustments are included for the first time in the recommended FY 18 Budget.</p>
21	\$145,00 Increase and off-setting (\$140,000) Decrease	<p><i>Public Works - Street Lights.</i> This is the second year of funding for new lights on Laureate Way and Watson Crick Drive to fill in a lighting gap downtown. \$140,000 is decreasing in one line item (FY 17 expenditures for light purchases) and \$145,000 is increasing in another line item (for additional light purchases and installation of all lights). The total net budget impact is only \$5,000.</p>
22	\$50,000 Increase	<p><i>Public Works Powell Bill - Contracted Services.</i> A total of \$350,000 is budgeted. This funding will mostly be used to facilitate additional sidewalk construction and repairs throughout the City.</p>
23	\$100,000 Increase	<p><i>Public Works Powell Bill - Street Resurfacing.</i> A total of \$600,000 is included for street resurfacing. The city maintains over 900 streets with more than 225 miles of paved roads and is currently on a 100-year resurfacing plan.</p>
24	\$127,406 Increase	<p><i>Planning - Contract Planning.</i> This increase includes the second (and final) year of the Comprehensive Plan, The second phase of the Downtown Parking Plan, initial funding for comprehensive UDO overhaul, and the initial 10 licenses for Accela (comprehensive</p>

		permitting software already used by both Cabarrus County and the City of Concord).
25	\$25,000 Increase	<i>Parks and Recreation - Programs.</i> \$240,000 is included for the Summer Events series. This is a \$55,000 increase over the past two years (\$25,000 proposed in FY 18). These additional funds will provide staff the opportunity to bring in noteworthy entertainment resulting in higher visitor counts to the downtown area.
26	\$15,000 Increase	<i>Parks and Recreation - Programs.</i> Funding of the Kannapolis Christmas event is increased to \$40,000 (\$15,000 increase). This increase is for new displays and the continued conversion to energy efficient LED lighting. It is believed the Christmas Parade will be generally self-sustaining through registration fees and sponsorships so no funding is included in the FY 18 Budget for this purpose. However, after the first year experience this may need to be re-evaluated as part of the FY 19 Budget.
27	\$15,700 Increase	<i>Non-Departmental - General Liability Insurance.</i> This increase is for new Cyber Security Insurance coverage.
28	\$19,000 Increase	<i>Non-Departmental - Contingency Funds.</i> The adopted 10-year Financial Plan and corresponding City Council policy provides that 0.5% of the General Fund Budget be placed in contingency. This can be used with City Council approval throughout the year or can be used to continue to build up the City's fund balance. For FY 18 the total amount of contingency is \$225,000.
29	\$100,000 Increase	<i>Non-Departmental - Self-Insured Claims.</i> This increase is based on a three year trend. This is always a projected number based on anticipated claims and anticipated workers compensation settlements of open cases. Historical trends are the only real way to accurately budget for this expense and even this is not without challenges. A total of \$325,000 is included in the FY 18 Budget. Actual expenditures for the past three years are: \$322,270 in FY 15; \$582,321 in FY 16 (includes a large \$313,000 payout at the end of the year which somewhat skews the trend); and \$342,580 for FY 17 to date.
30	\$42,700 Increase	<i>Non-Departmental - Transfer to the other Funds.</i> This budget account is increased slightly to \$3,074,200 and details are explained more thoroughly in the various funds. The transfer to the Transit Fund increased by \$162,700. The transfer to the Separation Pay fund increased by \$20,000. Decreases in transfers to the Environmental Fund (\$5,000) and the Downtown Fund (\$135,000 to account for reduced expenditures) are included.

General Fund Debt Service

The FY 2018 Budget includes an increase of \$980,920 in General Fund debt service. This additional annual debt service covers principal and interest on the financing of Fire Station 2 and 3, a ladder truck and fire engine and the Phase III Improvements to Village Park (completed in FY 17, financed in FY 18). No debt service is included for any of the downtown projects in the General Fund. Those will impact the FY 19 and FY 20 budgets.

Part of the General Management Services Fee from the Water and Sewer Fund continues to be earmarked for a portion of the debt service for the new City Hall building.

General Fund - Fund Balance

The General Fund unassigned fund balance at June 30, 2017 is estimated to be approximately \$9,400,000 or 23% of the estimated FY 2017 General Fund expenditures. This is down from 32% in FY 16 and 29% in FY 15. However, the FY 2017 fund balance will be impacted by short-term transfers to capital project funds. The City plans to borrow funds in FY18 but at June 30 the City will have paid for several expenditures with cash in efforts to maintain schedules. Without these transfers it is estimated that fund balance would have increased by \$2,000,000 (closer to 30%).

The Local Government Commission of the North Carolina (LGC) strongly recommends that cities and counties maintain an available fund balance at no less than 8% of General Fund expenditures. The LGC has however consistently advised that fund balances larger than 8% may be more appropriate for smaller cities. A healthy fund balance is a key factor in reduced borrowing costs via higher debt ratings. It also is important cash flow tool for the city's management team. Furthermore, it provides a reserve for unexpected expenditures (e.g., natural disasters). Finally, a strong fund balance provides City Council with flexibility in short and long-term decision making.

2 | WATER AND SEWER FUND

For more information please see page 71 of the FY 2018 Preliminary Budget document.

Water and Sewer Fund Revenues

The proposed FY 2018 Water and Sewer Budget is **\$17,527,200** which represents a 7.94% increase from the current year budget (\$1,289,200 actual increase). By comparison, the FY 2017 increase from FY 2016 was 3.59% (\$562,500) and the FY 2016 increase from FY 2015 was 5.14% (\$765,679).

In keeping with the 10-year Financial Plan, there have been no water or sewer rate increases for four consecutive years. During this time, natural growth in the system has provided necessary funding for continued operations and some limited expansion and improvement of the system. Also in keeping with the Financial Plan a rate increase of \$0.40 per 1,000 gallons for both the water and sewer is included in the recommended FY 18 Budget. This rate increase will provide additional revenues for two planned primary economic development projects: 1) the Downtown Infrastructure Improvement Project, and 2) the western Cabarrus Utility Expansion Project (including a water tank).

The rate increase provides \$857,260 in additional revenues. The remainder of the \$1,289,200 in new revenues (\$431,940) is attributable to growth in the system due to private investment and the full year implementation of the meter replacement project. There is a slight decrease in wholesale water sales as a result of a new contract with Landis. Connection fees are projected to increase slightly. The increase in penalty charge revenues is based on three year trend.

Proposed Water and Sewer Fee and Charge Schedule

(Tier One = less than 7,000 gallons)

Charge	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	Proposed FY 18
Variable Water Rate	\$5.40	\$5.40	\$5.40	\$5.75	\$5.75	\$5.75	\$5.75	\$6.15
Variable Sewer Rate	\$5.30	\$5.30	\$5.30	\$5.65	\$5.65	\$5.65	\$5.65	\$6.05
Fixed Water Charge	\$4.65	\$6.00	\$6.00	\$6.95	\$6.95	\$6.95	\$6.95	\$6.95
Fixed Sewer Charge	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80	\$3.80

Variable rates are charged per 1,000 gallons usage and fixed charges are flat charges per month, per customer regardless of usage.

Proposed Monthly Impact by Usage

(Tier One = less than 7,000 gallons); Water and Sewer combined; All Rates and Charges)

Usage	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	Proposed FY 18	FY 17 to FY 18 % Change	FY 17 to FY 18 Actual \$ Change
2000 gallons	29.85	\$31.20	\$31.20	\$33.55	\$33.55	\$33.55	\$33.55	\$35.15	+ 4.8%	+ \$1.60
4000 gallons	51.25	\$52.60	\$52.60	\$56.35	\$56.35	\$56.35	\$56.35	\$59.55	+ 5.7%	+ \$3.20
5000 gallons	61.95	\$63.30	\$63.30	\$67.75	\$67.75	\$67.75	\$67.75	\$71.75	+ 5.9%	+ \$4.00

The Water and Sewer Fund remains healthy with adequate cash reserves (\$6.4 million or 41% of operating revenues). Some portion of these reserves could be appropriated to projects or one time expenditures provided it does not compromise the set policy limit of 25% (\$3.9 million). For the FY 18 Budget this amount would be approximately \$2.5 million. However these reserves could be used for future utility expansion to facilitate economic growth. In no case should they be used for recurring expenditures.

Water and Sewer Fund Expenditures - Personnel

No new positions are included in the Water & Sewer Budget for FY 18.

Water and Sewer Fund Expenditures - Capital

Funding is included in the recommended FY 18 Water and Sewer Budget for two large capital projects: 1) Downtown Infrastructure Replacement Project (\$17,000,000 excluding Stormwater - the entire project, including the Stormwater component is estimated at \$25 million), and 2) Western Cabarrus Water and Sewer Expansion Project (\$6,000,000 including a water tank). These projects have been programmed in the Capital Improvement Plan (CIP) for a number of years. These projects total \$23 million with a combined budget impact of \$2,070,000. The projects will be financed through the issuance of revenue bonds. Several other smaller operating capital items, vehicles and projects are included in the recommended FY 18 Water and Sewer Fund Budget but are not included in the CIP. These projects total \$566,800 and will all be paid for with cash.

Operating Capital Project	Division	Budget Impact
Sidetrac Sewer Easement	Distribution	\$ 43,500
Portable Air Compressor	Distribution	\$ 21,300
Crew Cab Truck (w-51 replacement)	Distribution	\$ 40,000
Small Truck (W-52 replacement)	Distribution	\$ 29,000
Small Truck (W-53 replacement)	Distribution	\$ 29,000
CCTV system for W-42	Distribution	\$ 88,000
Small SUV (new vehicle)	Water Treatment	\$ 26,000
Streaming Current Meter	Water Treatment	\$ 14,000
Alum and Caustic Equipment	Water Treatment	\$ 35,000
Flow Pacing	Water Treatment	\$ 27,000
TracVac Upgrade	Water Treatment	\$ 41,000
Spare Turbidity Meter	Water Treatment	\$ 6,000
Phosphate Mini-Bulk	Water Treatment	\$ 22,000
Fencing at WTP	Water Treatment	\$ 63,000
Replacement Chemical Feed Pump	Water Treatment	\$ 21,000
Toeboard Replacement	Water Treatment	\$ 61,000
Totals		\$ 566,800

Water and Sewer Fund Expenditures – Operating

There is not a tremendous amount of change in the operations budget for FY 18 Water and Sewer Budget. A few items of note are:

- *Utilization Review.* A \$19,000 utilization review is included in the Billing and Collections Budget. This is phase II of a software project for Customer Service that will analyze customer usage of our billing software to see how we can improve efficiencies and encourage more use.
- *Wastewater Treatment.* The wholesale sewer treatment and sewer collection rates from the Water and Sewer Authority of Cabarrus County (WSACC) are increasing by 5% in FY 18. This is the third rate increase after more than ten years of no rate increase and is due to many factors. This increase is being absorbed in the FY 18 Budget (not passed along to the City’s customers).
- *Bulk Water Purchases.* This budgeted amount of \$845,000 is for the minimum 0.8 MGDs from the City of Albemarle and the remainder from the City of Concord through the two cities’ reciprocal agreement. The FY 18 budget includes a reduction of \$471,066 from FY 17 due to the elimination of bulk water purchases from the City of Salisbury as a result of the contractual water purchase obligation expiration.
- *Repair and Maintenance of Water Tanks.* This budget is reduced by \$182,100 for FY 18. Funding was included in FY 17 for the rehabilitation and painting of the South Ridge Tank. Funding in FY 18 only includes preventative maintenance.
- *General Management Services Fee.* The General Management Service Fee covers the administrative expense incurred by the General Fund and Environmental Fund in providing leadership, support and financial directives for the Water and Sewer Fund. The Water & Sewer Fund will pay a \$1,730,290 General Management Services Fee to the General Fund (up \$76,584 from FY 17). The Water & Sewer fund will also transfer \$114,290 to the Environmental Fund (down from a \$364,700 transfer budgeted FY 17). Both of these transfers follow the City’s Financial Plan.

Water and Sewer Fund Debt Service

New revenue bond debt is included in the recommended FY 2018 Budget. The total Water and Sewer Debt will be approximately \$6,372,300 up from \$4,701,776 (\$1,670,524 increase) in FY 2017. The increase is solely for the debt issuance costs for the Western Cabarrus Water and Sewer Expansion Project and the Downtown Infrastructure Replacement Project. This debt will be issued around the middle of the fiscal year. Most of the existing debt in the Water and Sewer Fund has a remaining term of between 5 and 11 years. Debt Service is 36% of the total fund for Water & Sewer.

3 | STORMWATER FUND

For more information please see page 88 of the FY 2018 Preliminary Budget document.

Stormwater Fund Revenues

The proposed FY 2018 Stormwater Fund Budget is **\$2,994,000**, which represents a 27.95% increase from the current year budget (\$654,000 actual). The FY 2018 Stormwater Budget includes a \$1.25 increase in the monthly stormwater rate for all tiers as depicted in the chart below. The sole purpose of this planned rate increase is to fund the \$8,000,000 Downtown Stormwater Improvement Project.

	FY 13	FY 14	FY 15	FY 16	FY 17	Proposed FY 18
Tier 1:	\$3.30	\$3.60	\$3.90	\$4.50	\$4.50	\$5.75
Tier 2*:	\$4.40	\$4.80	\$5.20	\$6.00	\$6.00	\$7.25
Tier 3:	\$5.50	\$6.00	\$6.50	\$7.50	\$7.50	\$8.75

* This will also be the rate for each commercial E.R.U.

By comparison, the FY 2017 budget increase from FY 2016 was 15.56% (\$315,000 actual) which was due exclusively to new private investment in the City. The projected increase in FY 18 is due to both revenues from growth and development as well as revenues from the rate increase.

FY 16 Budget included the final of four annual rate increases stipulated by the 10-year Financial Plan. These increases were identified in the 10 year financial plan that was submitted to the City Council in the spring of 2012. As of FY 17 this is now a self-sustaining, self-funded enterprise fund. 100% of the Stormwater Fund's revenue comes from user charges and fees. Any rate increases will be specifically related to new projects or services.

Stormwater Fund Expenditures – Personnel

In keeping with the recommendations of the 2015 Staffing Study there are no new personnel included in the FY 18 Stormwater Fund.

Stormwater Fund Expenditures – Operating

There is not a tremendous amount of change in the operations budget for FY 18 Stormwater Budget. A few items of note are:

- *Phase II Stormwater Regulations Compliance.* \$160,042 is budgeted to professional services in order to assist the City in compliance with Federal Phase 2 Stormwater Regulations, and the Stormwater Monitoring Program. This represents a \$20,042 (14.32%) increase over FY 17.

- *General Management Service Fee.* The General Management Service Fee covers the administrative expense incurred by the General Fund in providing leadership, support and financial directives for the Stormwater Fund. This fee of \$282,000 will be paid to the General Fund in FY 18. This is a \$40,216 (16.63%) increase over the FY17 fee of \$241,784. Until FY 17 the General Management Service Fee to the General Fund had been underfunded due to an inability to pay the full amount. This year's fee (like the FY 17 fee) represents the full amount owed to the General Fund. This transfer follows the City's Financial Plan.
- *Street Repair and Maintenance.* An additional \$57,448 (52.23%) is budgeted for the maintenance of the City's infrastructure within rights-of-way. This is the first time in many years in which this maintenance line item has increased.
- *Vehicle Replacement.* \$41,000 is budgeted in Capital Machinery & Equipment for the purchase of one (1) utility truck that will replace an aging vehicle currently in the fleet.

Stormwater Fund Expenditures - Capital

Funding is included in the recommended FY 18 Stormwater Budget for one large capital project: the Downtown Infrastructure Replacement (\$8,000,000 excluding Water and Sewer). This project has been programmed in the Capital Improvement Plan (CIP) for a number of years. The budget impact of this project will be \$630,096. This project will be financed through the issuance of limited obligation bonds or a similar instrument. It will be constructed in tandem with the water and sewer and streetscape improvements. The entire project is estimated at \$25 million.

Stormwater Fund Debt Service

Total debt service in the Stormwater Fund is projected to be \$1,284,900, an increase of 88.3% (\$602,565 actual) from FY 17. As noted above, the sole driver of this new debt is the Downtown Infrastructure Replacement Project. This debt will be issued around the middle of the fiscal year. Most of the existing debt in the Stormwater Fund has a remaining term of between 6 and 9 years. Debt Service represents approximately 43% of the Stormwater Fund.

4 | ENVIRONMENTAL FUND

For more information please see page 96 of the FY 2018 Preliminary Budget document.

Environmental Fund Revenues

The proposed FY 2018 Environmental Fund Budget is **\$3,541,300** which represents a 6.51% *decrease* from the FY 17 budget (\$246,400 actual).

In accordance with the City's 10-Year Financial Plan, no fee increases are included in the FY 18 Budget. However, it is important to note that in FY 2019 and FY 2021 the 10-year Financial Plan calls for Environmental Services fee increases (\$2.50/home/month for each year) as a means to create a sustainable, self-supporting, user-fee based Fund. Each year that this is accomplished, a minimum of \$350,000 will be freed up in the General Fund for new City Council investments, initiatives or reductions in the property tax. A fully self-sustaining fund will ultimately require a \$17.70 fee per month. This figure would include enough revenue to cover the landfill (tipping fee) costs.

\$2,400,000 in revenue is projected to be generated from user fees. This is an increase of \$7,000 from FY 17. \$995,000 will come in the form of a transfer from the General Fund, and \$114,290 will come via transfer from the Water & Sewer Fund. All transfers follow the projections found in the 10 Year Financial Plan.

Environmental Fund Expenditures – Personnel

For the past several years this fund has primarily been contract service oriented. However, to respond to the decision to begin providing yard waste and leaf collection services in-house, the FY 18 budget includes the additional of a five (5) new positions to establish a yard waste collection crew to provide this service. These five positions have a \$230,455 budget impact (salary and benefits). An additional \$25,000 is included for part-time salaries to be used to supplement the full-time employees, especially during leaf collection season.

Position	Budget Impact
Yard Waste Crew Chief	\$ 49,255
Yard Waste Const. Maintenance Technician	\$ 45,300
Yard Waste Const. Maintenance Technician	\$ 45,300
Yard Waste Const. Maintenance Technician	\$ 45,300
Yard Waste Const. Maintenance Technician	\$ 45,300
Totals	\$ 230,455

Increases via the normal pay for performance plan are included for FY 18 for staff already in place.

Environmental Fund Expenditures – Operating

The City has budgeted \$1,576,300 for residential solid waste collection; \$660,000 for landfill tipping fees; and \$544,000 for recycling efforts. These costs are generally the same as FY 18 with only relatively minor adjustments. The only exception is for recycling. Recycling service was increased by more than \$120,000 over the FY 16 and FY 17 budget years due to the elimination of sales of recyclable commodities on the open market. However this trend has reversed and the recycling costs are projected to decrease in FY 18 by \$84,000.

As noted above the decision to bring yard waste collection services in-house will result in the reduction of contracted service costs by \$903,600. There will be offsetting personnel, capital and operating expenses but these costs are not expected to exceed the FY 17 contracted amount.

There are several new line items in the operating budget for the Environmental Fund (Repair and Maintenance: Vehicles, Repair and Maintenance: Equipment, and Motor Fuel). These are directly related to the yard waste service changes and total \$75,000.

The FY 18 Budget also includes an increase of \$78,800 (to a total of \$118,000) in contracted services to cover electronics waste disposal. Similar to recycling over the previous few years, the e-waste market has evaporated and disposal will continue to cost the City. This is a \$78,800 increase over FY 17 Budget which represents a true cost estimate of providing this service. The city currently disposes of an average of two truckloads of E-waste per month costing an average of \$4,700 per load. Staff continues to explore ways to address this issue in the most effective way possible but options are limited. Additionally, the City is now required to palletize and box all e-waste placing a growing burden on existing staff.

Public outreach funding (\$19,000) has been moved to Communications Budget in the General Fund for easier availability to the Communication Specialist.

Environmental Fund Expenditures – Capital

Container purchases continue to be a significant expenditure for this Fund. In FY 18, \$76,000 is budgeted for container purchases. Two loads of carts (588 per load) are slated to be purchased in FY 18. Additionally, two loads of container lids will also be purchased at a total of \$10,000. These purchases will be paid for in cash. These expenditure amounts have become typical in each of the past several budget years due to population growth.

To facilitate the in-house yard waste collection services plan, the purchase of two (2) boom trucks, one (1) diamond trash truck and four (4) leaf trucks will be purchased. All of these larger vehicles will be financed (see the following page). One additional F250 Truck is scheduled for purchase in FY 18 using cash.

Vehicle Description	Cost	Budget Impact
Two (2) Peterson TL-3 Boom Truck (\$154,000 each)	\$ 308,000	\$ 69,313
One (1) Diamond Trash Truck on 2017 Isuzu Chassis	\$ 103,200	\$ 23,225
Four (4) SCL65SM-3X Leaf Truck (\$178,700 each)	\$ 714,800	\$ 160,862
F 250 Truck (will be purchased with cash)	\$ 41,000	\$ 41,000
Totals	\$ 1,167,000	\$ 294,400

There are no other capital projects or expenditures in the FY 18 Environmental Fund.

Environmental Fund Debt Service

The above-mentioned yard waste trucks will be financed using 59-month installment financing. Debt Service for the first year will be \$253,400. This is the only debt in the Environmental Fund.

5 | SEPARATION PAY FUND

For more information please see page 103 of the FY 2018 Preliminary Budget document.

Separation Pay Fund Revenues

The proposed FY 18 Separation Pay Fund Budget is **\$465,000** which represents a 4.49% increase from the FY 17 budget (\$20,000 actual). As in most years, the largest driver of this increase is the eligibility of long-time employees reaching retirement eligibility status. While this has occurred, there still is no guarantee of if, or when those individuals will retire. By comparison, the last two budget increases from FY 15 to FY 16 and from FY 16 to FY 17 were each greater than 20% (\$80,000 actual each year). All revenues in this fund are provided by a transfer from the City's General Fund.

Separation Pay is a supplemental benefit to retirees from the City who have not reached 62 years of age. The benefit ends when the employee reaches age 62.

Separation Pay Fund Expenditures – Personnel

The Separation Pay Fund is exclusively an internal service fund. As such, there is no funding for personnel.

Separation Pay Fund Expenditures – Operating

The full amount of the Separation Pay Fund is projected to be spent on separation pay obligations for retired City employees. Part of the increase is the anticipation of a *net* increase of four (4) employees projected that will retire during FY 2017. Four (4) former employees will be coming off separation pay rolls in FY 2018 and eight (8) current employees are eligible to receive separation pay benefits in FY 2018.

Twenty-eight (28) former employees currently receive separation pay benefits.

Separation Pay Fund Expenditures - Capital

The Separation Pay Fund is exclusively an internal service fund. As such, there is no direct funding for capital items.

Separation Pay Fund Debt Service

The Separation Pay Fund is exclusively an internal service fund. As such, there is no existing or new debt service included.

6 | PUBLIC TRANSIT FUND

For more information please see page 107 of the FY 2018 Preliminary Budget document.

Public Transit Fund Revenues

The proposed FY 2018 Public Transit Fund Budget is **\$598,800**, which represents a 37.38% *increase* from the current year budget (\$163,500 actual). By comparison, the FY 2017 Budget *decreased* 8.98% from FY 2016 (\$42,859 actual).

Revenues in this fund come from two sources: (1) \$5 for each vehicle tax bill, and (2), transfer from the General Fund generated by a second \$10 vehicle tax. In FY 18 it is estimated that the City will have 38,000 tax eligible vehicles. The \$5 tax is expected to generate \$190,000. Historically, it has been the policy of City of Kannapolis to use the \$10 vehicle tax; found in the General Fund Revenues, as transfer from the General Fund to the Transit Fund. In FY 18, the total revenue generated by the \$10 vehicle tax is expected to be \$380,000. This will be the first year the vehicle tax will not cover the revenues necessary to fund the Transit Fund. The General Fund is subsidizing the Transit Fund by an additional \$28,000. The CK Rider program is administered via contract through the City of Concord.

Public Transit Fund Expenditures – Personnel

The Public Transit Fund is exclusively a service contract oriented fund. As such, there is no direct funding by the City of Kannapolis for personnel. Personnel managing and operating the system are either City of Concord employees or contract employees.

Public Transit Fund Expenditures – Operating

There are three primary drivers of the increase in the FY 18 Public Transit Budget:

- *Personnel.* One (1) new full-time Rider Transit Grants and Compliance position is being added and funded with 80% Federal and 10% Concord and 10% Kannapolis.
- *Local Match for Capital.* Generally this involves the purchase of replacement buses. Kannapolis would be responsible for one half of the local 20% of the local match.
- *Expanded ADA Paratransit Services.* These were services previously provided by Cabarrus County which the County no longer was able to provide effectively. Due to FTA regulations, as operators of local public transit, CK Rider was obligated to provide these services within the fixed route service area.

Public Transit Fund Expenditures - Capital

The Public Transit Fund is exclusively a service contract oriented fund. As such, there is no direct City funding for capital items. However, the City's share of capital expenditures is paid through the City of Concord (typically with a significant federal government grant).

Public Transit Fund Debt Service

The Public Transit Fund is exclusively a service contract oriented fund. As such, there is no existing or new City-managed debt service included.

7 | DOWNTOWN FUND

For more information please see page 111 of the FY 2018 Preliminary Budget document.

Downtown Fund Revenues

The proposed FY 2018 Downtown Fund Budget is **\$2,083,700** which represents a 5.16% *decrease* from FY 17.

\$1,206,200 in revenue comes from a transfer from the General Fund generally to cover debt service obligations. This is reduced by \$135,000 based on a projected \$35,000 decrease in debt service payments and reduced expenditures in the FY 18 Downtown Fund. The debt financing comes from the sale of 15-year Special Obligation Bonds.

Key revenues include:

- *Residential Rent/Leases* (\$70,000, including an increase of \$20,000 from FY 17)
- *Special Event Fees* (\$95,000 including an increase of \$19,200 from FY 17).
- *Commercial Rent/Leases* (\$700,000) is forecasted to remain unchanged as there will be an elimination of several commercial tenants through either the sale of property for the Demonstration Project or the construction of the Infrastructure project and the Sports and Entertainment Venue. The reason this revenue remains unchanged is that new tenants (e.g., Brewery) are expected to replace the cost of the relocated tenants due to significantly higher rents per square foot.
- *Short-term Building Rental* (\$7,500, decreased by 50% from FY 17 due to the planned mid-year sale of the Cabarrus Bank Building).

At this time there are no other revenues but this will likely change over time as the business model matures and the long range Master Redevelopment Plan is implemented.

Downtown Fund Expenditures - Personnel

This fund is primarily service contract oriented with personnel expenditures in the form of contracts and agreements with the Development Finance Initiative (DFI), NAI-Southern Real Estate (property management and leasing), other consultants and Downtown Kannapolis, Inc. As such there is no funding for personnel. This likely will change over time as the business model matures.

Downtown Fund Expenditures - Operating

Several significant operating expenditures in the Downtown Fund are noteworthy:

- *Downtown Asset Management/Advisory Services.* The Development Finance Initiative (DFI) will continue to serve in the role of Asset Manager and overall downtown advisor in FY 18 (\$122,100).
- *Property Management/Tenant Relations.* The FY 18 Budget assumes (and recommends) a termination of the contract with NAI-Southern Real Estate for the daily property management services for downtown spaces (resulting in a budget reduction of \$116,400). This change is due to the City relocating several tenants because of property sales or construction project impacts. Contracting for this service is no longer cost effective with the significant reduction in tenants and leasable spaces. City staff will fill the roles previously provided by NAI-Southern Real Estate. These duties will be spread among the General Services Department (property management and basic tenant relations), the Finance Department (tenant billing and basic tenant relations) and the City Manager's office (advanced tenant relations). Additional personnel expenditures in General Services are included in the General Fund Budget (less than half of the NAI contract). It is recommended that NAI-Southern Real Estate continue to serve in a commercial leasing and brokerage role.
- Included in the Downtown Fund is an allocation of \$200,000 (increase of \$60,000 from FY 17) for Downtown festivals, including the Jiggy with the Piggy Festival and several smaller events.
- The NC Music Hall of Fame will again receive \$25,000 in support from the Downtown Fund in FY 18.
- *Revitalization Initiatives and Planning.* This \$127,000 funding provides resources for professional consultants and other expenses related to downtown planning and revitalization efforts. Part of these funds will be used for preliminary planning related to the relocation of downtown tenants in the path of the new construction projects.
- There are significant reductions in funding for property and building maintenance and utilities in anticipation of both the sale of properties for the Demonstration Project and major construction projects which will remove many of the landscaped and hardscaped areas (and a few buildings) during construction.

Downtown Fund Expenditures - Capital

At this time no capital expenditures are budgeted for downtown. Future investments will be in adherence with the Downtown Master Redevelopment Plan. The debt service for the demonstration project parking deck and the Sports and Entertainment Venue are anticipated to be included in the FY 19 Budget.

Downtown Fund Debt Service

The total debt service for FY 17 will be \$734,000 for Bond Principal and \$472,200 in Bond Interest. This is the second full year of debt service related to the downtown acquisition. Due to the debt structure, this annual debt service obligation will decrease each year for the remaining term of 14 years.

Downtown Fund - Fund Balance/Reserves

As part of the 2015 Special Obligation Bond issuance, the City earmarked funds for renovations and alterations. There were also some allocated Cost of Issuance funds that were unspent at the time of debt issuance. The City has a total of \$1.16 million available for use from these funding sources.

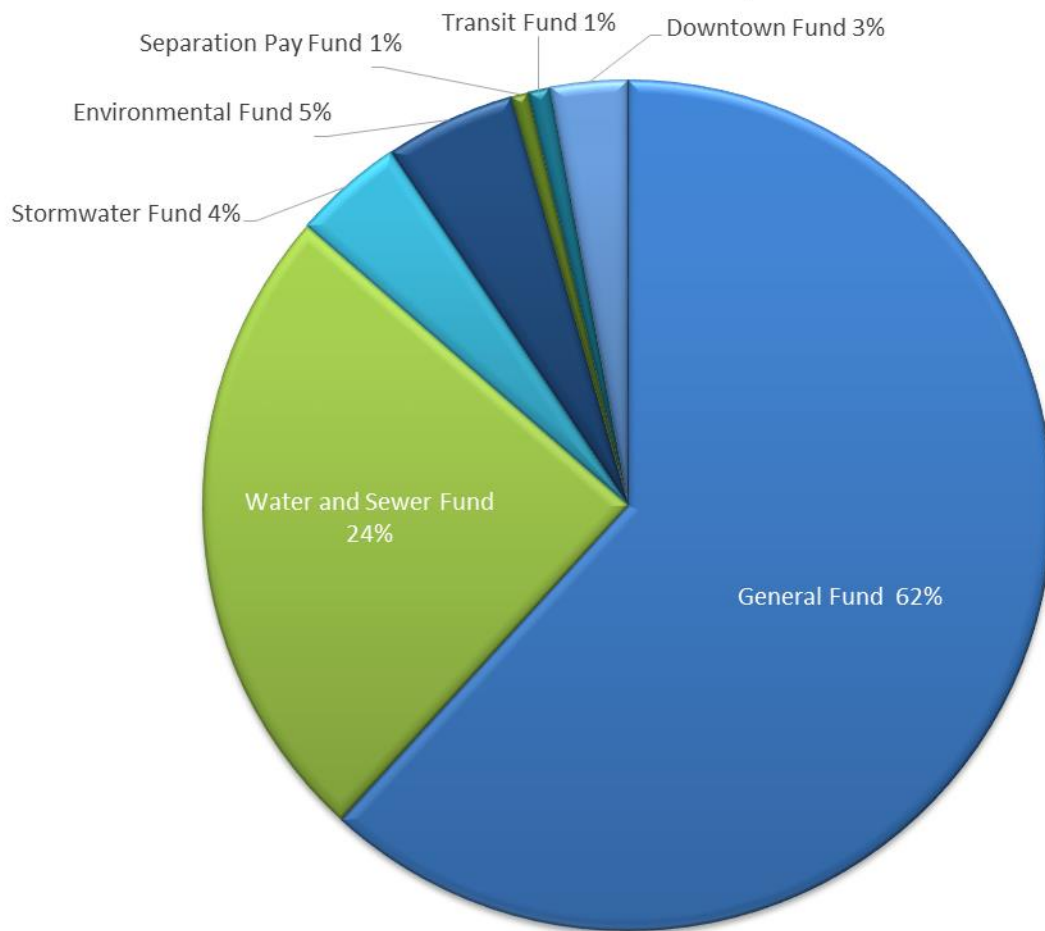
Additionally, for FY 16, the City budgeted for two debt service payments totaling \$910,000. Due to the timing of the actual debt issuance transaction, the City was scheduled to only make one interest only, debt service payment for \$224,455. The difference (\$685,545) could be available for future use in the downtown area (depending upon the final revenues and expenditures for the entire downtown fund).

An additional \$1.3 million of revenue is anticipated from the sale of the Demonstration Project site during FY 18. An additional \$340,000 is due from this sale as well but this amount is anticipated to be delayed (and secured through a promissory note) based on the phasing of the development per the development agreement; so its collection should not be assumed to be available at the same time as the larger amount.

Combined, the City of Kannapolis could have approximately \$3.2 million available in reserves to address capital needs in FY 18 and beyond. A significant portion of these funds will need to be used to relocate certain downtown tenants as part of the new construction projects underway. However it is important that these funds are prioritized as there are plenty of potential uses, including but not limited to renovations to the Gem Theater and additional public investment to incentivize the next private investment downtown.

Technically, these funds are all components of the City's fund balance in the General Fund (not the Downtown Fund). However, to some degree, the use of these funds is restricted to the continued downtown revitalization efforts.

City of Kannapolis FY 18 Fund Comparison





CITY OF KANNAPOLIS FINANCIAL POLICIES

The City of Kannapolis budgetary and financial policies set forth basic guidance for the fiscal management of the City. Most of the policies represent long standing principles and traditions with its legal framework outlined in both the General Statutes of North Carolina and the City Code of Ordinances. These policies though general in statement are the controlling element in the City's financial stability. Summarized below are major financial policy strategies.

Operating Budget Policies

Pursuant to the North Carolina General Statutes Article 159-11 the City will adopt a balanced budget which provides a work program and an operational plan for the ensuing year. The City will maintain a program of budgetary controls to ensure adherence to the budget. Monthly financial statements will be prepared for the City Council and City Manager and department heads to assist in the monitoring of actual revenues, expenditures and budgeted amounts. Comprehensive financial data will be compiled annually to include user rate studies, capital improvement programs and forecasting or projections of financial status. These reports are imperative for long-term financial planning.

The City will retain an independent accounting firm to perform an annual financial and compliance audit in accordance with general accepted accounting practices as outlined by the Governmental Accounting, Auditing, and Financial Reporting (GAAFR). In conjunction with the independent audit, internal audits are conducted on selected internal control procedures to ensure that the City

is managing and utilizing its resources in an economical and efficient manner.

As a part of the normal budget process, the Finance Office will review and estimate revenues in an objective and realistic manner. Attempts will be made to secure additional revenue sources to offset any reductions of federal or local funding. The City will re-evaluate annually all user charges at a level related to the cost of providing these services. The Enterprise Fund will adhere to the full utility concept which allows each user to contribute revenues proportional to the level of service received. This concept requires that income be sufficient to maintain a self-supporting fund status. The General Fund will be compensated by the Enterprise Fund for general and administrative services provided. The Powell Bill Fund will be compensated by the Enterprise Fund for repairs to City streets caused by water and sewer line repairs.

Investment Policy

The City will continue to monitor the cash flow of all funds on a regular basis to insure maximum investment of idle cash. The criteria for selecting an investment will include safety, liquidity and yield. The City will invest only in quality investments which comply with the *North Carolina Budget and Fiscal Control Act*. Each month an investment report will be prepared for review by the Finance Director and City Manager.

Reserve Policy

The City will maintain operating reserves categorized as appropriated contingency and undesignated fund balance. The appropriated contingency will not exceed five percent (5%) of all other appropriations within the same fund. The revenue reserve is established to provide for any unforeseen revenue losses and allows flexibility in the balanced budget process. The City strives to maintain a General Fund balance between 25% - 33% of the previous fiscal year's expenditures.

Debt Policy

The City takes a planned approach to the management of its long-term outstanding debt and makes an effort toward funding from internally generated capital, when appropriate. The City will consider the use of long-term debt financing only when it meets the following criteria:

- The financing period is no longer than the estimated life of the improvement.
- The cost of the improvement including the interest is reasonable.
- The projected revenue increases to be used to pay the debt are not excessive.
- The improvement will benefit both current and future citizens of the City.

The City will limit the total of all general obligation bonds issued to no more than eight percent (8.0%) of the total assessed valuation. The City will follow a policy of full disclosure on every financial report and bond prospectus. Finally, the City may utilize the authority granted within the General Statutes for lease or installment purchases when deemed appropriate.

Capital Improvement Policy

The City will maintain a Capital Improvement Program that will be reviewed annually and updated every 2 years. Since capital improvements involve large sums of capital and long-term commitments, each capital project will be carefully analyzed before it becomes a component of the program. Each City department is responsible for submitting capital improvement needs as a part of the Capital Improvement Program process and is responsible for ensuring that any personal services or operating costs affected by capital spending decisions are included in the appropriate operating budget. Each City department head is charged with the responsibility of safeguarding and maintaining the City's capital investments in order to reduce replacement costs.

BUDGET PROCESS

The budget is the single most important document presented to the City Council. The budget is primarily intended to establish policy determination but it also serves the citizens by providing an understanding of the City's operating fiscal programs. It reflects the City's commitment to maintain necessary services, improving quality of service and keeping the impact of taxes to the citizens at a minimum.

The City operates under an annual budget ordinance adopted in accordance with the provisions of the *Local Government and Fiscal Control Act*. The budget ordinance is the legal basis of the budgetary accounting system and the standard by which proposed expenditures are measured. The balanced budget ordinance must be adopted prior to the beginning of the fiscal year. The ordinance is subjected to public inspection and a public hearing prior to adoption. The budget is considered balanced when estimated net revenue equals appropriation

The budget is adopted on a function basis and is prepared using the modified accrual method of accounting for all funds. This accounting approach recognizes revenues when they become both measurable and available to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable. All monies received and expended must be included in the budget ordinance. Departmental appropriations within each function that have not been expended by the end of the fiscal year will lapse.

The City Manager is authorized to transfer budgeted amounts within a fund but any revisions that alter total expenditures of a fund must be approved by the City Council through legislative action by budget amendment. All budget transfers within a fund usually begin with a written request from a department head to the City Manager. Once approved by the City Manager, the transfer is made in the accounting system by the Finance Department. All transfers are reported to the City Council at their regularly scheduled monthly meetings and are made a matter of record in the official minutes. The legal level of budget control is by function as presented in the budget ordinance.

The preparation of the budget not only requires structured guidelines but also the participation and cooperation of many participants and a carefully scheduled series of events. The City in the formulation of the budget adheres to the following summarized budget cycle.

FORMULATE HISTORICAL DATA

During the first phase of the budget process the accumulation of past financial information is prepared by the Finance Department. The data concerning expenditures is segregated by operational departments to be used by department heads and management for current year performance evaluation and projection of resources required to meet the upcoming year's departmental needs and objectives.

PREPARATION OF DEPARTMENTAL REQUEST

Estimating departmental expenditures is the primary responsibility of the department head. When budgeting expenditures, the basic requirements are: (1) to request sufficient funding to adequately operate the department and (2) request funding at the lowest reasonable level in order to achieve the departmental goals and objectives.

CONSOLIDATE PRELIMINARY BUDGET

The departmental requests are submitted to the Budget Officer in order to incorporate the individual departmental requests with the revenue projections made by the Finance Director into an overall budget. At this point, a balanced budget is submitted to the Budget Officer along with any projected tax increase. Departmental capital outlay requests are analyzed in accordance with the Capital Improvements Program and the formal budget reviews begin.

EVALUATE SERVICE PRIORITIES AND OBJECTIVES

The evaluation of service priorities and objectives is an important step in developing a fiscal plan which will achieve the City's program of service for the ensuing year. The budget document should reflect the service priorities of the governing body and citizens of Kannapolis. The service needs of the community are determined by the citizen's opinion surveys, public hearings and feedback through the City Council. A comprehensive review of service needs compared to

departmental goals and objectives will be evaluated by the City Manager and Finance Director.

BALANCE PROPOSED BUDGET

After the City's program of service priorities has been established, a balanced plan for funding must be formulated. Through careful assessment of funding requirements and financing elements a proposed budget document is organized into final format and submitted to the City Council for legislative review.

LEGISLATIVE REVIEW

The City Council reviews the budget thoroughly, department by department, with the City Manager and the respective department heads during special work sessions. Departmental goals and objectives are reviewed by the City Council at this time to ensure their adherence to City goals and policies. A copy of the proposed budget with recommended legislative changes will be filed with the City Clerk for public inspection and a public hearing will be scheduled prior to the formal adoption of the budget.

BUDGET ADOPTION

The adoption of the annual operating budget is the culmination of extensive reviews of budget proposals by department heads, administration, and the governing body. Adoption of the budget by the governing body establishes the legal authority to incur expenditures in the ensuing fiscal year.

**CITY OF KANNAPOLIS
BUDGET PREPARATION CALENDAR
FISCAL YEAR 2017-2018**

- 1/5/17** Budget Staff begin producing the FY 2018 Base Budget. *(Munis level 1 open)*
- 1/9/17** Budget Calendar is given to the City Council in open session.
- 2/1/17** Department Heads and staff provided budget entry information and budget process changes are discussed.
- 2/28/17** Departments receives base budgets. Base budget details the budget requests needed from Department Heads, as well as the forecasted budget amounts for all recurring line items. Debt Service requirements are due to Finance Director from Deputy Finance Director. *(Munis level 2 open)* **Budget request are due by 3/15/17.**
- 3/20/17-3/31/17** Preliminary Budget meetings held with Department Heads to discuss One Time operation requests and any modification to recurring line items. City Manager & Deputy City Manager attending. *(Munis level 3 open)*
- 4/3/17-4/7/17** Preliminary Budget balanced by Finance Department Staff *(Munis level 4 open)*
- 4/8/17** Preliminary Budget presented to City Manager *(Possibly not balanced)*
- 4/8/17-5/23/17** Management Budget Discussions
- 5/23/17** Preliminary Budget is submitted to City Council in open session. (Budget Notebooks completed internally by 5/5/17.)
- 5/23/17** **Preliminary Budget is made available for public review.** *(Munis level 5 open)*
- 5/23/17-6/12/17** City staff makes final revisions to the budget
- 6/12/17** City Council holds Public Hearing on the proposed budget.
- 6/26/17** **City Council adopts the 2017 - 2018 fiscal year budget ordinance, and fee schedule for the City of Kannapolis.**
- 6/26/17-6/30/17** Final Budget Document completed by City Staff

BASIS OF BUDGETING

The accounts of the City are organized on the basis of funds or account groups of which each is considered a separate accounting entity. Government resources are allocated for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. This segregation of revenues and costs allows close monitoring of attributable accounts to provide assurance that each fund is self-supporting and that revenues which are earmarked by law for specific purposes are identifiable. The City of Kannapolis' operating budget consists of eight funds: **General Fund, Water and Sewer Fund, Stormwater Fund, Environmental Fund, Transit Fund, Separation Pay Fund, and the Downtown Fund.** These funds are the City's only annually budgeted funds.

The City's *Comprehensive Annual Financial Report* also includes capital project funds and grant project funds which are not required to be budgeted annually and are not included as a part of the annually budget numbers. See the [Capital Projects and Grants](#) section of this document for details of these funds and their impact on the annual budget.

The **General Fund** is a governmental fund and accounts for the revenues and expenditures of all City departments except those required to be accounted for in other funds. The General Fund is the City's main operating fund. The primary revenue sources are ad valorem taxes and State shared revenues. The primary expenditures are public safety, public works, community development, parks and recreation, general government services, and debt service.

The **Water and Sewer Fund** is an Enterprise Fund and accounts for the operations of the water treatment and distribution systems and the wastewater distribution and treatment systems. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Government Body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The **Stormwater Fund** is also an Enterprise Fund and accounts for the operations of the stormwater drainage system maintenance along with a federally mandated stormwater runoff education program.

The **Environmental Fund** is an Enterprise Fund that will account for the contractual operations of the Recycling and Solid Waste programs. This fund started as the recycling fund in FY2012.

The **Transit Fund** is a Special Revenue Fund and was established by the City to set aside funds for payment of the City's share of expenses related to the new Concord-Kannapolis Local Public Transportation System. Revenues are provided by a special vehicle license tax. Special revenue funds are used by government to account for special revenues that are legally restricted to expenditures for a particular purpose. The vehicle license tax levied to support this fund is restricted by law to be used only for transit systems.

The **Separation Pay Fund** is a Pension Trust Fund used to account for a State mandated Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system. Revenues are provided by contributions from the General Fund.

The **Downtown Fund** is an Enterprise Fund and accounts for the operations of the newly purchased downtown properties purchased by the City of Kannapolis. FY 16 was the first year for this fund.

The budget for the General Fund funds is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), specifically the modified accrual basis. Budgets for the Water and Sewer Fund and the Stormwater Fund are adopted on a basis consistent with GAAP, specifically the accrual basis, except that bond proceeds and contributed capital are not included in the annual budget, bond principal payments and additions to fixed assets are treated as expenditures, depreciation expense is not budgeted, and no accruals are made for interest expense and vacation pay. The Separation Pay Fund and the Transit Fund are budgeted on a modified accrual basis. The City's Annual Financial Statements present data for all funds on the accrual basis in the Government wide statements. Budget to Actual presentations in the Annual Financial Statements are presented a stated above for adopted budgets.

Revenues are shown by sources and by funds. Accurate revenue estimates are dependent upon correct classification because factors which affect individual revenues do not affect each source uniformly. Revenue projections can be made more accurately when revenues are segregated by source and controlled accordingly.

The major revenues for the City by source are as follows:

- *Ad Valorem Taxes:* Collections of current year and prior year tax levies; interest on delinquent taxes; late listing penalties; and other costs of collection delinquent taxes.
- *Intergovernmental:* Federal, State, and Local financial assistance; utility franchise tax; beer & wine tax; Powell Bill funds; refunds of sales and gas taxes; ABC Board distributions; receipt from other local governments; and state grants.
- *Sales Tax:* Collections of the one percent (1%) local options-sales tax and both the one-half (½) of one percent (1%) local option sales taxes (Articles 40 and 42).
- *User Charges:* Water and sewer sales; non-payment penalties; taps and connection fees and stormwater fees.
- *Other Revenue:* Vehicle License taxes, Business Privilege licenses, Zoning and other permits; interest income; court cost fees; civil violations; sale of materials; charges to other funds; sale of surplus properties; and other miscellaneous revenue.

Expenditures are shown in the budget classified by funds from which they are paid, by departments spending the money, by the functions for which the expenditures are made and by the object of expenditures which provides greater detail for controlling expenditures. Funds are appropriated at adequate levels in order to maintain or improve the quality and the level of service which has been provided in the past.

The major expenditures by function are shown as follows:

- *General Government:* Expenditures for the Governing Body; City Manager; Human Resource Director; Legal Services; Finance Administration; Information Technology; Economic Development; City Memberships; and General Services.
- *Community Development:* Expenditures for Planning; Zoning and Code Enforcement.

- *Public Safety:* Expenditures for the Police Department (administration, support services, and field operations); and Fire Department (administration, medical response, prevention, and suppression, and general services).
- Parks and Recreation
- *Public Works:* Expenditures for Public Works (engineering, streets – Powell Bill, street lighting, traffic signs and markings, solid waste – yard waste solid waste-residential garbage, and operations center).
- *Debt Service:* Expenditures related to General Fund Debt service.
- *Non-departmental:* Expenditures for General Fund not otherwise classified by department.
- *Contingency:* Provision for unexpected expenditures.
- *Water and Sewer Fund:* Expenditures for administration, billing and collection, distribution, sewage treatment, water treatment plant, and debt service.
- *Stormwater Fund:* Expenditures for maintenance of the stormwater drainage system and federally mandated stormwater runoff education program.
- *Environmental Fund:* Expenditures for contracted services related to recycling, and solid waste collections.
- *Transit Fund:* Expenditures related specifically to the regional transit system established by the cities of Kannapolis and Concord.
- *Downtown Fund:* Expenditures related specifically to the recently purchased 46 acres of downtown properties.

Expenditures by object are divided into three (3) major categories: Personnel, Operating, and Capital. These categories are summarized below:

- *Personnel:* Expenditures which can be directly attributed to the employee salaries of all types (i.e., incentive pay, merit increases, longevity pay, etc.) and expenditures for group insurance, retirement, 401K expense, FICA, and worker's compensation. The cost of all of these have been budgeted within each operating department which gives a more accurate cost of departmental operations.
- *Operating:* Operating expenditures related to the purchase of services such as utilities, travel, training, maintenance costs, and equipment rentals, the purchase of supplies used for City business, and insurance purchases for public officials liability, automobile liability, and expenditures for miscellaneous expenditures are directly affected by inflationary trends, increased service demands and enforcement of governmental regulations.
- *Capital:* Expenditures for the purchase of land, machinery, equipment, furniture, and fixtures which are too permanent a nature to be considered expendable at the time of purchase. The capital items should have a value of \$5,000 or more with an expendable life of one year or more. Budgeting of capital equipment and capital improvements are funded in accordance with the City's Capital Improvement Program and contingent on availability of funds and are included in the annual budget at the discretion of the City Manager and the City Council. For major capital construction or for capital items that require the borrowing of money, a "Capital Project Ordinance" will be adopted by City Council and will stay open until the construction or purchase is completed. The impact of the annual budget will only be related to debt payments, transfers of cash to the project ordinance, or for related appropriations for personnel or maintenance costs.

**CITY OF KANNAPOLIS
REVENUE ASSUMPTIONS**

Certain methods, techniques and approaches have been used to aid the City in estimating future revenues. By analyzing current trends and their underlying forces, the City can make realistic projections of revenues. The following are some assumptions concerning revenues estimated in the City of Kannapolis 2017-2018 Budget.

REVENUES

FORECAST RATIONALE

Ad Valorem Taxes

Property valuations are established by the County Tax Assessor. The City of Kannapolis is located in two (2) counties, Rowan and Cabarrus and the property values are set by each respective County Tax Assessor. Projections of \$3,981,333,560 assessed valuations are based on preliminary tax information received from the respective County tax assessors. The tax rate per \$100 of value was set at 63.0 cents by City Council. The estimated collection percentage is 97.75%. The collection remained level from last year's 97.75%. The prior year tax budget amount is based upon previous historical trends. **Estimate – General Fund – Current year tax - \$24,538,000; prior year tax - \$462,000.**

Utility Tax

The City shares in the taxes levied by the State on various utilities. Revenues are based on estimated receipts from the N.C. Department of Revenue and historical models. Each city's share is based on the actual receipts from electric, telephone, and natural gas services and cable TV within their municipal boundaries, as a proportion of total state-wide receipts except for cable TV which is paid directly to the City by the cable company, Time Warner Cable. Any significant local rate increases or decreases approved during the year will cause receipts to change. **Appropriation – General Fund - \$2,650,000.**

Beer & Wine Tax

The State levies a tax shared by the City on wholesale sales of both beer and wine. Revenue estimates were established based on estimated receipts for the current year along with historical trends. **Estimate – General Fund \$210,000.**

Powell Bill

One and three quarters (1¾) cents per gallon of the State gasoline tax is distributed to municipalities to be earmarked for street construction and maintenance. Seventy five percent (75%) is based on per capita and the remaining twenty five percent (25%) is based on number of miles of streets maintained. The State provides the estimated value to place on each. Using this formula, 223.8 miles of street times \$1,624.40 and 43,000 population times \$20.15 equals the **Estimate – Powell Bill revenues \$1,293,000.**

Local Option Sale Tax

Revenue projections are based on anticipated retail sales and historical trends. State G.S. 105, Article 39 or 1% rate was established whereby counties and municipalities receive the net proceeds of the tax collections within the county less the cost to the State of collecting and administering the tax (point of sale). The net proceeds are distributed based on a per capita basis in Rowan County and an ad-valorem tax basis in Cabarrus County. The *Per Capita Basis* is calculated based on the ratio of the City's population to the sum of the total population of the taxing county and all the cities within the county. The *Ad-Valorem Basis* is calculated in a similar manner except that the total property tax levy is used in place of population. G.S. 105, Article 40 or ½ of 1% rate and G.S. 105, Article 42 or ½ of 1% was established with net proceeds placed in a State wide pool. Net proceeds are distributed on a per capita and ad-valorem tax basis. Staff is recommending a 7.3% increase from the FY2015 budget amount based on State estimates provided by the North Carolina League of Municipalities (NCLM). **Estimate –General Fund \$9,100,000**

REVENUES

FORECAST RATIONALE

Investment Income

Investment or interest income revenues are projected on the basis of estimated average available cash balances at an anticipated realistic rate of return. **Estimate General Fund \$200,000; Water & Sewer Fund \$10,000.**

Planning and Zoning Fees

Projections are based on comparisons of past operating data and consideration for a slow recovering housing activity. **Estimate – General Fund \$100,000.**

Recreation Fees and Charges

Projections are based on comparisons of past operating data and new amenities added at Village Park for which admission fees are charged. **Estimate – General Fund \$45,000**

Vehicle License Tax

The City receives \$15.00 per vehicle (\$10.00 for the General Fund and \$5.00 for the Transit Fund) located in the City and required by the State to register for a license plate. Projections are based on comparisons of past operating data. **Estimate – General Fund \$380,000; Transit Fund \$190,000.**

Street Lighting Fees and Charges

Projections are based on estimates provided by Duke Energy and prior year data. **Estimate – General Fund \$75,000.**

City Code Violation Revenues

Projections are based on comparisons of past operating data. **Estimate – General Fund \$30,000.**

Real Property Rental

The City collects rental revenue from certain properties owned by the city and used by others. These properties include a cellular tower, and some vacant land used by farmers. Projections are based on comparisons of past operating data. **Estimate – General Fund – Tower Rental \$55,000; Building Rental \$100,000.**

Fire Fees and Charges

Projections are based on historical data of inspections of commercial development done prior to the fee being implemented. **Estimate – General Fund \$18,000. (Fire - Technical Services charges and fees)**

Police Officer Court Cost Reimbursements

Projections are based on comparisons of past operating data. **Estimate – General Fund \$20,000.**

Enterprise Fund Management Fees

Charges for services by the General Fund to the Water and Sewer Fund and the Stormwater Fund within the City. Funding is projected by estimating cost of services provided on historical trend information. **Estimate – General Fund \$1,898,000**

Water and Sewer Charges

Proceeds are from the sale of treated water both retail and wholesale and retail charges for wastewater disposal service through their respective distribution and disposal systems. Revenue estimates are based on historical user trends of consumption times the rates charged to customers. **Estimate – Water and Sewer Fund – Retail \$15,982,200; Wholesale \$300,000.**

REVENUES

FORECAST RATIONALE

Taps and Connections

Fees are charged to customers for connections to the City’s water or wastewater system. Revenues are based on historical trends and the projections of connection fees due from developers. **Estimate – Water and Sewer Fund \$635,000.**

Penalties for Late Payment

Penalties are charged for late payment of Water and Sewer charges billed to customers. Revenues are based on historical trends. **Estimate – Water and Sewer Fund \$585,000.**

Solid Waste Fee

A new fee was added in 2007 for solid waste pickup for commercial dumpster containers located at apartment complexes and mobile home parks. These dumpster pickups were considered residential pickup in past years and were not charged a fee. This designation was changed to commercial pickup and a fee added. Estimate is based on prior year collections. **Estimate – General Fund \$32,010**

Intergovernmental Revenues

The City will receive funds from Cabarrus County related to the purchase of Limited Obligation Bonds. The city will also receive a Federal Subsidy for a portion of the issuance, which are taxable bonds. **Estimate – General Fund \$1,964,000.**

Community Development Block
Grant Reimbursement

The City has a full time Grant Administrator in the City Manager’s office and will receive funds from the HUD CDBG program as reimbursement for this staff position. **Estimate – General Fund \$70,000.**

City of Kannapolis FY 18 Consolidated Budget Summaries

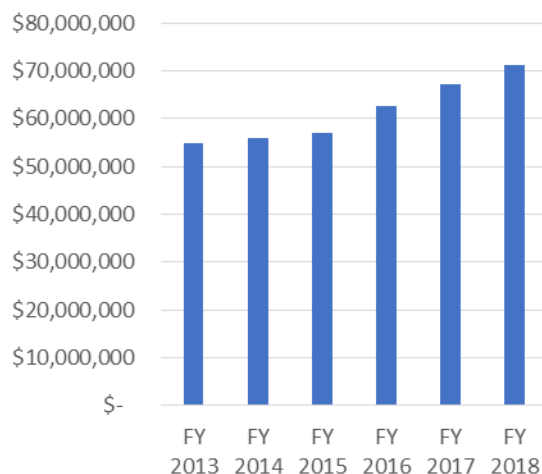
REVENUES	Actual FY 2015	Actual FY 2016	Budgeted FY 2017	Manager Proposed FY 2018	Adopted FY 2018
GENERAL FUND	\$35,772,647	\$38,395,013	\$41,600,800	\$43,990,000	\$43,990,000
WATER & SEWER FUND	\$14,909,821	\$15,675,500	\$16,238,000	\$17,527,200	\$17,527,200
STORMWATER FUND	\$1,991,536	\$2,025,000	\$2,340,000	\$2,994,000	\$2,994,000
ENVIRONMENTAL FUND	\$3,565,177	\$3,741,695	\$3,787,700	\$3,541,300	\$3,541,300
TRANSIT FUND	\$470,926	\$478,200	\$445,000	\$598,000	\$598,000
SEPARATION PAY FUND	\$302,800	\$365,000	\$435,300	\$465,000	\$465,000
DOWNTOWN FUND	\$0	\$1,872,825	\$2,197,000	\$2,083,700	\$2,083,700
TOTAL REVENUES	\$57,012,907	\$62,553,233	\$67,043,800	\$71,199,200	\$71,199,200
LESS INTER-FUND TRANSFERS	\$3,966,511	\$3,013,850	\$3,031,500	\$3,074,200	\$3,074,200
GRAND TOTAL REVENUES	\$53,046,396	\$59,539,383	\$64,012,300	\$68,125,000	\$68,125,000

Expenditures	Actual FY 2015	Actual FY 2016	Budgeted FY 2017	Manager Proposed FY 2018	Adopted FY 2018
GENERAL FUND	\$35,772,647	\$38,395,013	\$41,600,800	\$43,990,000	\$43,990,000
WATER & SEWER FUND	\$14,909,821	\$15,675,500	\$16,238,000	\$17,527,200	\$17,527,200
STORMWATER FUND	\$1,991,536	\$2,025,000	\$2,340,000	\$2,994,000	\$2,994,000
ENVIRONMENTAL FUND	\$3,565,177	\$3,741,695	\$3,787,700	\$3,541,300	\$3,541,300
TRANSIT FUND	\$470,926	\$478,200	\$445,000	\$598,000	\$598,000
SEPARATION PAY FUND	\$302,800	\$365,000	\$435,300	\$465,000	\$465,000
DOWNTOWN FUND	\$0	\$1,872,825	\$2,197,000	\$2,083,700	\$2,083,700
Grand Total Expenditures	\$57,012,907	\$62,553,233	\$67,043,800	\$71,199,200	\$71,199,200

Total Revenues
FY 2013 - FY 2018



Total Expenditures
FY 2013 - FY 2018



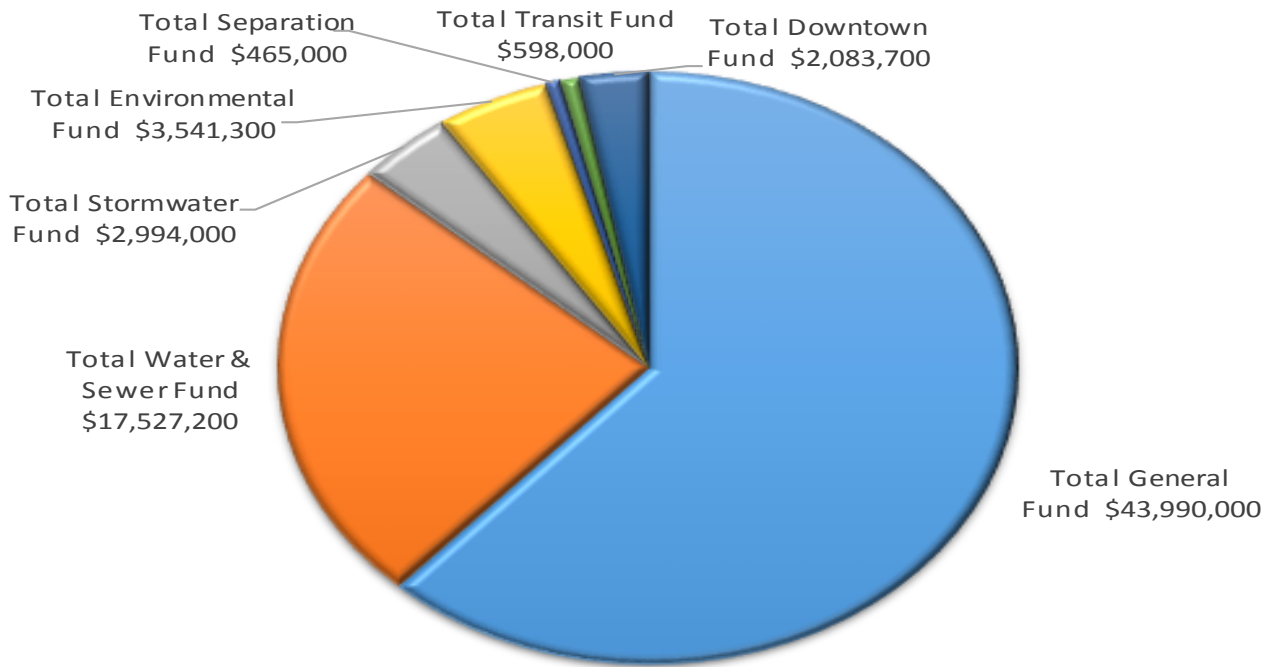
City of Kannapolis
FY 2018 Expanded Budget Summaries

	FY 2018 General Fund Budget	FY 2018 Water & Sewer Budget	FY 2018 Stormwater Budget	FY 2018 Environmental Budget	FY 2018 Separation Pay Budget	FY 2018 Transit Fund Budget	FY 2018 Downtown Budget	FY 2018 Total All Funds
SOURCE OF FUNDS								
AD VALOREM TAXES	\$ 25,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000,000
SALES TAXES	\$ 9,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,100,000
INTERGOVERNMENTAL	\$ 6,371,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,371,000
INVESTMENT INCOME	\$ 200,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,000
OTHER	\$ 2,939,000	\$ 900,000	\$ -	\$ 32,010	\$ -	\$ -	\$ 95,000	\$ 3,966,010
CHARGES FOR SERVICES	\$ -	\$ 15,982,200	\$ 2,994,000	\$ 2,400,000	\$ -	\$ -	\$ 782,500	\$ 22,158,700
TAP/CONNECTION FEES	\$ -	\$ 635,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 635,000
VEHICLE LICENSE TAX	\$ 380,000	\$ -	\$ -	\$ -	\$ -	\$ 190,000	\$ -	\$ 570,000
FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFERS	\$ -	\$ -	\$ -	\$ 1,109,290	\$ 465,000	\$ 408,000	\$ 1,206,200	\$ 3,188,490
TOTAL SOURCES	\$ 43,990,000	\$ 17,527,200	\$ 2,994,000	\$ 3,541,300	\$ 465,000	\$ 598,000	\$ 2,083,700	\$ 71,199,200

	FY 2018 General Fund Budget	FY 2018 Water & Sewer Budget	FY 2018 Stormwater Budget	FY 2018 Environmental Budget	FY 2018 Separation Pay Budget	FY 2018 Transit Fund Budget	FY 2018 Downtown Budget	FY 2018 Total All Funds
USES OF FUNDS								
GENERAL GOVERNMENT	\$ 7,208,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,208,481
COUMMUNITY DEVELOPMENT	\$ 889,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 889,432
PUBLIC SAFETY	\$ 16,016,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,016,484
PARKS AND RECREATION	\$ 1,990,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,990,345
PUBLIC WORKS	\$ 4,544,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,544,280
OTHER	\$ 2,037,524	\$ -	\$ 2,712,000	\$ 3,541,300	\$ 465,000	\$ 598,000	\$ 877,500	\$ 10,231,324
DEBT SERVICE	\$ 8,229,254	\$ 6,372,300	\$ -	\$ -	\$ -	\$ -	\$ 1,206,200	\$ 15,807,754
DISTRIBUTION	\$ -	\$ 2,715,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,715,375
FILTER PLANT	\$ -	\$ 2,869,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,869,396
SEWAGE TREATMENT	\$ -	\$ 3,026,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,026,687
BILLING AND COLLECTION	\$ -	\$ 813,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 813,152
TRANSFER OTHER FUNDS	\$ 3,074,200	\$ 1,730,290	\$ 282,000	\$ -	\$ -	\$ -	\$ -	\$ 5,086,490
TOTAL USES	\$ 43,990,000	\$ 17,527,200	\$ 2,994,000	\$ 3,541,300	\$ 465,000	\$ 598,000	\$ 2,083,700	\$ 71,199,200

City of Kannapolis Revenue Summary

Revenues	Actual FY 2016	Budget FY 2017	Projected FY 2017	Manager Proposed FY 2018	Adopted FY 2018
Ad Valorem Taxes	\$ 22,702,800	\$ 24,158,300	\$ 24,158,300	\$ 25,000,000	\$ 25,000,000
Sales Taxes	\$ 6,900,000	\$ 7,763,900	\$ 7,763,900	\$ 9,100,000	\$ 9,100,000
Intergovernmental	\$ 5,598,823	\$ 6,326,400	\$ 6,326,400	\$ 6,371,000	\$ 6,371,000
Other	\$ 2,943,390	\$ 3,352,200	\$ 3,352,200	\$ 3,519,000	\$ 3,519,000
Fund Balance	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Total General Fund	\$ 38,395,013	\$ 41,600,800	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000
Total Water & Sewer Fund	\$ 15,675,500	\$ 16,238,000	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200
Total Stormwater Fund	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000
Total Environmental Fund	\$ 3,741,695	\$ 3,787,700	\$ 3,787,700	\$ 3,541,300	\$ 3,541,300
Total Separation Fund	\$ 478,200	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
Total Transit Fund	\$ 365,000	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000
Total Downtown Fund	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700
Less Interfund Transfers	\$ 3,013,850	\$ 3,031,500	\$ 3,031,500	\$ 3,074,200	\$ 3,074,200
Grand Total All Funds	\$ 59,539,383	\$ 64,012,300	\$ 64,012,300	\$ 68,125,000	\$ 68,125,000



CITY OF KANNAPOLIS REVENUE DETAIL ANALYSIS

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Ad Valorem Taxes - Current Year	22,327,800	23,708,300	23,708,300	\$ 24,538,000	\$ 24,538,000
Ad Valorem Taxes - Prior Year	375,000	450,000	450,000	\$ 462,000	\$ 462,000
Total Ad Valorem Taxes	22,702,800	24,158,300	24,158,300	\$ 25,000,000	\$ 25,000,000
1% Sales Tax (State)	3,100,000	3,513,900	3,513,900	\$ 4,100,000	\$ 4,100,000
1/2% Sales Tax (Local)	3,800,000	4,250,000	4,250,000	\$ 5,000,000	\$ 5,000,000
Total Sales Tax	6,900,000	7,763,900	7,763,900	\$ 9,100,000	\$ 9,100,000
Fire District Sales Tax	\$ 72,500	\$ 75,000	\$ 75,000	\$ 80,000	\$ 80,000
Franchise Tax	\$ 1,950,000	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000
Beer & Wine Tax	\$ 200,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000
ABC Funds	\$ 90,000	\$ 75,000	\$ 75,000	\$ 100,000	\$ 100,000
Cabarrus Contributions	\$ 1,512,803	\$ 1,511,400	\$ 1,511,400	\$ 1,513,000	\$ 1,513,000
Build America Bond Subsidy Pay	\$ 448,000	\$ 451,000	\$ 451,000	\$ 451,000	\$ 451,000
CDBG Administration Revenues	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Rowan County Contributions	\$ 4,020	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Police - Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fire - Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Powell Bill Funds	\$ 1,251,500	\$ 1,280,000	\$ 1,280,000	\$ 1,293,000	\$ 1,293,000
Total Intergovernmental	\$ 5,598,823	\$ 6,326,400	\$ 6,326,400	\$ 6,371,000	\$ 6,371,000
Vehicle License	\$ 315,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000
Vehicle Rental Tax	\$ 4,750	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Buildings Rental	\$ 3,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Tower Rental	\$ 85,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000
Miscellaneous Revenue	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
Investment Income	\$ 120,000	\$ 150,000	\$ 150,000	\$ 200,000	\$ 200,000
Enterprise Fund Management Fee Reimbursement	\$ 1,679,140	\$ 1,781,200	\$ 1,781,200	\$ 1,898,000	\$ 1,898,000
Police - Charges and Fees	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Officer Court Reimbursement	\$ 21,500	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
False Alarm Fees	\$ 7,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Fire - Technical Services - Charges and Fees	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Street Lighting Fees and Charges	\$ 55,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Code Enforcement - Charges and Fees	\$ 80,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
City Code Violations	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Parks - Charges and Fees	\$ 205,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Recreation Programs - Charges and Fees	\$ 35,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Recreation Programs - Donations	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total Other	\$ 2,943,390	\$ 3,352,200	\$ 3,352,200	\$ 3,519,000	\$ 3,519,000
Appropriated Fund Balance	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Total Fund Balance Appropriation	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Total General Fund	\$ 38,395,013	\$ 41,600,800	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000

REVENUE DETAIL ANALYSIS – WATER AND SEWER FUND

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Charges and Fees	\$ 14,265,000	\$ 14,693,000	\$ 14,693,000	\$ 15,982,200	\$ 15,982,200
Wholesale Water Sales	\$ 350,000	\$ 365,000	\$ 365,000	\$ 300,000	\$ 300,000
Tap Fees	\$ 70,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
Connection Fees	\$ 450,000	\$ 525,000	\$ 525,000	\$ 550,000	\$ 550,000
Reconnection Fees	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Penalties	\$ 375,000	\$ 400,000	\$ 400,000	\$ 435,000	\$ 435,000
Miscellaneous Revenue	\$ 12,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Investment Income	\$ 3,500	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000
Total Water and Sewer Fund	\$ 15,675,500	\$ 16,238,000	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200

REVENUE DETAIL ANALYSIS – STORMWATER FUND

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Charges and Fees	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Water & Sewer Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Total Stormwater Fund	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000

REVENUE DETAIL ANALYSIS – ENVIRONMENTAL FUND

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Solid Waste Disposal Tax	\$ 28,500	\$ 30,000	\$ 30,000	\$ 32,010	\$ 32,010
Charges and Fees	\$ 1,778,370	\$ 2,393,000	\$ 2,393,000	\$ 2,400,000	\$ 2,400,000
Transfers from General Fund	\$ 1,309,825	\$ 1,000,000	\$ 1,000,000	\$ 995,000	\$ 995,000
Transfers from Water & Sewer Fund	\$ 625,000	\$ 364,700	\$ 364,700	\$ 114,290	\$ 114,290
Total Environmental Fund	\$ 3,741,695	\$ 3,787,700	\$ 3,787,700	\$ 3,541,300	\$ 3,541,300

REVENUE DETAIL ANALYSIS – SEPARATION PAY FUND

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Transfer from General Fund	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
Total Separation Pay Revenues	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000

REVENUE DETAIL ANALYSIS – TRANSIT FUND

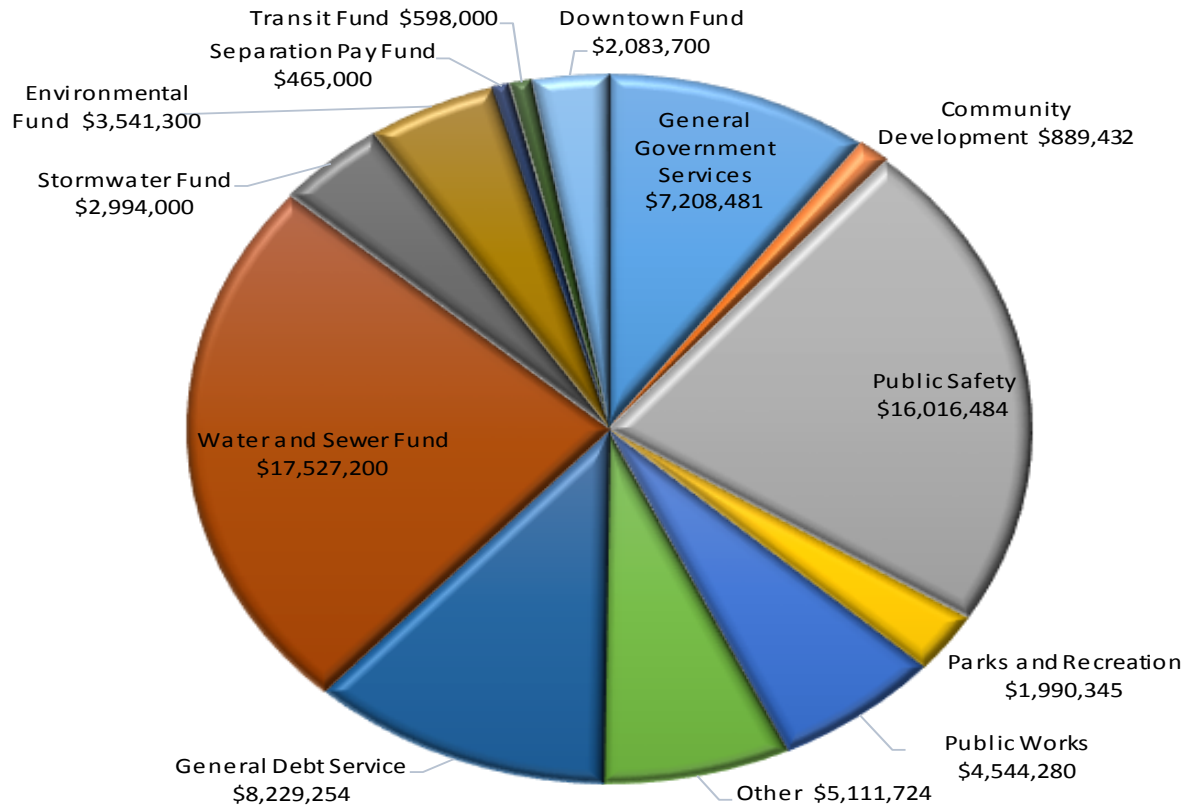
Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Vehicle License Tax	\$ 163,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000
Transfer from General Fund	\$ 315,200	\$ 245,300	\$ 245,300	\$ 408,000	\$ 408,000
Total Transit Fund Revenues	\$ 478,200	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000

REVENUE DETAIL ANALYSIS – DOWNTOWN FUND

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Common Area Maintenance Fee	\$ 15,000	\$ 15,000	\$ 15,000	\$ 5,000	\$ 5,000
Building Rental	\$ -	\$ 15,000	\$ 15,000	\$ 7,500	\$ 7,500
Commercial Rent/Lease	\$ 740,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
Residential Rent/Lease	\$ 65,000	\$ 50,000	\$ 50,000	\$ 70,000	\$ 70,000
Special Event Fees	\$ -	\$ 75,800	\$ 75,800	\$ 95,000	\$ 95,000
Miscellaneous Revenue	\$ 29,000	\$ -	\$ -	\$ -	\$ -
Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from General Fund	\$ 1,023,825	\$ 1,341,200	\$ 1,341,200	\$ 1,206,200	\$ 1,206,200
Total Downtown Fund Revenues	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700

**CITY OF KANNAPOLIS
EXPENDITURE SUMMARY**

Expenditures	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
General Government Services	\$ 4,328,136	\$ 5,714,074	\$ 5,714,074	\$ 7,208,481	\$ 7,208,481
Community Development	\$ 749,487	\$ 756,321	\$ 756,321	\$ 889,432	\$ 889,432
Public Safety	\$ 14,936,785	\$ 15,877,455	\$ 15,877,455	\$ 16,016,484	\$ 16,016,484
Parks and Recreation	\$ 1,550,340	\$ 1,947,810	\$ 1,947,810	\$ 1,990,345	\$ 1,990,345
Public Works	\$ 4,059,393	\$ 4,715,317	\$ 4,715,317	\$ 4,544,280	\$ 4,544,280
Other	\$ 5,614,772	\$ 4,574,723	\$ 4,574,723	\$ 5,111,724	\$ 5,111,724
General Debt Service	\$ 7,156,100	\$ 8,015,100	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254
Total General Fund	\$ 38,395,013	\$ 41,600,800	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000
Water and Sewer Fund	\$ 15,675,500	\$ 16,238,000	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200
Stormwater Fund	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000
Environmental Fund	\$ 3,741,695	\$ 3,787,700	\$ 3,787,700	\$ 3,541,300	\$ 3,541,300
Separation Pay Fund	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
Transit Fund	\$ 478,200	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000
Downtown Fund	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700
Grand Total All Funds	\$ 62,553,233	\$ 67,043,800	\$ 67,043,800	\$ 71,199,200	\$ 71,199,200



CITY OF KANNAPOLIS EXPENDITURE DETAIL ANALYSIS

Expenditures	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
City Council	\$ 244,751	\$ 190,347	\$ 190,347	\$ 219,147	\$ 219,147
City Manager - Administration	\$ 792,698	\$ 782,097	\$ 782,097	\$ 796,928	\$ 796,928
Economic Development	\$ 563,900	\$ 524,850	\$ 524,850	\$ 919,337	\$ 919,337
Communications	\$ 245,750	\$ 159,500	\$ 159,500	\$ 183,500	\$ 183,500
Human Resources	\$ 433,208	\$ 451,663	\$ 451,663	\$ 449,346	\$ 449,346
City Attorney	\$ 319,941	\$ 311,140	\$ 311,140	\$ 326,216	\$ 326,216
Finance	\$ 799,850	\$ 844,947	\$ 844,947	\$ 854,201	\$ 854,201
Information Technology	\$ 929,038	\$ 1,025,484	\$ 1,025,484	\$ 1,346,781	\$ 1,346,781
General Services	\$ 759,974	\$ 1,424,046	\$ 1,424,046	\$ 2,113,025	\$ 2,113,025
Total General Government	\$ 5,089,110	\$ 5,714,074	\$ 5,714,074	\$ 7,208,481	\$ 7,208,481
Police - Administration	\$ 886,581	\$ 922,283	\$ 922,283	\$ 823,939	\$ 823,939
Police - Support Services	\$ 2,773,704	\$ 2,918,829	\$ 2,918,829	\$ 2,883,141	\$ 2,883,141
Police - Field Operations	\$ 4,616,795	\$ 4,877,314	\$ 4,877,314	\$ 4,879,018	\$ 4,879,018
Total Police	\$ 8,277,080	\$ 8,718,426	\$ 8,718,426	\$ 8,586,098	\$ 8,586,098
Fire - Administration	\$ 679,594	\$ 784,258	\$ 784,258	\$ 935,453	\$ 935,453
Fire - Emergency Services	\$ 5,636,804	\$ 6,033,083	\$ 6,033,083	\$ 6,146,985	\$ 6,146,985
Fire - Technical Services	\$ 343,307	\$ 341,688	\$ 341,688	\$ 347,948	\$ 347,948
Total Fire	\$ 6,659,705	\$ 7,159,029	\$ 7,159,029	\$ 7,430,386	\$ 7,430,386
Public Works - Engineering	\$ 1,162,155	\$ 1,216,295	\$ 1,216,295	\$ 1,163,738	\$ 1,163,738
Public Works - Street and Highways	\$ 614,600	\$ 823,000	\$ 823,000	\$ 828,000	\$ 828,000
Public Works - Signs and Markings	\$ 416,450	\$ 400,744	\$ 400,744	\$ 138,300	\$ 138,300
Public Works - Operations Center	\$ 292,220	\$ 189,900	\$ 189,900	\$ 502,823	\$ 502,823
Powell Bill	\$ 1,573,968	\$ 2,085,378	\$ 2,085,378	\$ 1,911,419	\$ 1,911,419
Total Public Works	\$ 4,059,393	\$ 4,715,317	\$ 4,715,317	\$ 4,544,280	\$ 4,544,280
Planning	\$ 749,487	\$ 756,321	\$ 756,321	\$ 889,432	\$ 889,432
Total Planning	\$ 749,487	\$ 756,321	\$ 756,321	\$ 889,432	\$ 889,432
Parks and Recreation - Parks	\$ 1,273,340	\$ 1,421,810	\$ 1,421,810	\$ 1,424,345	\$ 1,424,345
Parks and Recreation - Recreation Programs	\$ 242,000	\$ 310,000	\$ 310,000	\$ 350,000	\$ 350,000
Stadium	\$ 35,000	\$ 216,000	\$ 216,000	\$ 216,000	\$ 216,000
Total Parks and Recreation	\$ 1,550,340	\$ 1,947,810	\$ 1,947,810	\$ 1,990,345	\$ 1,990,345
Non - Departmental	\$ 1,840,948	\$ 1,543,223	\$ 1,543,223	\$ 2,037,524	\$ 2,037,524
Transfers	\$ 3,013,850	\$ 3,031,500	\$ 3,031,500	\$ 3,074,200	\$ 3,074,200
Total Other	\$ 4,853,798	\$ 4,574,723	\$ 4,574,723	\$ 5,111,724	\$ 5,111,724
Debt Service Payments (Principal and Interest)	\$ 7,156,100	\$ 8,015,100	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254
Total Debt Service	\$ 7,156,100	\$ 8,015,100	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254
Total General Fund Expenditures	\$ 38,395,013	\$ 41,600,800	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000

CITY OF KANNAPOLIS
EXPENDITURE DETAIL ANALYSIS - *continued*

Expenditures	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Water & Sewer Fund					
Water & Sewer - Billing & Collections	\$ 745,644	\$ 836,495	\$ 836,495	\$ 813,152	\$ 813,152
Water & Sewer - Distribution	\$ 2,810,590	\$ 2,684,825	\$ 2,684,825	\$ 2,715,375	\$ 2,715,375
Water & Sewer - Filter Plant	\$ 2,927,066	\$ 3,189,288	\$ 3,189,288	\$ 2,869,396	\$ 2,869,396
Water & Sewer - Sewage Treatment	\$ 2,824,500	\$ 2,921,500	\$ 2,921,500	\$ 3,026,687	\$ 3,026,687
General Management Services	\$ 1,466,110	\$ 1,539,416	\$ 1,539,416	\$ 1,616,000	\$ 1,616,000
Transfer to Capital Projects	\$ 625,000	\$ 364,700	\$ 364,700	\$ 114,290	\$ 114,290
Debt Service	\$ 4,276,590	\$ 4,701,776	\$ 4,701,776	\$ 6,372,300	\$ 6,372,300
Total Water and Sewer Fund	\$ 15,675,500	\$ 16,238,000	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200
Total Stormwater	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000
Total Environmental	\$ 3,741,695	\$ 3,787,700	\$ 3,787,700	\$ 3,541,300	\$ 3,541,300
Total Separation Fund	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
Total Transit Fund	\$ 478,200	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000
Total Downtown Fund	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700
Total All Funds	\$ 62,553,233	\$ 67,043,800	\$ 67,043,800	\$ 71,199,200	\$ 71,199,200

Comparison of Expenditures by Fund by Major Category

FY2018 BUDGET

EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	STORMWATER FUND	ENVIRONMENTAL FUND	SEPARATION PAY FUND	TRANSIT FUND	DOWNTOWN FUND	TOTAL
PERSONNEL	\$ 20,092,522	\$ 2,805,223	\$ 801,158	\$ 255,800	\$ -	\$ -	\$ -	\$ 23,954,703
OPERATING	\$ 22,666,597	\$ 14,154,677	\$ 2,131,542	\$ 3,032,100	\$ 465,000	\$ 598,000	\$ 2,083,700	\$ 45,131,616
CAPITAL	\$ 1,230,881	\$ 567,300	\$ 61,300	\$ 253,400	\$ -	\$ -	\$ -	\$ 2,112,881
TOTAL	\$ 43,990,000	\$ 17,527,200	\$ 2,994,000	\$ 3,541,300	\$ 465,000	\$ 598,000	\$ 2,083,700	\$ 71,199,200
POSITIONS	281	48	16	4	-	-	-	349

FY2017 BUDGET

EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	STORMWATER FUND	ENVIRONMENTAL FUND	SEPARATION PAY FUND	TRANSIT FUND	DOWNTOWN FUND	TOTAL
PERSONNEL	\$ 19,324,475	\$ 2,834,142	\$ 770,343	\$ -	\$ -	\$ -	\$ -	\$ 22,928,960
OPERATING	\$ 20,881,575	\$ 13,097,758	\$ 1,458,657	\$ 3,787,700	\$ 445,000	\$ 435,300	\$ 2,197,000	\$ 42,302,990
CAPITAL	\$ 1,394,750	\$ 306,100	\$ 111,000	\$ -	\$ -	\$ -	\$ -	\$ 1,811,850
TOTAL	\$ 41,600,800	\$ 16,238,000	\$ 2,340,000	\$ 3,787,700	\$ 445,000	\$ 435,300	\$ 2,197,000	\$ 67,043,800
POSITIONS	272	48	16	-	-	-	-	336

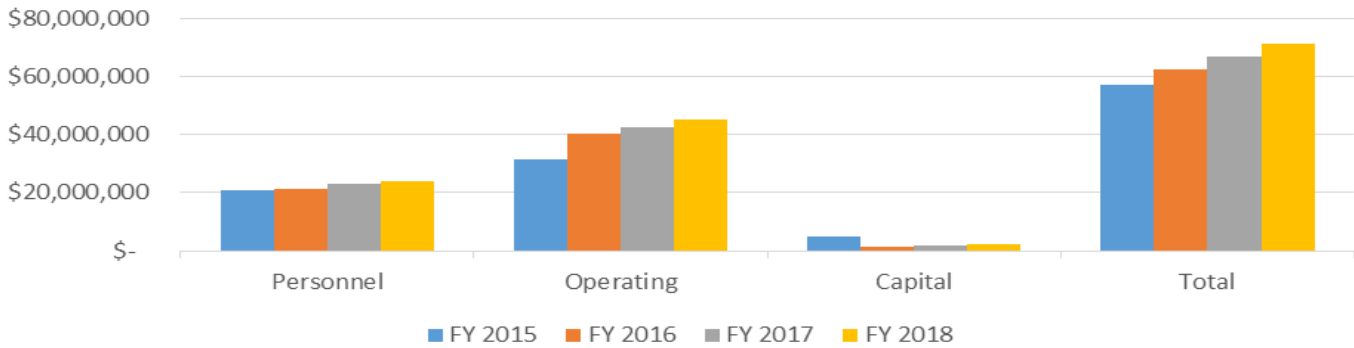
FY2016 BUDGET

EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	STORMWATER FUND	ENVIRONMENTAL FUND	SEPARATION PAY FUND	TRANSIT FUND	DOWNTOWN FUND	TOTAL
PERSONNEL	\$ 17,892,585	\$ 2,675,524	\$ 629,560	\$ 59,483	-	-	-	\$ 21,257,152
OPERATING	\$ 19,554,720	\$ 12,782,476	\$ 1,395,440	\$ 3,682,212	\$ 478,200	\$ 365,000	\$ 1,872,825	\$ 40,130,873
CAPITAL	\$ 947,708	\$ 217,500	-	-	-	-	-	\$ 1,165,208
TOTAL	\$ 38,395,013	\$ 15,675,500	\$ 2,025,000	\$ 3,741,695	\$ 478,200	\$ 365,000	\$ 1,872,825	\$ 62,553,233
POSITIONS	265	47	13	1	-	-	-	326

FY2015 BUDGET

EXPENDITURES	GENERAL FUND	WATER & SEWER FUND	STORMWATER FUND	ENVIRONMENTAL FUND	SEPARATION PAY FUND	TRANSIT FUND	DOWNTOWN FUND	TOTAL
PERSONNEL	\$ 14,597,319	\$ 2,093,690	\$ 566,246	\$ 51,848	-	\$ 302,800	-	\$ 17,611,903
OPERATING	\$ 20,453,768	\$ 11,828,003	\$ 1,368,590	\$ 3,513,329	\$ 470,926	-	-	\$ 37,634,616
CAPITAL	\$ 721,560	\$ 988,128	\$ 56,700	-	-	-	-	\$ 1,766,388
TOTAL	\$ 35,772,647	\$ 14,909,821	\$ 1,991,536	\$ 3,565,177	\$ 470,926	\$ 302,800	\$ -	\$ 57,012,907
POSITIONS	250	46	13	1	-	-	-	310

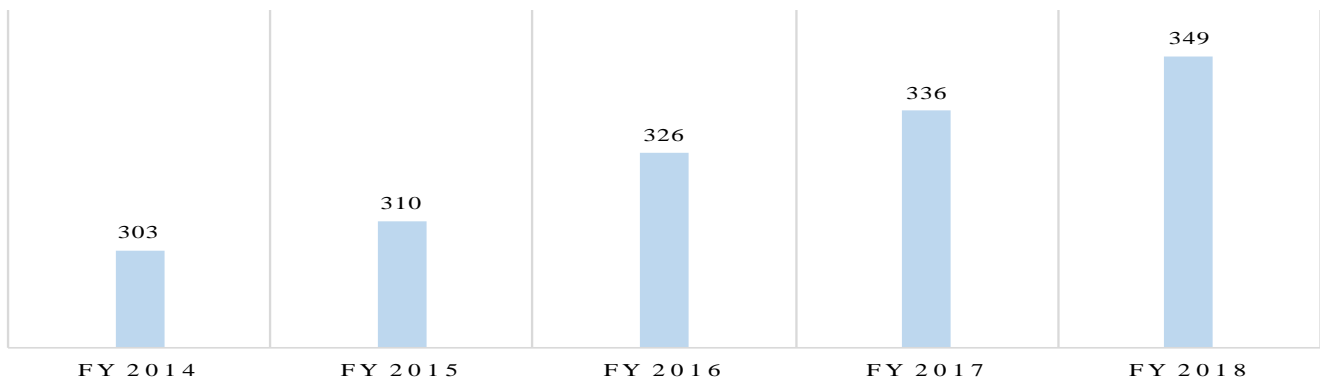
Comparison of Expenditure By Major Category



CITY OF KANNAPOLIS STAFFING COMPARISON (FULL TIME EMPLOYEES)

DEPARTMENT	ACTUAL FY2014	ACTUAL FY2015	ACTUAL FY2016	ACTUAL FY2017	CHANGE/ ADDITIONS	BUDGET FY2018
GOVERNING BODY	7	7	7	7	-	7
CITY MANAGER	8	9	6	6	-	6
HUMAN RESOURCES	4	4	5	5	-	5
LEGAL SERVICES	2	2	2	2	-	2
GENERAL SERVICES	-	-	4	5	2	7
PLANNING & ZONING	-	1	8	8	-	8
FINANCE	7	8	8	8	-	8
TOTAL GENERAL GOVERNMENT	28	31	40	41	2	43
PUBLIC SAFETY						
POLICE	103	104	109	111	1	112
FIRE	86	86	87	90	4	94
TOTAL PUBLIC SAFETY	189	190	196	201	5	206
TOTAL PARKS AND RECREATION	11	11	8	9	1	10
TOTAL PUBLIC WORKS	17	18	21	21	1	22
<i>Including POWELL BILL</i>						
TOTAL GENERAL FUND	245	250	265	272	9	281
WATER & SEWER FUND						
BILLING AND COLLECTIONS	7	7	7	8	0	8
WATER TREATMENT PLANT	9	9	11	11	-	11
DISTRIBUTION	28	30	29	29	-	29
TOTAL WATER & SEWER	44	46	47	48	-	48
TOTAL STORMWATER FUND	13	13	13	16	-	16
TOTAL ENVIRONMENTAL	1	1	1	-	4	4
TOTAL TRANSIT	-	-	-	-	-	-
TOTAL SEPERATION PAY	-	-	-	-	-	-
TOTAL DOWNTOWN	-	-	-	-	-	-
TOTAL ALL FUNDS	303	310	326	336	4	349

FULL TIME EMPLOYEES BY FISCAL YEAR



CITY OF KANNAPOLIS

CITY DEBT, LEGAL DEBT LIMIT, AND LEGAL DEBT MARGIN FY 2018

GENERAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2017	\$ 57,691,830	\$ 4,468,833	\$ 3,260,421	\$ 7,729,254
New Proposed Debt for FY 2018	\$ 10,439,000	\$ -	\$ 500,000	\$ 500,000
Total General Fund Debt	\$ 68,130,830	\$ 4,468,833	\$ 3,760,421	\$ 8,229,254

The \$68,130,830 in the General Fund Debt is 2% of assessed value of property. The legal limit is 8.00%; City Policy established a debt limit of 2%.

WATER & SEWER FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2017	\$ 29,663,101	\$ 3,785,200	\$ 1,837,100	\$ 5,622,300
New Proposed Debt for FY 2018	\$ 23,000,000	\$ -	\$ 750,000	\$ 750,000
Total Water & Sewer Debt	\$ 52,663,101	\$ 3,785,200	\$ 2,587,100	\$ 6,372,300

STORMWATER FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2017	\$ 2,950,114	\$ 807,100	\$ 477,800	\$ 1,284,900
New Proposed Debt for FY 2018	\$ 8,000,000	\$ -	\$ -	\$ -
Total Stormwater Fund	\$ 10,950,114	\$ 807,100	\$ 477,800	\$ 1,284,900

ENVIRONMENTAL FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2017	\$ -	\$ -	\$ -	\$ -
New Proposed Debt for FY 2018	\$ 1,126,000	\$ 225,200	\$ 28,200	\$ 253,400
Total Environmental Fund Debt	\$ 1,126,000	\$ 225,200	\$ 28,200	\$ 253,400

DOWNTOWN FUND DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Existing Debt at June 30, 2017	\$ 10,266,000	\$ 734,000	\$ 472,200	\$ 1,206,200
New Proposed Debt for FY 2018	\$ -	\$ -	\$ -	\$ -
Total Downtown Fund Debt	\$ 10,266,000	\$ 734,000	\$ 472,200	\$ 1,206,200

TOTAL DEBT	PRINCIPAL BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT
Total City Existing Debt	\$ 100,571,045	\$ 9,795,133	\$ 6,047,521	\$ 15,842,654
Total City New Debt Proposed	\$ 42,565,000	\$ 225,200	\$ 1,278,200	\$ 1,503,400
Total City Debt For FY 2018	\$ 143,136,045	\$ 10,020,333	\$ 7,325,721	\$ 17,346,054

Assessed Value \$ 3,985,674,200 Taxable Property for Ad Valorem Tax located in City.

Legal Debt Limit \$ 318,853,936 The Legal Debt Limit is by law 8.00% of assessed value of Taxable property located in the City

City Debt Subject to Debt Margin \$ 68,130,830 Note; the City's Revenue Bonds (Water & Sewer, Stormwater, Environmental, and Downtown Debt) are excluded from this calculation.

City Legal Debt Margin \$ 250,723,106

**CITY OF KANNAPOLIS
FUND BALANCE ANALYSIS
FUND BALANCE SUMMARY FOR ALL FUNDS FY 2018**

	General Fund	Water & Sewer Fund	Stormwater Fund	Environmental Fund	Separation Pay Fund	Transit Fund	Downtown Fund	Total
ACTUAL BALANCE JUNE 30, 2016	\$ 14,647,404	\$ 6,432,946	\$ 960,449	\$ 508,832	\$ 806,058	\$ 456,560	\$ 671,208	\$ 24,483,457
PROJECTED REVENUES FY 2017	\$ 41,600,800	\$ 16,238,000	\$ 2,340,000	\$ 3,787,700	\$ 445,000	\$ 435,300	\$ 2,197,000	\$ 67,043,800
PROJECTED EXPENDITURES FY2017	\$ 39,600,800	\$ 14,535,442	\$ 2,118,308	\$ 3,728,863	\$ 366,746	\$ 411,751	\$ 1,872,825	\$ 62,634,735
PROJECTED BALANCE JUNE 30, 2017	\$ 16,647,404	\$ 8,135,504	\$ 1,182,141	\$ 567,669	\$ 884,312	\$ 480,109	\$ 995,383	\$ 28,892,522
BUDGETED REVENUES FY 2018	\$ 43,990,000	\$ 17,527,200	\$ 2,994,000	\$ 3,541,300	\$ 465,000	\$ 598,000	\$ 2,083,700	\$ 71,199,200
BUDGETED EXPENDITURES FY 2018	\$ 43,990,000	\$ 17,527,200	\$ 2,994,000	\$ 3,541,300	\$ 46,500	\$ 598,000	\$ 2,083,700	\$ 70,780,700
PROJECTED BALANCE JUNE 30, 2018	\$ 16,647,404	\$ 8,135,504	\$ 1,182,141	\$ 567,669	\$ 1,302,812	\$ 480,109	\$ 995,383	\$ 29,311,022

NOTE A: For the Water & Sewer Fund, bond Coverage does not have any effect of the Fund Balance calculation because it is not actually a cash outlay.

Analysis of General Fund Revenues and Expenditures

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Revenues					
Ad Valorem Taxes	\$ 22,702,800	\$ 24,158,300	\$ 24,158,300	\$ 25,000,000	\$ 25,000,000
Sales Taxes	\$ 6,900,000	\$ 7,763,900	\$ 7,763,900	\$ 9,100,000	\$ 9,100,000
Intergovernmental	\$ 5,598,823	\$ 6,326,400	\$ 6,326,400	\$ 6,371,000	\$ 6,371,000
Other	\$ 2,943,390	\$ 3,352,200	\$ 3,352,200	\$ 3,519,000	\$ 3,519,000
Appropriated Fund Balance	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 38,395,013	\$ 41,600,800	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000
Expenditures					
General Government	4,329,136	\$ 5,714,074	\$ 5,714,074	\$ 7,208,481	\$ 7,208,481
Community Development	749,487	\$ 756,321	\$ 756,321	\$ 889,432	\$ 889,432
Public Safety	14,936,785	\$ 15,877,455	\$ 15,877,455	\$ 16,016,484	\$ 16,016,484
Parks & Recreation	1,550,340	\$ 1,947,810	\$ 1,947,810	\$ 1,990,345	\$ 1,990,345
Public Works	4,059,393	\$ 4,715,317	\$ 4,715,317	\$ 4,544,280	\$ 4,544,280
Other	5,614,772	\$ 4,574,723	\$ 4,574,723	\$ 5,111,724	\$ 5,111,724
General Debt Service	7,156,100	\$ 8,015,100	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254
Total Expenditures	38,395,013	\$ 41,600,800	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000

Analysis of Water and Sewer Fund Revenues and Expenditures

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Revenues					
Charges and Fees	14,265,000	\$ 14,693,000	\$ 14,693,000	\$ 15,982,200	\$ 15,982,200
Wholesale Water Sales	350,000	\$ 365,000	\$ 365,000	\$ 300,000	\$ 300,000
Tap Fees	70,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
Connection Fees	450,000	\$ 525,000	\$ 525,000	\$ 550,000	\$ 550,000
Reconnection Fees	150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Penalties	375,000	\$ 400,000	\$ 400,000	\$ 435,000	\$ 435,000
Miscellaneous Revenue	12,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Investment Income	3,500	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000
Total Revenues	\$ 15,675,500	\$ 16,238,000	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200
Expenditures					
Billing & Collections	\$ 745,644	\$ 836,495	\$ 836,495	\$ 813,152	\$ 813,152
Distribution	\$ 2,810,590	\$ 2,935,425	\$ 2,935,425	\$ 2,715,375	\$ 2,715,375
Filter Plant	\$ 2,824,500	\$ 2,938,688	\$ 2,938,688	\$ 2,869,396	\$ 2,869,396
Sewage Treatment	\$ 2,927,066	\$ 2,921,500	\$ 2,921,500	\$ 3,026,687	\$ 3,026,687
General Management Fee	\$ 1,466,110	\$ 1,539,416	\$ 1,539,416	\$ 1,616,000	\$ 1,616,000
Transfer to Other Funds	\$ 625,000	\$ 364,700	\$ 364,700	\$ 114,290	\$ 114,290
Debt Services	\$ 4,276,590	\$ 4,701,776	\$ 4,701,776	\$ 6,372,300	\$ 6,372,300
Total Expenditures	\$ 15,675,500	\$ 16,238,000	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200

Analysis of Stormwater Fund Revenues and Expenditures

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Revenues					
Charges and Fees	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000
Transfers from other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000
Expenditures					
Personnel	\$629,560	\$770,343	\$770,343	\$801,158	\$801,158
Operations	\$489,840	\$534,548	\$534,548	\$564,642	\$564,642
Debt Service	\$692,600	\$682,325	\$682,325	\$1,284,900	\$1,284,900
Capital Outlay	\$0	\$111,000	\$111,000	\$61,300	\$61,300
General Management Services	\$213,000	\$241,784	\$241,784	\$282,000	\$282,000
Total Expenditures	\$2,025,000	\$2,340,000	\$2,340,000	\$2,994,000	\$2,994,000

Analysis of Environmental Fund Revenues and Expenditures

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Revenues					
Solid Waste Disposal Tax	\$28,500	\$30,000	\$30,000	\$32,010	\$32,010
Charges and Fees	\$1,778,370	\$2,393,000	\$2,393,000	\$2,400,000	\$2,400,000
Transfers from General Fund	\$1,309,825	\$1,000,000	\$1,000,000	\$995,000	\$995,000
Transfers from Water & Sewer Fund	\$625,000	\$364,700	\$364,700	\$114,290	\$114,290
Total Revenues	\$3,741,695	\$3,787,700	\$3,787,700	\$3,541,300	\$3,541,300
Expenditures					
Personnel	\$59,483	\$0	\$0	\$255,800	\$255,800
Operations	\$3,506,284	\$3,787,700	\$3,787,700	\$3,032,100	\$3,032,100
Debt Service	\$175,928	\$0	\$0	\$253,400	\$253,400
Total Expenditures	\$3,741,695	\$3,787,700	\$3,787,700	\$3,541,300	\$3,541,300

Analysis of Separation Fund Revenues and Expenditures

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Revenues					
Transfer from General Fund	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
Total Revenues	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
Expenditures					
Personnel (Payments to Retirees)	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
Total Expenditures	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000

Analysis of Transit Fund Revenues and Expenditures

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Revenues					
Vehicle License Tax	\$ 163,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000
Transfer from General Fund	\$ 315,200	\$ 245,300	\$ 245,300	\$ 408,000	\$ 408,000
Total Revenues	\$ 478,200	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000
Expenditures					
Contracted Services	\$ 478,200	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000
Total Expenditures	\$ 478,200	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000

Analysis of Downtown Fund Revenues and Expenditures

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Revenues					
Common Area Maintenance Fee	\$ 15,000	\$ 15,000	\$ 15,000	\$ 5,000	\$ 5,000
Building Rental	\$ -	\$ 15,000	\$ 15,000	\$ 7,500	\$ 7,500
Commercial Rent/Lease	\$ 740,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
Residential Rent/Lease	\$ 65,000	\$ 50,000	\$ 50,000	\$ 70,000	\$ 70,000
Special Event Fees	\$ -	\$ 75,800	\$ 75,800	\$ 95,000	\$ 95,000
Miscellaneous Revenue	\$ 29,000	\$ -	\$ -	\$ -	\$ -
Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from General Fund	\$ 1,023,825	\$ 1,341,200	\$ 1,341,200	\$ 1,206,200	\$ 1,206,200
Total Revenues	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700
Expenditures					
Operations	\$ 962,825	\$ 955,800	\$ 955,800	\$ 877,500	\$ 877,500
Debt Service	\$ 910,000	\$ 1,241,200	\$ 1,241,200	\$ 1,206,200	\$ 1,206,200
Total Expenditures	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700

GENERAL FUND

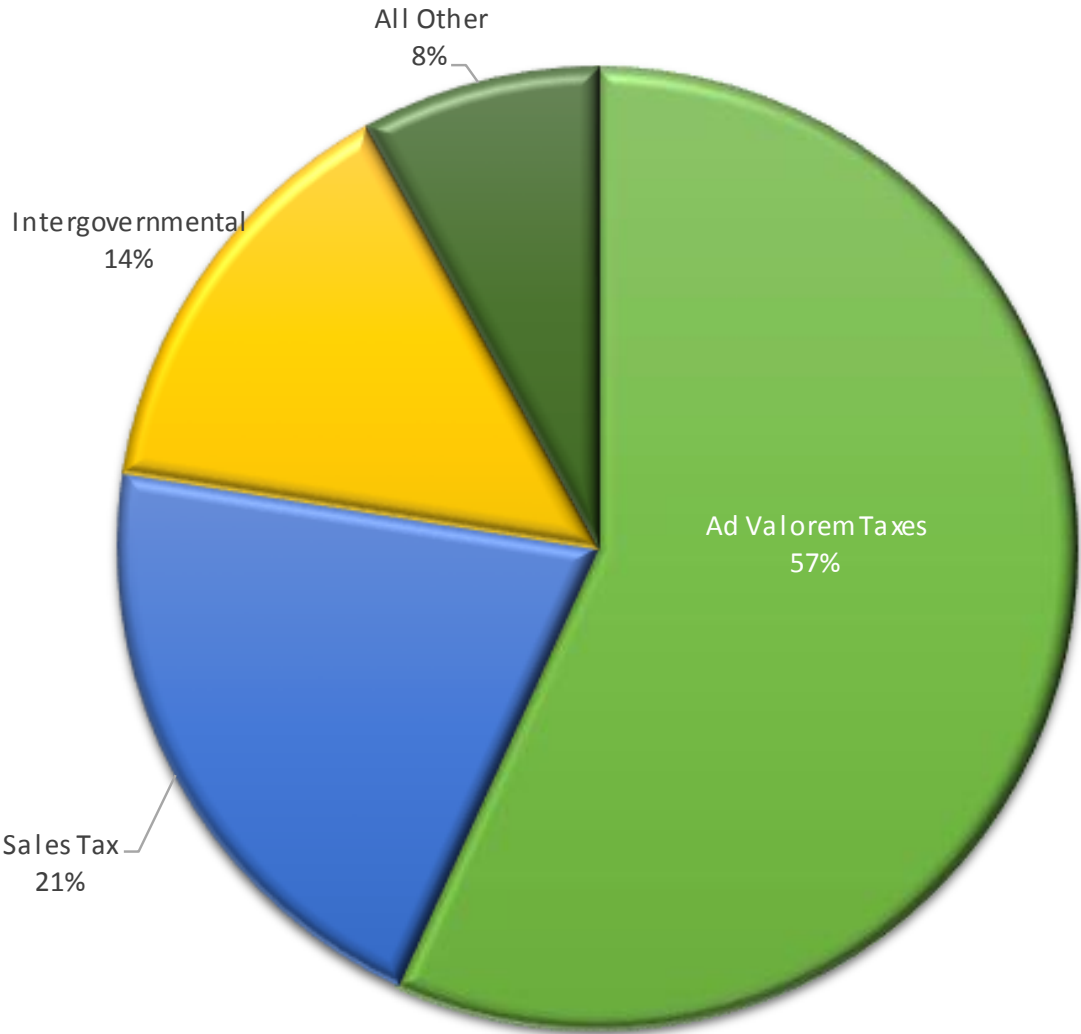
The General Fund (GF) is the largest fund with the City and represents most of the financial resources of the City. General Fund revenue includes monies collected from property taxes, licenses and permits, local taxes and other types of revenue. This fund usually includes most of the basic operating services, such as fire and police protection, finance, information technology, streets and transportation, economic development, engineering, and general administration.

The GF section of the budget document includes a reporting of GF undesignated fund balance and program summaries for each of the operating services. The mission statement, departmental accomplishments and performance measures, goals and objectives, and an action plan included in each program summary.

CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS - GENERAL FUND

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Ad Valorem Taxes - Current Year	22,327,800	23,708,300	23,708,300	\$ 24,538,000	\$ 24,538,000
Ad Valorem Taxes - Prior Year	375,000	450,000	450,000	\$ 462,000	\$ 462,000
Total Ad Valorem Taxes	22,702,800	24,158,300	24,158,300	\$ 25,000,000	\$ 25,000,000
1% Sales Tax (State)	3,100,000	3,513,900	3,513,900	\$ 4,100,000	\$ 4,100,000
1/2% Sales Tax (Local)	3,800,000	4,250,000	4,250,000	\$ 5,000,000	\$ 5,000,000
Total Sales Tax	6,900,000	7,763,900	7,763,900	\$ 9,100,000	\$ 9,100,000
Fire District Sales Tax	72,500	75,000	75,000	\$ 80,000	\$ 80,000
Franchise Tax	\$ 1,950,000	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000	\$ 2,650,000
Beer & Wine Tax	\$ 200,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000
ABC Funds	\$ 90,000	\$ 75,000	\$ 75,000	\$ 100,000	\$ 100,000
Cabarrus Contributions	\$ 1,512,803	\$ 1,511,400	\$ 1,511,400	\$ 1,513,000	\$ 1,513,000
Build America Bond Subsidy Pay	\$ 448,000	\$ 451,000	\$ 451,000	\$ 451,000	\$ 451,000
CDBG Administration Revenues	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Rowan County Contributions	\$ 4,020	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Police - Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Fire - Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Powell Bill Funds	\$ 1,251,500	\$ 1,280,000	\$ 1,280,000	\$ 1,293,000	\$ 1,293,000
Total Intergovernmental	\$ 5,598,823	\$ 6,326,400	\$ 6,326,400	\$ 6,371,000	\$ 6,371,000
Vehicle License	\$ 315,000	\$ 380,000	\$ 380,000	\$ 380,000	\$ 380,000
Vehicle Rental Tax	\$ 4,750	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Buildings Rental	\$ 3,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Tower Rental	\$ 85,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000
Miscellaneous Revenue	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
Investment Income	\$ 120,000	\$ 150,000	\$ 150,000	\$ 200,000	\$ 200,000
Enterprise Fund Management Fee Reimbursement	\$ 1,679,140	\$ 1,781,200	\$ 1,781,200	\$ 1,898,000	\$ 1,898,000
Police - Charges and Fees	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Officer Court Reimbursement	\$ 21,500	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
False Alarm Fees	\$ 7,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Fire - Technical Services - Charges and Fees	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000
Street Lighting Fees and Charges	\$ 55,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Code Enforcement - Charges and Fees	\$ 80,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
City Code Violations	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Parks - Charges and Fees	\$ 205,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Recreation Programs - Charges and Fees	\$ 35,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Recreation Programs - Donations	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Total Other	\$ 2,943,390	\$ 3,352,200	\$ 3,352,200	\$ 3,519,000	\$ 3,519,000
Appropriated Fund Balance	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Total Fund Balance Appropriation	\$ 250,000	\$ -	\$ -	\$ -	\$ -
Total General Fund	\$ 38,395,013	\$ 41,600,800	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000

GENERAL FUND REVENUE ESTIMATE FOR FY 2018
\$43,990,000

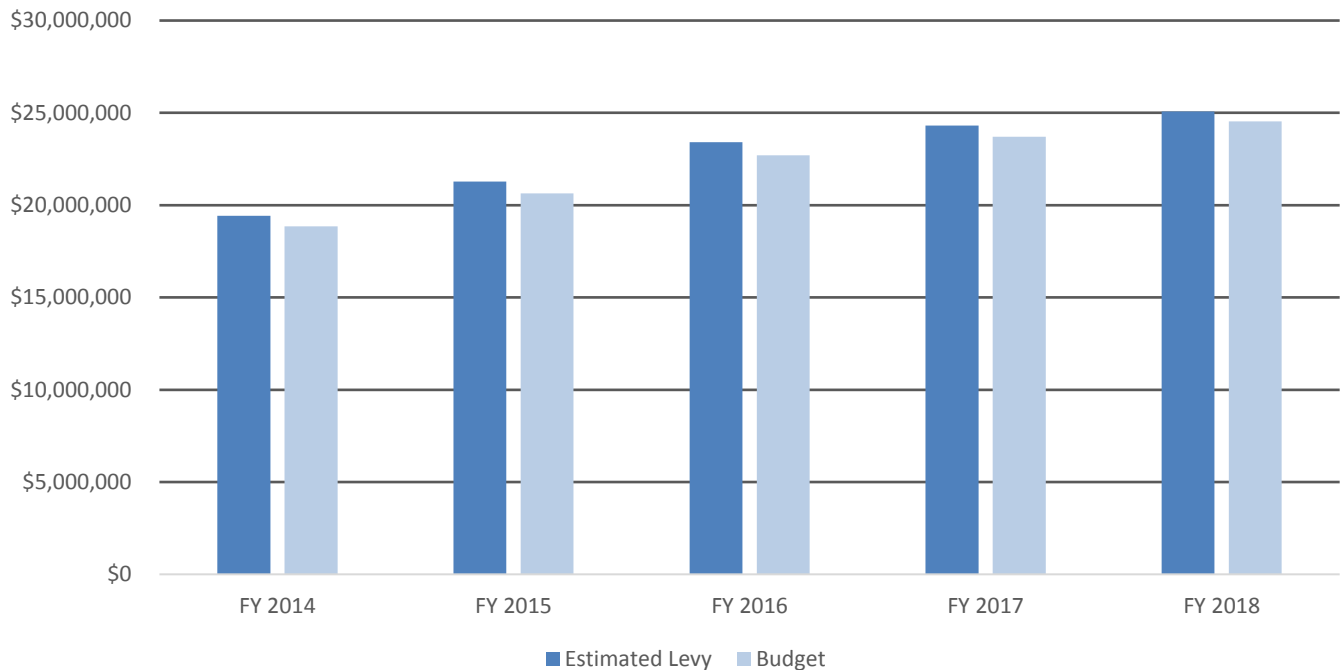


All other includes Vehicle License Fees, Vehicle Rental Tax, Enterprise Fund Management Fees, Investment Income, and all departmental fees.

PROPERTY TAX

The anticipated property assessment for FY 2018 will be approximately \$3,981,333,560. The tax levy at sixty-three cents will be \$25,082,401 for FY 2018. The tax levy for FY 17 was \$24,316,229 and property value is \$3,859,718,981. The projected budget estimate for FY 2018 is \$24,538,000 for property tax compared to \$23,708,300 for the FY 2017, an increase of \$829,700. The difference between the levy and the budget estimate is a statutory requirement that the budgeted property tax cannot be more than the current estimated levy times last year's collection percentage (FY 2017 was 98%). It is estimated that \$2,187,729 of the \$25,082,401 levy is related to the incremental increase in value of the TIF district since forming in 2007.

<u>Property Tax</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>Increase</u>
Estimated Levy	\$19,425,531	\$21,281,363	\$23,404,948	\$24,316,229	\$25,082,401	\$766,172
Budget	\$18,842,768	\$20,642,940	\$22,702,800	\$23,708,324	\$24,538,000	\$829,700



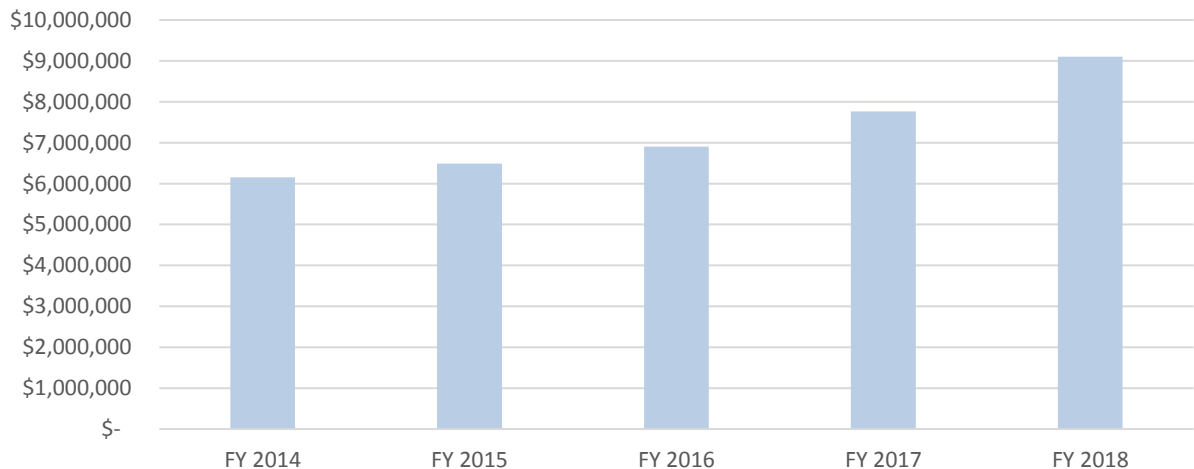
SALES TAX

The State distributes Sales Tax collected in each county by either the Property Tax Method or the Population Method. The distribution method is selected by the Board of County commissioners in April of each year. The Cabarrus County Board of Commissioners chooses the Property Tax Distribution Method and the Rowan Board of Commissioners chooses the Population Distribution Method. The City's allocation in Cabarrus is based on our Property Tax levy in Cabarrus County compared to the levies of other governments in the county. For FY2017 we were allocated approximately 7.91 % of the sales tax returned to Cabarrus County by the State. The FY2018 allocation percentage is 8.10% per the Cabarrus County Finance office. The 2 sales tax revenues reflect an anticipated 17.21% growth for FY 18.

Rowan County allocates sales tax using the population method. We expect that the City's allocation in Rowan will remain at approximately 5% for FY2018.

	Actual FY 2015	Actual FY 2016	Budgeted FY 2017	Manager Proposed FY 2018	Adopted FY 2018
ONE CENT SALES TAX	\$2,860,000	\$3,100,000	\$3,513,900	\$3,513,900	\$4,100,000
HALF CENT SALES TAX	\$3,630,000	\$3,800,000	\$4,250,000	\$4,250,000	\$5,000,000
TOTAL GENERAL FUND	\$6,490,000	\$6,900,000	\$7,763,900	\$7,763,900	\$9,100,000

SALES TAX BUDGETS

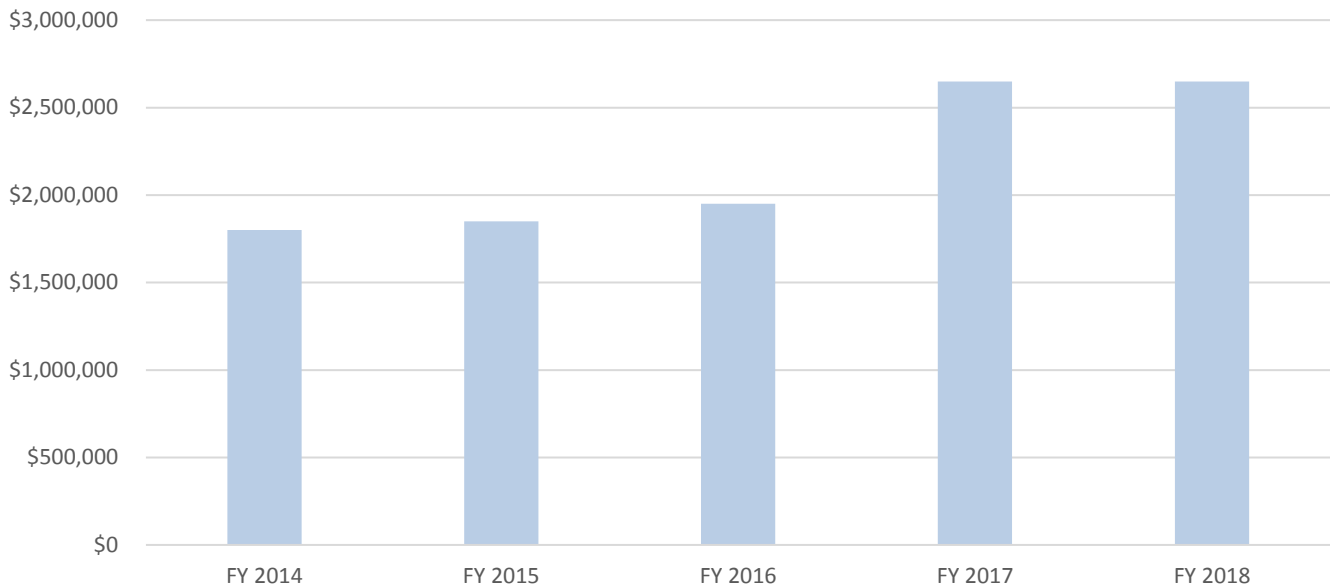


Utility Taxes

Utility Franchise Taxes are the third largest source of revenue for the General Fund. These receipts have grown steadily for the city of recent years. Recent changes made to the distribution of Utility Franchise Taxes have spurred this steady growth. For FY 18, the city forecasts no growth in this revenue and believes that all the impacts of past legislation directly related to Utility Franchise Tax have been realized.

	Actual FY 2015	Actual FY 2016	Budgeted FY 2017	Manager Proposed FY 2018	Adopted FY 2018
UTILITY TAX REVENUES	\$1,850,000	\$1,950,000	\$2,650,000	\$2,650,000	\$2,650,000

UTILITY TAX COLLECTIONS



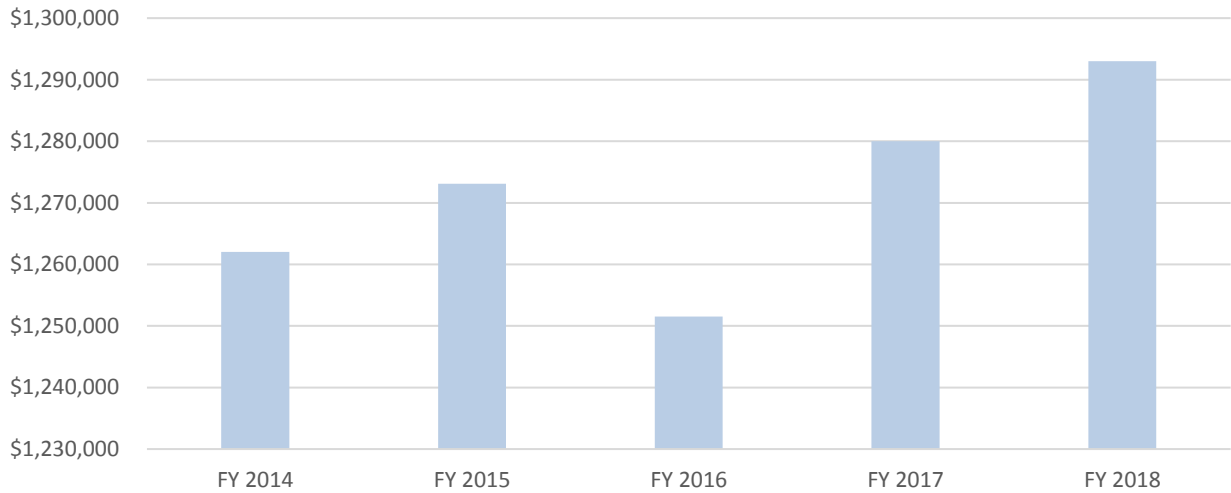
The City receives franchise tax from utilities which furnish electricity and cable TV. The City receives a sales tax for telephone services and an excise tax for piped natural gas services.

State Powell Bill Street Funds

The Powell Bill Funds received from the State or street maintenance have been fairly constant over the past four years, rising from \$1,201,687 in FY 2009 to a projection of \$1,293,000 in FY 18. It is projected that slow growth will continue to occur in the future.

	Actual FY 2015	Actual FY 2016	Budgeted FY 2017	Manager Proposed FY 2018	Adopted FY 2018
POWELL BILL FUNDS	\$1,273,075	\$1,251,500	\$1,280,000	\$1,251,500	\$1,293,000

POWELL BILL FUNDS RECEIVED

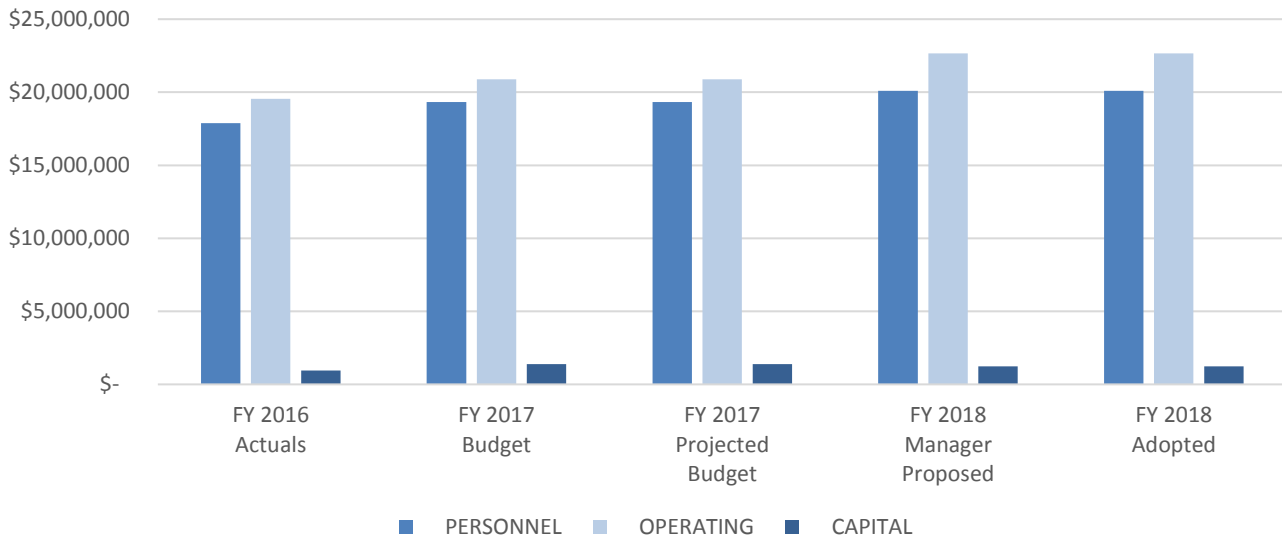


The City will receive from the State approximately \$20.15 per citizen and \$1624.41 per mile of City maintained streets next year. These rates are the same as FY 17.

GENERAL FUND EXPENDITURES

BUDGET & STAFFING SUMMARY

EXPENDITURES	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 17,892,585	\$ 19,324,475	\$ 19,324,475	\$ 20,092,522	\$ 20,092,522
OPERATING	\$ 19,554,720	\$ 20,881,575	\$ 20,881,575	\$ 22,666,597	\$ 22,666,597
CAPITAL	\$ 947,708	\$ 1,394,750	\$ 1,394,750	\$ 1,230,881	\$ 1,230,881
TOTAL	\$ 38,395,013	\$ 41,600,800	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000
POSITIONS	265	272	272	281	281

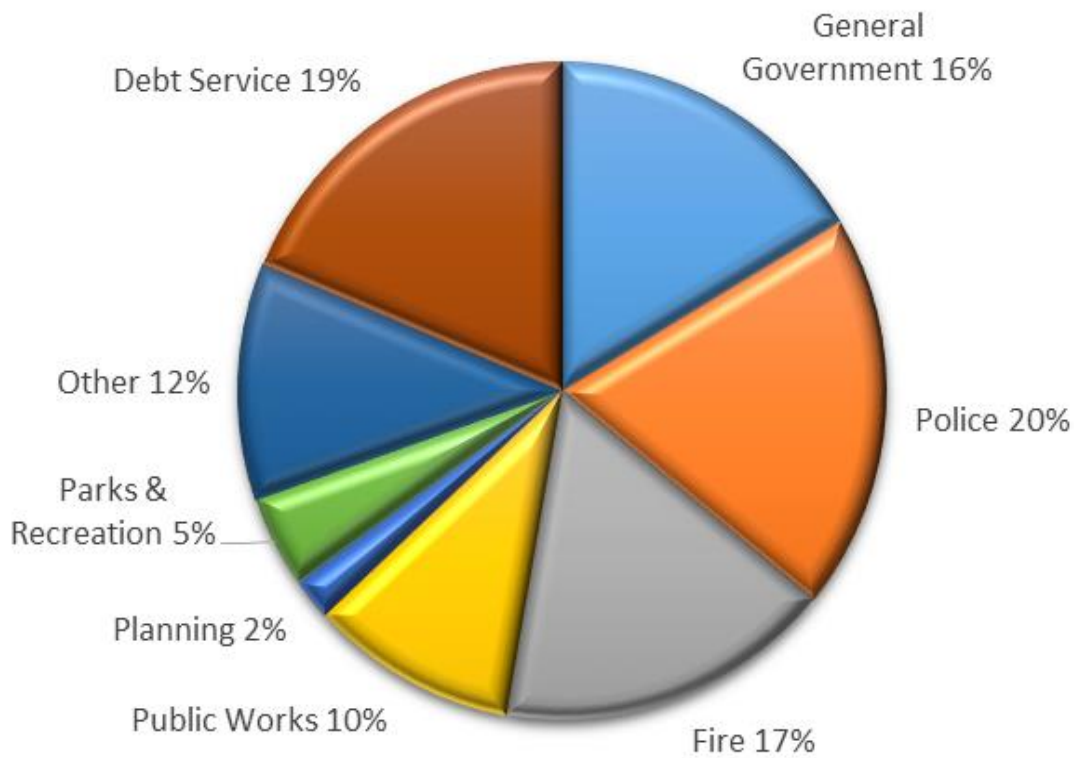


CITY OF KANNAPOLIS

EXPENDITURE DETAIL ANALYSIS

Expenditures	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
City Council	\$ 244,751	\$ 190,347	\$ 190,347	\$ 219,147	\$ 219,147
City Manager - Administration	\$ 792,698	\$ 782,097	\$ 782,097	\$ 796,928	\$ 796,928
Economic Development	\$ 563,900	\$ 524,850	\$ 524,850	\$ 919,337	\$ 919,337
Communications	\$ 245,750	\$ 159,500	\$ 159,500	\$ 183,500	\$ 183,500
Human Resources	\$ 433,208	\$ 451,663	\$ 451,663	\$ 449,346	\$ 449,346
City Attorney	\$ 319,941	\$ 311,140	\$ 311,140	\$ 326,216	\$ 326,216
Finance	\$ 799,850	\$ 844,947	\$ 844,947	\$ 854,201	\$ 854,201
Information Technology	\$ 929,038	\$ 1,025,484	\$ 1,025,484	\$ 1,346,781	\$ 1,346,781
General Services	\$ 759,974	\$ 1,424,046	\$ 1,424,046	\$ 2,113,025	\$ 2,113,025
Total General Government	\$ 5,089,110	\$ 5,714,074	\$ 5,714,074	\$ 7,208,481	\$ 7,208,481
Police - Administration	\$ 886,581	\$ 922,283	\$ 922,283	\$ 823,939	\$ 823,939
Police - Support Services	\$ 2,773,704	\$ 2,918,829	\$ 2,918,829	\$ 2,883,141	\$ 2,883,141
Police - Field Operations	\$ 4,616,795	\$ 4,877,314	\$ 4,877,314	\$ 4,879,018	\$ 4,879,018
Total Police	\$ 8,277,080	\$ 8,718,426	\$ 8,718,426	\$ 8,586,098	\$ 8,586,098
Fire - Administration	\$ 679,594	\$ 784,258	\$ 784,258	\$ 935,453	\$ 935,453
Fire - Emergency Services	\$ 5,636,804	\$ 6,033,083	\$ 6,033,083	\$ 6,146,985	\$ 6,146,985
Fire - Technical Services	\$ 343,307	\$ 341,688	\$ 341,688	\$ 347,948	\$ 347,948
Total Fire	\$ 6,659,705	\$ 7,159,029	\$ 7,159,029	\$ 7,430,386	\$ 7,430,386
Public Works - Engineering	\$ 1,162,155	\$ 1,216,295	\$ 1,216,295	\$ 1,163,738	\$ 1,163,738
Public Works - Street and Highways	\$ 614,600	\$ 823,000	\$ 823,000	\$ 828,000	\$ 828,000
Public Works - Signs and Markings	\$ 416,450	\$ 400,744	\$ 400,744	\$ 138,300	\$ 138,300
Public Works - Operations Center	\$ 292,220	\$ 189,900	\$ 189,900	\$ 502,823	\$ 502,823
Powell Bill	\$ 1,573,968	\$ 2,085,378	\$ 2,085,378	\$ 1,911,419	\$ 1,911,419
Total Public Works	\$ 4,059,393	\$ 4,715,317	\$ 4,715,317	\$ 4,544,280	\$ 4,544,280
Planning	\$ 749,487	\$ 756,321	\$ 756,321	\$ 889,432	\$ 889,432
Total Planning	\$ 749,487	\$ 756,321	\$ 756,321	\$ 889,432	\$ 889,432
Parks and Recreation - Parks	\$ 1,273,340	\$ 1,421,810	\$ 1,421,810	\$ 1,424,345	\$ 1,424,345
Parks and Recreation - Recreation Programs	\$ 242,000	\$ 310,000	\$ 310,000	\$ 350,000	\$ 350,000
Stadium	\$ 35,000	\$ 216,000	\$ 216,000	\$ 216,000	\$ 216,000
Total Parks and Recreation	\$ 1,550,340	\$ 1,947,810	\$ 1,947,810	\$ 1,990,345	\$ 1,990,345
Non - Departmental	\$ 1,840,948	\$ 1,543,223	\$ 1,543,223	\$ 2,037,524	\$ 2,037,524
Transfers	\$ 3,013,850	\$ 3,031,500	\$ 3,031,500	\$ 3,074,200	\$ 3,074,200
Total Other	\$ 4,853,798	\$ 4,574,723	\$ 4,574,723	\$ 5,111,724	\$ 5,111,724
Debt Service Payments (Principal and Interest)	\$ 7,156,100	\$ 8,015,100	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254
Total Debt Service	\$ 7,156,100	\$ 8,015,100	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254
Total General Fund Expenditures	\$ 38,395,013	\$ 41,600,800	\$ 41,600,800	\$ 43,990,000	\$ 43,990,000

GENERAL FUND EXPENDITURE FOR FY 2018
\$43,990,000



General Government includes the following departments – Council, City Manager, Economic Development, Communications, Human Resources, Legal, Finance, General Services, and Information Technology.

Other includes Transfers to other Funds and Non-Departmental.

FISCAL YEAR 2018
DEPARTMENT: COUNCIL

MISSION STATEMENT:

The Governing Body consists of a Mayor and six Council members who comprise the City Council. The Council is elected to a four year staggered terms by its citizens and holds ultimate authority to act for the City. The Council decides what services the City provides and at what level, establishes fiscal policy by adopting the annual budget ordinance, levies the City's taxes, and adopts local laws and regulations.

The City of Kannapolis will work in partnership with our community to enhance the quality of life through positive leadership the delivery of effective, quality service and the achievement of our shared vision.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 81,451	\$ 85,547	\$ 85,547	\$ 77,047	\$ 77,047
OPERATING	\$ 163,300	\$ 115,700	\$ 115,700	\$ 142,100	\$ 142,100
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 244,751	\$ 201,247	\$ 201,247	\$ 219,147	\$ 219,147
POSITIONS	7	7	7	7	7

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$77,047 (\$8,500 Decrease)
Operating Expenses	\$142,100 (\$37,300 Increase)
Total Budget	\$219,147 (\$28,800 Increase)

Increases:

- \$39,500 – Elections (No election expenses in FY 17)

Reductions/Decreases:

- \$2,200 – Dues and Subscriptions

Items of Interest:

- \$31,200 - NC League of Municipalities
- \$4,000 - National League of Cities
- \$8,000 - Metropolitan Mayor's Coalition
- \$8,300 - Cabarrus/South Rowan MPO
- \$5,600 - UNC School of Government
- \$1,500 - Rowan Chamber of Commerce
- \$2,000 - Cabarrus Chamber of Commerce
- \$2,500 - Alliance for Innovation **Increases:**

FISCAL YEAR 2018**DEPARTMENT: CITY MANAGER****MISSION STATEMENT:**

The City Manager acts as the Chief Executive Officer of the City and is responsible to the City Council for administering all municipal affairs including appointment and termination of City personnel; directing the supervision of City operations; advising City Council; ensuring that laws, resolutions, and regulations are faithfully executed; preparing and submitting the annual budget and capital improvement program; and other duties as directed by City Council.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 740,448	\$ 723,597	\$ 723,597	\$ 737,428	\$ 737,428
OPERATING	\$ 39,450	\$ 58,500	\$ 58,500	\$ 59,500	\$ 59,500
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 779,898	\$ 782,097	\$ 782,097	\$ 796,928	\$ 796,928
POSITIONS	6	6	6	7	8

ACCOMPLISHMENTS:

1. Revised and implemented a 10-year Financial Plan to responsibly control fiscal decisions on future operations and projects.
2. Continued Implementation of Fund Balance Policy.
3. Updated 10-year Capital Improvement Plan to properly reflect current economy and operational needs.
4. Numerous discussions held regarding future growth plans and future land development decision making as it applies to the provision of public services.
5. Published and distributed monthly City newsletter.
6. Continued coordination of a variety of water conservation initiatives and programs.
7. Renewed Waste Management contract to continue a recycling program and improve yard waste collection for City residents.
8. Successfully adjusted Environmental Fee to better manage operational costs associated with Enterprise operations such as solid waste collection, solid waste disposal, yard debris pickup, recycling, and e-waste collection and disposal.
9. Executed architectural contract and Construction Manager At-Risk contract for the design and construction of a new city hall and police station.

ACTION PLAN:

1. Provide continued leadership and direction to the core business activities of the City and direct staff support to carry out the City Council's priority list for 2017-2018.
2. Fully implement the 5-Year Financial Management Plan to maximize resources and facilitate the growth and change coming to the City.
3. Fully implement the 10-Year Personnel and Operating Plan.
 - a. Continue to strive towards a fully staffed professional Fire Department.
 - b. Catch up on personnel needs in other departments and strive to maintain the necessary staffing to stay ahead of the growth impacts.
4. Support the City's workforce.
 - a. Continue improving city's health and wellness program to promote healthier lifestyles and maximize illness/injury prevention.
 - b. Continue developing and implement a revised pay plan with competitive pay and benefits.

- c. Implement a communications plan for consistently disseminating information to all employees.
 - d. Involve employees in facilitating operational improvements and overall change in the community.
 - e. Develop and implement a comprehensive employee succession plan that supports the training and eventual advancement of existing employees to new positions as retirements and other position vacancies occur and opportunities are presented.
5. Maintain a reasonable and economically competitive tax rate.
 6. Continue to develop an effective legislative lobbying program in Washington, D.C. and Raleigh.
 7. Continue to examine information technology and its role in the City organization and the community at large.
 - a. Strategically include technology improvements in future operational budgets in all City departments.
 - b. Identify, maximize the expanded WIFI possibilities with Castle and Cooke, Windstream, and Time Warner.
 8. Catch up and keep up with the City's infrastructure, operating capital and facility needs.
 - a. Implement 10-year CIP including a New City Hall, Public Safety Building, new fire stations, water, sewer, storm water, transportation, and parks. Revise the CIP and re-adopt the document annually.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$737,428 (\$13,831 Increase)
Operating Expenses	\$59,500 (\$1,000 Increase)
Total Budget	\$796,928 (\$14,831 Increase)

Increases:

- \$500 – Telephone
- \$500 – Dues & Subscriptions

Reductions/Decreases:

- None

Items of Interest:

- None

FISCAL YEAR 2018

DEPARTMENT: COMMUNITY & ECONOMIC DEVELOPMENT

MISSION STATEMENT:

Recruit new businesses and assist expanding businesses to increase the commercial and industrial tax base, create new high-paying jobs, and shift the tax burden away from residential taxpayers.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 563,900	\$ 524,850	\$ 524,850	\$ 919,337	\$ 919,337
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 563,900	\$ 524,850	\$ 524,850	\$ 919,337	\$ 919,337
POSITIONS	0	0	0	0	0

Accomplishments:

1. Completed a master redevelopment plan for downtown Kannapolis.
2. Solicited development proposals for demonstration project site in downtown Kannapolis
3. Completed economic impact analysis for the feasibility of a baseball stadium in downtown Kannapolis.
4. Continued corridor improvement initiative along S. Cannon Blvd – provided \$10,504 in matching grants to businesses.
5. Continued support of the development of the North Carolina Research Campus.

Action Plan:

1. Develop plans for new stadium in downtown Kannapolis.
2. Consider potential uses for existing stadium site.
3. Complete agreement for demonstration project in downtown Kannapolis.
4. Continue corridor improvement initiative.
5. Use grant funding from Cabarrus Health Alliance to develop and implement Active Transportation Plan for the downtown Kannapolis area.
6. Identify suitable project for EDA grant application.
7. Consider redevelopment options for Wyrick mobile home park site.
8. Respond to requests for incentives and support for economic development projects.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0 (No Change)
Operating Expenses	\$919,337 (\$794,487 Increase)
Total Budget	\$919,337 (\$794,497 Increase)

Increases:

- \$400 – EDC Contributions
- \$5,100 – Incentive Grant
- \$393,387 – Economic Development Initiatives

Reductions/Decreases:

- \$750 – Electricity (moved to General Services)
- \$3,650 – Community Support

Items of Interest:

- \$6,750 – 600 Festival
- \$2,000 – Irish Creek Collegiate Golf Tournament
- \$1,000 – Charlotte Ventures Conference
- \$9,000 – Intimidators July 4th sponsorship
- \$21,500 – Cabarrus Arts Council
- \$1,000 – Chamber of Commerce Annual Meeting
- \$20,000 Community Support
- \$299,000 – Incentive grants – based on projected investment of \$58 million with an 85% grant of property taxes paid.
- \$9,600 – Rowan County EDC dues
- \$55,000 – Cabarrus County EDC dues
- \$45,000 – Strategic Initiatives
- \$20,000 Façade Improvement Grants

FISCAL YEAR 2018

DEPARTMENT: COMMUNICATIONS

MISSION STATEMENT:

The Communication Department's mission is to communicate and engage citizens, elected officials and staff in the process of the City's governmental functions and services.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 247,750	\$ 159,500	\$ 159,500	\$ 183,500	\$ 183,500
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 247,750	\$ 159,500	\$ 159,500	\$ 183,500	\$ 183,500
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0 (No Change)
Operating Expenses	\$183,500 (\$24,000 Increase)
Total Budget	\$183,500 (\$24,000 Increase)

Increases:

- \$6,500 – Marketing/Branding
- \$500 – Travel & Training
- \$4,500 – Special Expenses
- \$12,500 – Outreach Education Programs

Reductions/Decreases:

- None

Items of Interest:

- \$3,500 – Only one Citizen Academy Program scheduled for FY 18
- \$48,000 – Twelve (12) issues of Kannapolis Matters
- \$25,000 – Economic Development Marketing
- \$21,500 - Special Events Mailing
- \$124,500 is budgeted for marketing and branding efforts in FY 18. These efforts include the Run Kannapolis Initiative and other Healthy Living Initiatives. Additionally, marketing and advertising efforts for the New City Hall events and space will come from this department.
- \$24,000 – Connect CTY (Year 3 of a 3 year contract)
- Connect CTY is a city-wide message notification system for residents and businesses via personalized telephone, email, PDA/pagers, and text messages. Messages can be send in any language. 35,000 contact per

hour can be made. Recipients can be selected by individual, group, or via a map. Includes private and unlisted numbers (updated monthly). Messages can be recorded and selected for future delivery date as far as a year in advance. Citizens can update their information or opt out of the list via a city web link to Connect CTY.

- \$1.92 per address (using 2010 census data). This price is down from \$2.50 per address. Price is locked for 3 years.

FISCAL YEAR 2018**DEPARTMENT: Human Resources****MISSION STATEMENT:**

To provide a centralized source of support and professional assistance which enables the City to recruit, select, and maintain an appropriate level of qualified and trained staff that are committed to providing quality service.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 340,500	\$ 360,863	\$ 360,863	\$ 366,546	\$ 366,546
OPERATING	\$ 92,708	\$ 90,800	\$ 90,800	\$ 82,800	\$ 82,800
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 433,208	\$ 451,663	\$ 451,663	\$ 449,346	\$ 449,346
POSITIONS	5	5	5	5	5

ACCOMPLISHMENTS:

- Administered the City's employee benefits program and provided daily assistance to employees, retirees, and COBRA participants with benefit plan changes, claims, and general questions.
- Administered an employee wellness program that includes an onsite health clinic and onsite access to dietician/nutritionist services.
- Administered the City's general, property, public officials, police professional, environmental and workers compensation liability insurance programs.
- Ensured the City's compliance with state and federal regulations affecting personnel policies, procedures and practices.
- Received an investigated citizen complaints and referred to appropriate department or individual for resolution.
- Provided tuition assistance to employees who requested through the City's Tuition Assistance program.
- Provided daily primary coverage for the City's administrative offices, receiving visitors, answering general questions about city provided services, assisting applicants, providing primary phone coverage, directing callers and visitors to appropriate departments or staff.
- Provided training opportunities for employees and supervisory staff in the following areas: conducted new hire orientation sessions for new full-time employees; healthcare reform; health reimbursement and healthcare savings accounts; health risk assessments and annual benefits open enrollment. Provided weekly, bi-weekly, and/or monthly health, wellness, motivational, leadership and supervisory training materials.

PERFORMANCE INDICATORS:

ACTIVITY	2013	2014	2015	2016	2017
*Applications Processed	1,851	1408	2052	1419	1912
*Applications Referred within one week of closing date	100%	94%	100%	100%	100%
*Average # of Days from Application to Hire	89.23	50.46	49	47.6	47.2
*Hiring Percentage	3.67%	3.27%	2.44%	2.32%	2.39%
**Percentage of New Hires Successfully Completing Probation	83.3%	92.3%	90%	88%	91.8%

*Applicant statistical data is reported for a **calendar year** to more accurately depict 12-month period.

**Percentage of new hires successfully completing probationary excludes seasonal part-time employees.

ACTION PLAN:

In addition to on-going operations of the department:

1. Refer 95.0% of all employment applications within one week of receipt.
2. Ensure receipt of a qualified and diverse applicant pool.
3. Conduct new employee orientations within one week of hire date.
4. Reduce the turnover rate by ensuring employees and supervisors are well trained, motivated, and fairly and equitably compensated.
5. Review and update the wellness program to comply with healthcare reform legislation.
6. Implement the requirements of new healthcare reform legislation.
7. Investigate and file all claims in a timely manner and provided regular follow-up with the contractor and claimant to ensure resolution.
8. Review and revise personnel policies as needed to ensure compliance with State and Federal laws and regulations.
9. Assist the Finance Department with implementation of human resource management component of Munis software.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$366,546 (\$5,683 Increase)
Operating Expenses	\$82,800 (\$8,000 Decrease)
Total Budget	\$449,346 (2,317 Decrease)

Personnel includes: Human Resources Director, Risk Manager, Human Resources Analyst, Administrative Assistant (2)

Increases:

- \$2,600 – Advertising
- \$200 – Telephone
- \$200 – Motor Fuel
- \$1,000 – Dues and Subscriptions
- \$5,000 – Travel and Training
- \$500 – Departmental Training

Reductions/Decreases:

- \$500 – Printing
- \$16,000 – Medical Expenses
- \$1,000 – Office Supplies

Items of Interest:

This is the second year of centralizing all medical expenses. In FY 17, a \$29,000 reduction was seen in the original budget. For FY 18, an additional \$16,000 in saving is projected for the City.

FISCAL YEAR 2018**DEPARTMENT: LEGAL SERVICES****MISSION STATEMENT:**

The City Attorney is a statutory personnel appointment made by the city Council who serves part-time at the pleasure of the City Council. The City Attorney is responsible for the management, charge, and control of all legal issues before the City and is the legal advisor to draft all legal instruments, resolutions, orders, and ordinances, as well as commencing and prosecuting all actions and suits before any tribunal in the State on behalf of the City. The City Attorney also serves as legal counsel for all boards and commissions of the City.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 229,741	\$ 228,440	\$ 228,440	\$ 241,516	\$ 241,516
OPERATING	\$ 90,200	\$ 82,700	\$ 82,700	\$ 84,700	\$ 84,700
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 319,941	\$ 311,140	\$ 311,140	\$ 326,216	\$ 326,216
POSITIONS	2	2	2	2	2

ACCOMPLISHMENTS:

1. Supervise, manage and control all legal matters of the City.
2. Legal advisor to the Mayor, City Council, City Manager and the several departments, boards and commissions of the City.
3. Provide written and oral opinions upon any subject involving matters of the City.
4. Supervise all administrative and judicial actions involving the City.
5. Draft or supervise drafting of all deeds, obligations, contracts, leases, conveyances, agreements and all other legal instruments.
6. Draft ordinances and resolutions as directed by the City Council.
7. Assist with code enforcement and condemnation actions.
8. Perform such other duties as directed by City Council.

ACTION PLAN:

1. Continue to provide the services identified above.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$241,516 (\$13,076 Increase)
Operating Expenses	\$84,700 (\$2,000 Increase)
Total Budget	\$326,216 (\$15,076 Increase)

Personnel Includes: City Attorney, Administrative Assistant

Increases:

- \$2,200 – Contracted Services

Reductions/Decreases:

- \$200 – Postage

Items of Interest:

- None

FISCAL YEAR 2018**DEPARTMENT: FINANCE****MISSION STATEMENT:**

The Finance Department is charged with the responsibility of administering the City's financial affairs in compliance with all State and Federal laws and reporting requirements and is dedicated to doing so with credibility and in a manner worthy of distinction and excellence.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 583,550	\$ 602,847	\$ 602,847	\$ 614,701	\$ 614,701
OPERATING	\$ 216,300	\$ 242,100	\$ 242,100	\$ 239,500	\$ 239,500
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 799,850	\$ 844,947	\$ 844,947	\$ 854,201	\$ 854,201
POSITIONS	8	8	8	8	8

ACCOMPLISHMENTS:

1. The Finance Department has received the GFOA's *Distinguished Budget Award* for the FY2017 budget. This is the sixteenth year the City has received this award.
2. The Finance Department has received the GFOA's *Certificate of Achievement for Excellence in Financial Reporting* for the City's *Comprehensive Annual Financial Report (CAFR)* for FY2016. This is the twenty-first year the City has received this award.
3. Successfully implemented the accounting and budgeting modules into the new Munis software platform.
4. The Finance Department has been able to reposition and task key personnel due to gained efficiencies realized with the implementation of the new Munis software platform.
5. The City is currently executing several projects funded through the issuance of revenue bonds totaling \$18 million.

PERFORMANCE INDICATORS:

ACTIVITY	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Number of Funds Accounted for on General Ledger	17	24	21	21	23
Number of Accounts Payable checks and EFT issued	5,484	6,040	7,105	7459	3599
Number of Purchase Orders processed	501	331	310	329	519
Number of Payroll Checks issued	12	5	0	0	0
Number of Direct Deposit of Payroll checks	9,504	10,256	10,456	10,637	10659
Number of Financing applications filed with the LGC	2	1	2	1	1
Number of Financing achieved through area banks	0	0	1	0	1
Number of Accounting entries processed (JE & BA)	1151	871	635	696	805
Number of Bank Statements Reconciled	83	96	84	108	96

ACTION PLAN:

1. Obtain the Budget Presentation award from the GFOA for the fiscal year beginning July 1, 2017.
2. Obtain the Financial reporting award from the GFOA for the fiscal year ending June 30, 2017.
3. Successfully implement the HR Management and Payroll components of the Munis software platform prior to December 31st.

4. Issue limited obligation bonds for the purchase and renovation of downtown properties.
5. Develop a financial plan that will outline the available square footage for private use in the new City Hall/Police Headquarters.
6. Revise the General Management Service fee allocation plan between the City's operational funds for use with the FY 19 budget preparation.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$614,701 (\$11,854 Increase)
Operating Expenses	\$239,500 (2,600 Decrease)
Total Budget	\$854,201 (\$9,254 Increase)

Personnel includes: Finance Director, Deputy Finance Director, Senior Accountant, Accountant (2), Purchasing Agent, Accounts Payable, Budget & Management Analyst

Increases:

- \$1,450 – Audit
- \$10,000 – Travel and Training

Reductions/Decreases:

- \$1,000 – Office Supplies
- \$300 – Dues and Subscriptions
- \$12,500 – Tax Collections
- \$250 - Meetings

Items of Interest:

- Audit increase (\$1,450) is CPI increase found in contract.
- For FY 18 the City's cost for tax collection is reduced from \$3.85 to \$2.00 per account.

FISCAL YEAR 2018

DEPARTMENT: INFORMATION TECHNOLOGY

MISSION STATEMENT:

To create a more efficient accessible form of City government and to provide City Departments with a means of obtaining needed information through computer-generated applications.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 845,705	\$ 1,025,484	\$ 1,025,484	\$ 1,107,500	\$ 1,107,500
CAPITAL	\$ 82,333	\$ -	\$ -	\$ 239,281	\$ 239,281
TOTAL	\$ 928,038	\$ 1,025,484	\$ 1,025,484	\$ 1,346,781	\$ 1,346,781
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Continued investment in technology as a consumable resource to enhance the City's proficiency.
2. Completed the migration to MUNIS Financials.
3. Beginning the implementation and migration to MUNIS HR and Payroll.
4. Continued use of mobile applications and technology.
5. Increased our disaster recovery options for essential services and emergency personnel.
6. Continued to work towards a paperless system throughout the City.
7. Replaced work stations throughout the City as needed.

ACTION PLAN:

1. Keep all data processing equipment and software up to date and functioning properly.
2. Rollout Citywide email upgrade system to latest Microsoft release.
3. Begin and successfully complete new wireless water metering system throughout the City.
4. Assist all departments and Rogers builders in overseeing technology in new Municipal Center.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0 (No Change)
Operating Expenses	\$1,107,500 (\$82,016 Increase)
Capital Machinery	\$239,281 (\$239,281 Increase)
Total Budget	\$1,346,781 (\$321,297 Increase)

Personnel includes: IT Director, Network Engineer (2), Network Tech, and Software Support Specialist

Increases:

- \$500 – Telephone
- \$15,000 – Small Equipment and Tools
- \$19,000 – Network Administration
- \$50,016 – Annual Maintenance

Reductions/Decreases:

- \$2,500 – Consultants

Items of Interest:

- \$100,000 – All technology purchases (Police Mobile Data Terminals, office laptops, desktops, and other computer accessories) for the city are found in the department.
- \$550,000 – all software maintenance contracts (41 different maintenance contracts) for the City are located in this department.
- \$4,712 – AutoCAD for new Engineering staff
- \$7,641 – OSSI Mobile Upgrade for Police Services
- \$13,781 – Replacement of main file server for City Hall
- \$33,681 – Laser fiche upgrades
- \$27,968 – Kronos Workforce Tele staff
- \$92,448 – Office 365 upgrades
- \$22,000 – Online Utility Application
- \$63,184 – Disaster Recovery

FISCAL YEAR 2018**DEPARTMENT: GENERAL SERVICES****MISSION STATEMENT:**

The General Services Department is expanded in the FY 16 budget. The budget for General Services covers utilities, building and grounds maintenance expenses, non-department specific contracted services, real property rental, maintenance and repair of equipment, etc.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 329,174	\$ 668,346	\$ 668,346	\$ 705,825	\$ 705,825
OPERATING	\$ 370,800	\$ 730,700	\$ 730,700	\$ 1,251,200	\$ 1,251,200
CAPITAL	\$ 60,000	\$ 25,000	\$ 25,000	\$ 66,000	\$ 66,000
TOTAL	\$ 759,974	\$ 1,424,046	\$ 1,424,046	\$ 2,023,025	\$ 2,023,025
POSITIONS	4	5	5	7	7

ACCOMPLISHMENTS:

- Continued to maintain all City buildings and ensure they were in good order.
- Continued to maintain all City utilities and ensure they were in proper working order.

ACTION PLAN:

- Work with all administrative personnel to make sure City administrative facilities are kept in good order and all equipment is maintained and working properly.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$705,825 (\$37,479 Increase)
Operating Expenses	\$1,251,200 (\$520,500 Increase)
Capital Machinery	\$66,000 (\$41,000 Increase)
Total Budget	\$1,991,025 (\$566,979 Increase)

Personnel Includes: General Services Director, Facility Manager, Warehouse Assistant, Grounds Manager, Building Engineer (5), Building Engineer II (2), Grounds Engineer III (2), and Administrative Assistant (2)

Increases:

- \$2,000 – Transaction Fees
- \$182,500 – R&M: Building & Grounds
- \$12,500 – R&M: Equipment
- \$20,000 – Electricity
- \$40,000 – Water & Sewer
- \$113,000 – Telephone
- \$25,000 – Equipment Rental
- \$5,000 – Cleaning Supplies
- \$105,500 – Contracted Services

- \$129,500 – Contract – Grounds Maintenance
- \$2,500 – Travel and Training
- \$500 - Meetings

Reductions/Decreases:

- \$1,500 – R&M: Vehicles
- \$22,500 – R&M: Railroad Depot
- \$4,000 – Gas Utilities
- \$5,000 – Rentals – Laundry Services
- \$2,000 – Motor Fuel
- \$5,000 – Small Equipment and Tools
- \$1,000 – Dues and Subscriptions
- \$1,500 - Meetings

Items of Interest:

- One (1) new Building Engineer II is included in FY 18 budget
- One (1) Part Time Administrative Assistant is increased to Full Time in FY 18 budget
- R&M: Building & Grounds increase is due to centralizing all R&M expenses in General Services.
- Utility budgets reflect actual expenses for New City Hall. For FY 17 budget, staff projected expenses based on the first 3 months of billing for New City Hall. All future increases in utility expenses will be organic in nature.
- Increase in Equipment Rental is the final movement of all copiers, printers and other office equipment rentals throughout the city to this line item.
- Decrease in R&M: Railroad Depot is due to FY 17 budget including one time renovation expenses. FY 18 budget is a return to base budget amounts found in previous fiscal year's budgets.

FISCAL YEAR 2018**DEPARTMENT: POLICE****MISSION STATEMENT:**

The Police Department exists to serve all people within our jurisdiction with respect, fairness, and dignity. We are committed to the prevention of crime and the protection of life and property; the preservation of peace, order and safety; the enforcement of laws and ordinances; and the safeguarding of constitutional guarantees.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 6,590,234	\$ 6,858,608	\$ 6,858,608	\$ 6,904,598	\$ 6,904,598
OPERATING	\$ 1,243,471	\$ 1,189,318	\$ 1,189,318	\$ 1,107,200	\$ 1,107,200
CAPITAL	\$ 792,925	\$ 670,500	\$ 670,500	\$ 574,300	\$ 574,300
TOTAL	\$ 8,626,630	\$ 8,718,426	\$ 8,718,426	\$ 8,586,098	\$ 8,586,098
POSITIONS	109	111	111	112	112

ACCOMPLISHMENTS:

- Maintained the agency's international accreditation status for 17 consecutive years and was awarded Meritorious Re-Accreditation.
- Reported crimes continue to be well below that of similar sized cities in North Carolina, a trend that has proven consistent for more than a decade.
- Ranked among the safest cities in North Carolina on the 2017 Safe Wise Safest Cities in North Carolina Report.
- Continued to centralize off-site storage of equipment and property at the city owned storage warehouse.
- Continued to utilize innovative technologies such as Leads Online and CellBrite in the investigation of criminal activity.
- Continued programmed replacement of agency equipment to include Tasers, wireless digital patrol vehicle camera systems, and speed measuring devices.
- Continued participation as part of the national LinX exchange. The LinX exchange currently has combined over a 500 million record database across the nation.
- Continued to address Advanced Authentication requirements within the mobile computing environment for a more secured agency network.
- Continued to address the evolving national standards on CJIS compliance.
- Completed the fourth Kannapolis Police Department Citizen Academy.
- Implemented the "Watch for Me NC" program throughout the city. This also incorporated the tracking and reporting of all agency activities related to the program to NCDOT and/or the Governors Highway Safety Program.
- Reinstituted use of agency bicycles by departmental personnel. While the plan is constantly evolving the focus remains on three core areas: improve effective of police personnel at special events occurring in the city, increase visibility in all areas of the city by tracking areas covered and develop contacts with businesses and residents to improve or foster new relationships.
- Identified one vendor for the purchasing of all new police vehicles and the installation of emergency equipment and graphics. This was done to help stream line the process and cut down on the delays of getting the vehicles in service. This will also shorten the time vehicles are out of service due to repairs.
- Completed the replacement of communication gear for members of the agency's Special Response Team.
- Completed purchase of ProQ&A software for telecommunications personnel. All Communications personnel have received training and are currently using the software to improve efficiency and consistency among all staff assigned to the Communications Center.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2013	FY 2014	FY 2015	FY 2016
Homicide and Deaths Investigations*	7	2	55	61
Assault Investigations	82	34	34	38

* Death Investigations include any medically unattended death reported to the police department.

ACTION PLAN:

1. Maintain fully accredited status by the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA).
2. Maintain a below average crime rate (calculated as Part I crimes per 100,000 population) as compared to North Carolina suburban cities of similar size, and foster a strong perception of community safety.
3. Expand the staffing level and service capacity of the police department to compensate for area growth and evolving community needs.
4. Initiate plans and work with Human Resources Director to tie a pay incentive plan into our existing Career Development Plan.
5. Continue to conduct a spring session of the Kannapolis Police Department Citizen Academy.
6. Complete the move of all agency equipment from multiple offsite storage facilities into the City warehouse facility.
7. Implement the use of dedicated programs designed to increase operational effectiveness and efficiencies of personnel and reduce agency liability.
8. Reduce the impact of illegal drug trafficking through aggressive enforcement and interdiction efforts
9. Evaluate and update plan on the use of agency bicycles by departmental personnel as needed. This plan and implementation focuses on three core areas: improve effective of police personnel at special events occurring in the city, increase visibility in all areas of the city by tracking areas covered and develop contacts with businesses and residents to improve or foster new relationships.
10. Re-apply for the Watch for Me NC program throughout the city. This program requires submission of an application on an annual basis. Selection is made by NCDOT officials and is based is on the number of identified problem areas within a jurisdiction and the educational/enforcement efforts of the law enforcement agency. This will incorporate tracking and reporting all agency activities related to the program to NCDOT and/or the Governors Highway Safety Program.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:**Police – Administration**

Expense Summary	
Personnel Expenses	\$562,339 (\$78,694 Decrease)
Operating Expenses	\$261,600 (\$19,650 Decrease)
Capital Machinery	\$0 (No Change)
Total Budget	\$823,939 (98,344 Decrease)

Personnel includes: Chief of Police (1), Deputy Chief of Police (1), Captains (2), Administrative Assistant (1), and Police Planner/Accreditation Manager (1). 5 Sworn, 2 Civilian

Increases:

- \$3,950 – Contracted Services
- \$300 – Consultants
- \$8,600 – Travel and Training

Reductions/Decreases:

- \$500 – R&M: Office Equipment
- \$31,000 – Equipment Rental
- \$1,000 – Motor Fuel

Capital:

- None

Items of Interest:

- Reduction in Equipment Rental is the move of copier and other office equipment rental expense to General Services.
- Increases in Travel & Training covers projected expenses for CALEA accreditation process
- Contracted Services covers the City’s portion of the Project Safe Coordinator.

Police – Support Services

Expense Summary	
Personnel Expenses	\$2,536,241 (\$102,162 Increase)
Operating Expenses	\$330,900 (\$13,850 Decrease)
Capital Machinery	\$16,000 (\$124,000 Decrease)
Total Budget	\$2,883,141 (\$35,688 Decrease)

Personnel includes: Lieutenant (2), Sergeants (4), Investigators (10), Training Officer (1), School Resource Officers (2), DARE Officer (1), Communications Center Manager (1), Telecommunicator Shift Supervisors (4), Telecommunicator (12), Records Supervisor (1), Records Clerks (2), and Administrative Assistant (1). 20 Sworn, 21 Civilian

Increases:

- \$2,000 – Special Expenses

Reductions/Decreases:

- \$3,000 – R&M: Office Equipment
- \$1,500 – Public Safety Supplies
- \$5,000 – Uniforms
- \$6,350 – Travel & Training

Capital:

- \$16,000 – KRIMESITE Imager

Items of Interest:

- One (1) Evidence Custodian included in FY 18 budget.
- Uniform reduction due to one-time expenses for Telecommunicator Uniforms in FY 17 budget
- \$133,100 – City’s portion (20%) of the Cabarrus County Radio System

Police – Field Operations

Expense Summary	
Personnel Expenses	\$3,806,018 (\$22,522 Increase)
Operating Expenses	\$514,700 (\$44,300 Decrease)
Capital Machinery	\$558,300 (\$27,800 Increase)
Total Budget	\$4,879,018 (\$6,022 Increase)

Personnel includes: Lieutenants (4), Sergeants (9), Police Officers (49), and Part-Time St. Office Assistant (1).
62 Sworn, 1 Part-time Civilian

Increases:

- \$500 – R&M: Equipment
- \$10,000 – Public Safety Supplies
- \$10,500 – Uniforms
- \$7,500 – Travel and Training

Reductions/Decreases:

- \$500 – R&M: Office Equipment
- \$15,000 – R&M: Vehicles
- \$5,000 – Motor Fuel
- \$52,350 – New Officer Supplies

Capital:

- \$520,800 – Ten (10) replacement vehicles – 3 Police Cruisers and 7 SUVs
- \$37,500 – New Camera System

Items of Interest:

- Uniform increase covers expense for SRT rain gear and apparel for specialized units
- Field Operations currently has 76 vehicles

FISCAL YEAR 2018
DEPARTMENT: FIRE

MISSION STATEMENT:

The Kannapolis Fire Department is composed of a dedicated, qualified, and diverse group of professionals that exists to provide effective fire & emergency response services. We are committed to meeting the needs of our dynamic community through preparedness, proactive public education, fire prevention, risk reduction, and partnerships with others.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 5,511,681	\$ 5,965,429	\$ 5,965,429	\$ 6,253,136	\$ 6,253,136
OPERATING	\$ 1,019,024	\$ 988,200	\$ 988,200	\$ 1,147,750	\$ 1,147,750
CAPITAL	\$ 129,000	\$ 205,400	\$ 205,400	\$ 29,500	\$ 29,500
TOTAL	\$ 6,659,705	\$ 7,159,029	\$ 7,159,029	\$ 7,430,386	\$ 7,430,386
POSITIONS	87	90	90	94	94

ACCOMPLISHMENTS:

1. Hired Logistics Manager
2. Repaved parking lot at Station 1 and repaved and sealed parking lot at Station 5
3. Ordered new ladder truck
4. Submitted Safer Grant for 18 firefighters
5. Purchased Property for new Station 3 and property to expand Station 2
6. Hired a CMAR for new station construction

PERFORMANCE INDICATORS: (as of July 1, 2016)

ACTIVITY	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016
Reported Incidents	7,360	7,859	8,643
Response to In-City Incidents within 6 Minutes	83%	79%	75%
15 Firefighters to Working Fires in 9 Minutes	36%	44%	65%
Work Orders Completed	94%	87%	85%
Save rate for CPR Incidents	43 %	40%	46%
Business Inspections	2,065	1,185	1,109
Provide public education for 25% of the citizens	68%	52%	69%
Provide 98% of the children with safety lecture	100%	100%	100%
Personnel training hours	27,049	22,816	29,214

ACTION PLAN:

1. Response to all in-city incidents within six minutes 85% of the time.
2. Provide a minimum of 15 firefighters to working structure fires within 9 minutes of dispatch 85% of the time.
3. Ensure 95% of all work orders are completed.
4. Maintain a 25% save rate on CPR incidents.
5. Provide public education contact with 25% of the citizens in Kannapolis.
6. Provide 98% of the elementary school children in Kannapolis with an annual safety lecture.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Fire – Administrative Services

Expense Summary	
Personnel Expenses	\$376,353 (\$72,695 Increase)
Operating Expenses	\$529,600 (\$119,000 Increase)
Capital Machinery	\$29,500 (\$40,500 Decrease)
Total Budget	\$935,453 (\$151,195 Increase)

Personnel includes: Fire Chief (1), Division Chief (1), Logistics Manager (1), Administrative Assistant (1), Executive Office Assistant (1), PT Executive Office Assistant (1)

Increases:

- \$500 – R&M: Vehicles
- \$9,000 – Water & Sewer
- \$25,000 – Telephone
- \$150,000 – Contracted Services

Reductions/Decreases:

- \$30,000 – R&M: Building and Grounds
- \$4,000 – Gas Utilities
- \$24,000 – Equipment Rental
- \$7,500 - Meetings

Capital:

- \$29,500 - Vehicle Replacement

Items of Interest:

- \$150,000 – Contracted Service covers the projected increases in the Odell VFD contract for FY 18
- \$30,000 – R&M: Building and Grounds has been moved to General Services
- \$24,000 – Equipment Rental is the completion of phone leases
- \$7,500 – Reduction in meetings is due to FY 17 budget containing funding for 100 Year Anniversary Festivities.

Fire – Emergency Services

Expense Summary	
Personnel Expenses	\$5,595,785 (\$212,502 Increase)
Operating Expenses	\$551,200 (\$36,800 Increase)
Capital Machinery	\$0 (\$135,400 Decrease)
Total Budget	\$6,146,985 (\$113,902 Increase)

Personnel Includes: Division Chief (1), Battalion Chief (3), Fire Captain (21), Fire Engineer (21), Firefighter (39), PT- Firefighter (6), Reserve Firefighter (15), Training Coordinator, and Quality Assurance Coordinator (1).

Increases:

- \$2,000 – Telephone
- \$22,000 – Public Safety Supplies
- \$3,600 – Uniforms
- \$19,200 – Contracted Services

Reductions/Decreases:

- \$8,000 – Small Equipment and Tools
- \$2,000 – Special Expenses

Capital:

- None

Items of Interest:

- Three (3) new firefighters included in FY 18 budget
- One (1) new Training Coordinator included in FY 18 budget
- \$18,000 in Contracted Services is for FEMA Grant Match for Accountability System

Fire – Technical Services

Expense Summary	
Personnel Expenses	\$280,998 (\$2,510 Increase)
Operating Expenses	\$66,950 (\$3,750 Increase)
Total Budget	\$347,948 (\$6,260 Increase)

Personnel includes: Division Chief (1), Fire Inspector (2), Fire & Line Safety Educator (1), PT-Fire Inspector (1), Quality Assurance Coordinator (3), and PT-Educator (1)

Increases:

- \$2,500 – Telephone
- \$1,400 - Uniforms

Reductions/Decreases:

- \$150 – R&M: Equipment

Capital:

- None

Items of Interest:

- None

FISCAL YEAR 2018**DEPARTMENT: PUBLIC WORKS****MISSION STATEMENT:**

Ensure high quality workmanship and cost effectiveness in the installation of infrastructure projects that the City will ultimately maintain. This assurance is accomplished by designing; administering, coordinating projects, and working with developers and engineers to be sure contractors maintain a high level of workmanship and construction practices; and by providing technical assistance to citizens and other City departments.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 1,001,831	\$ 1,129,567	\$ 1,129,567	\$ 1,445,780	\$ 1,445,780
OPERATING	\$ 2,892,651	\$ 3,163,800	\$ 3,163,800	\$ 2,725,500	\$ 2,725,500
CAPITAL	\$ 165,000	\$ 421,950	\$ 421,950	\$ 373,000	\$ 373,000
TOTAL	\$ 4,059,482	\$ 4,715,317	\$ 4,715,317	\$ 4,544,280	\$ 4,544,280
POSITIONS	18	18	18	19	19

ACCOMPLISHMENTS:

1. Reviewed and/or provided construction observation for 21 commercial site plans.
2. Reviewed and/or provided construction observation for 16 residential subdivisions.
3. Reviewed and/or provided construction observation for 3 CMAQ projects.
4. Reviewed the Flood Plain Management associated with 3 projects.
5. Reviewed and/or provided construction observation for 28 City Projects.
6. Coordinated with NCDOT on transportation improvement projects including the review of 6 NCDOT projects.
7. Reviewed and met with developers for 12 future sites considering conditional rezoning.
8. Provided engineering assistance with 2 Grant Applications.
9. Prioritized Transportation Improvement Projects.
10. Managed project information for the CIP program.
11. Assisted with Infrastructure Audit.
12. Maintained Stormwater Permit Tracking Process.
13. Managed Stormwater BMP data.
14. Managed with other departments to update Water and Sewer GIS mapping data.
15. Provided assistance with other department's mapping needs.
16. Coordinated with WSACC staff to identify and reduce inflow & infiltration (I&I).

PERFORMANCE INDICATORS:

Plan review and/or inspections were conducted for construction of the following new or improved infrastructure to be accepted by the City of Kannapolis for maintenance upon completion. All numbers indicate measurements in linear feet.

ACTIVITY	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Streets – Private Development (by linear feet)	1,846	4,275	1,104	1,944	2,085
Water – Private Development (by linear feet)	9,100	5,802	4,380	14,479	12,958
Sewer – Private Development (by linear feet)	8,800	6,223	2,991	12,618	8,642

ACTION PLAN:

1. Continue to familiarize staff with the Unified Development Ordinance regulations.
2. Continue annual inventory and rating of streets and sidewalks that need improvements.
3. Respond to developer, in writing, within seven days for site plans and minor plats, 14 days for preliminary plats and 30 days for subdivision construction plans.
4. Respond to contractor requests for site visits or testing within 24-hours of request.
5. Continue to work with the other departments towards completion of Standard Construction Details and Specifications.
6. Update document plan review and construction checklist.
7. Conduct preconstruction conferences with home builders to ensure that City standards are being maintained during the home building process.
8. Continue evaluating existing street policies.
9. Continue to work with all divisions of Public Works to improve electronic mapping system.
10. Maintain CIP programs for Water, Sewer, Stormwater and Transportation.

Administration & Engineering

Expense Summary	
Personnel Expenses	\$757,938 (\$317,443 Increase)
Operating Expenses	\$380,800 (\$370,000 Decrease)
Capital Machinery	\$25,000 (No Change)
Total Budget	\$1,163,738 (\$52,557 Decrease)

Personnel includes: Director of Public Works (1), Assistant Director of Public Works (1), Administrative Assistant (1), Engineering Tech (2), and Senior Office Assistant (1).

Increases:

- \$3,500 – Telephone
- \$1,000 – Motor Fuel
- \$2,000 – Office Supplies
- \$1,000 – Dues and Subscriptions
- \$1,500 – Uniforms

Reductions/Decreases:

- \$500 – Postage
- \$1,000 – R&M: Vehicles
- \$500 – Contracted Services
- \$375,000 – Contract – Engineering
- \$2,000 – Travel and Training

Capital:

- \$25,000 – Vehicle Replacement

Items of Interest:

- Decreases in Contract – Engineering and Contracted Services is due to the hiring of engineering staff by the City.
- All increases in this Department are due to new Engineering staff

Street Lighting

Expense Summary	
Personnel Expenses	\$0 (No Change)
Operating Expenses	\$683,000 (\$140,000 Decrease)
Total Budget	\$145,000 (\$145,000 Increase)

No Personnel included in this Division.

Increases:

- None

Reductions/Decreases:

- \$140,000 – Contract New Lights

Capital:

- \$145,000 – Installation of Lights along Watson Crick

Items of Interest:

- In FY 17 Budget, funding was provided for the purchase of decorative lights for installing along Laureate Way and Watson Crick. FY 18 budget includes funding for the installation of these lights.

Operation Center

Expense Summary	
Personnel Expenses	\$0 (No Change)
Operating Expenses	\$138,300 (\$51,600 Decrease)
Total Budget	\$138,300 (\$51,600 Decrease)

No Personnel included in this Division.

Increases:

- \$5,000 – Electricity
- \$2,500 – Water & Sewer
- \$1,900 – Contracted Services

Reductions/Decreases:

- \$44,000 – R&M: Building and Grounds
- \$3,000 – Gas Utilities
- \$14,000 - Telephone

Capital:

- None

Items of Interest:

- R&M: Building and Grounds moved to General Services

ACCOMPLISHMENTS:

1. Continued work on inventory system with various vendors to interface software with our system to reduce min/max inventory and lowering the dollar amount of inventory stocked. Installed wireless mobility to the warehouse so that in the future a warehouse management system can be implemented to help streamline multiple functions at the PWOC improving productivity, inventory control, and shipping/receiving.
2. Continued to identify and correct safety, health and environmental issue in facilities, i.e. replaced all of the eyewash stations throughout the PWOC, installed backflow preventer in the wash pit area to prevent cross contamination to the water supply at the PWOC, and complied with requirements for new NCDENR PWOC facility operations permit, which includes RUN-OFF testing.
3. Continued to provide maintenance services and assistance as needed at the Train Station.
4. Completed the urinal and toilet change-out process in all of the City Of Kannapolis owned facilities, reducing all flush valves down to 1.28 gallons in accordance with the IBT agreement and thereby enhancing water conservation.
5. Implemented preventative maintenance service agreements for the fuel station, HVAC, air compressors, back-up generator, fire sprinkler, and fire alarm systems to ensure that all systems are maintained and are operating properly.

ACTION PLAN:

1. Maintain all systems on a regular basis to keep efficiency up to standards.
2. Develop a strategic plan to evaluate ways to reduce costs.
3. Coordinate with all departments to keep service high and conducted in a safe and timely manner.
4. Continue to maintain the in-house Fuelmaster program for the City of Kannapolis fuel services, and also continue to explore, and take advantage of any available opportunities to improve the fuel management system.

Signs and Markings

Expense Summary	
Personnel Expenses	\$170,923 (\$779 Increase)
Operating Expenses	\$225,900 (\$4,700 Decrease)
Capital Machinery	\$106,000 (\$106,000 Increase)
Total Budget	\$502,823 (102,079 Increase)

Personnel Includes: Crew Chief (1), Construction Maintenance Technician (1), and Construction Maintenance II (1).

Increases:

- \$300 – Uniforms
- \$25,000 – Contracted Services

Reductions/Decreases:

- \$30,000 – Sign Supplies

Capital:

- \$106,000 – Replacement Crew Cab Truck with specific towing capabilities

Items of Interest:

- \$30,000 – Reduction in Sign supplies is due to one-time purchases in FY 17 and no funding for decorative crosswalks in FY 18.

ACCOMPLISHMENTS:

1. The Sign Shop has maintained and repaired all signs throughout the city in a timely manner. Making and installing over 1,976 signs this year
2. It has been federally mandated that all street name signs on multi-lane roads with speeds higher than 40 mph must be 12-inches in height; therefore we replaced all street name signs on North Loop and part of Dale Earnhardt Blvd, also made them decorative along with the stop signs.
3. Cut limbs at over 150 locations.
4. Constructed all banners for the “Concerts in the Park” series, as well as the Jiggy Piggy event with over 100 signs and banners.
5. Recorded all warning sign retroreflective readings and replaced over 250 failing signs to meet minimum requirements.
6. Replaced over 400 stop signs on the replacement schedule.

ACTIVITY	FY2013	FY2014	FY2015	FY2016
Street Name Signs Installed or Repaired	203	98	336	182
Information Signs Installed or Repaired	884	1369	836	1794

ACTION PLAN:

1. It has been federally mandated that all street name signs on multi-lane roads with speeds higher than 40 mph must be 12-inches in height; therefore we will proceed with replacement of all other 4 lane roads throughout the city.
2. Install decorative stop signs and 12 in street signs on the remainder of Dale Earnhardt Blvd.
3. Install the new city logo on high priority signs.
4. Replace all street name signs in section 1
5. Create a warning sign blanket replacement schedule.
6. Continue an inventory system on all signs inside City limits and place them on a schedule to date and replace the signs as needed.
7. Continue forwarding repair requests within 24 hours of receipt of request.
8. Replace 150 stop signs that are scheduled for replacement this year.
9. Ensure signs and markings are maintained in good condition with the following priorities and procedures:
 1. Stop sign damage will be repaired immediately upon notification, day or night.
 2. Repairs due to damage for all signage, other than stop signs, will be completed within two working days after notification.
 3. Routine, systematic inspection and replacement of all signs will continue on a scheduled basis.
 4. New installations for new developments will be fabricated and installed promptly.

Street Maintenance

Expense Summary	
Personnel Expenses	\$516,919 (\$2,009 Decrease)
Operating Expenses	\$1,297,500 (\$128,000 Increase)
Capital Machinery	\$97,000 (\$299,950 Decrease)
Total Budget	\$1,911,419 (\$173,959 Decrease)

Personnel Includes: Transportation Manager (1), Crew Chief (1), Construction Maintenance Technician (2), Construction Maintenance Worker II (3), and Construction Maintenance Worker I (4).

Increases:

- \$5,000 – R&M: Equipment
- \$7,000 – Uniforms
- \$50,000 – Contracted Services
- \$100,000 – Contract - Resurfacing

Reductions/Decreases:

- \$25,000 – R&M: Streets
- \$9,000 - Consultants

Capital:

- \$40,000 – Replacement Crew Cab Truck
- \$12,000 – Replacement Snow Plow
- \$20,000 – Replacement Salt Spreader
- \$25,000 – Replacement Brine Sprayer

Items of Interest:

- \$100,000 increase in Contract Resurfacing is the second year in a row of additional funding being provided for Street Resurfacing.
- \$50,000 increase in Contracted Services is the second year in a row of additional funding being provided for sidewalk repair and installation.

ACCOMPLISHMENTS:

1. Completed six (6) cycles of scheduled mowing.
2. Completed 2 maintenance cycles on unpaved street sections. The road sections were graded with additional aggregate added as necessary and compacted. The drainage ditches were cleaned as needed.
3. Continued to track the number of pavement repairs per streets.
4. Completed majority of utility cut repairs within 24-hours after receiving work order from Water & Sewer Department.
5. Identified potential areas for potholes and made the necessary repairs before larger pothole problems could occur.
6. Start a preventive pothole program – regular scheduled route.
7. Continued preventive maintenance on shoulder cutting in the northern part of the city (north of the loop road completely).

8. Focused on proper sub-grade preparation and made extremely large quality asphalt patches in areas where streets were badly failing such as Cooper Avenue, Mt. Olivet Road, Raintree Circle, Blue Ridge Avenue, Bertha Street, East 27th Street, Coliseum Avenue, Chamar Circle, Winfield Avenue, and Jackson Street just to name a few.
9. Many of our crew received Road Scholar certificates from the LTAP program in Raleigh. This program has been beneficial in learning about street repair. We will continue with the advanced program.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2013	FY 2014	FY 2015	FY 2016
Reconstruction Resurfacing (miles)	0	17	1.6	3.65
Utility Cuts Repaired	169	194	163	201
Pavement Repairs (includes potholes)	837	1,114	1,190	4,615
Shoulder Work (feet)	23,815	8,691	35,034	141,868
Sidewalk Repairs (feet)	10	0	100	2,444.50
Milling Asphalt (feet)				7,154
Mowing (miles)				2,836

ACTION PLAN:

1. Complete a minimum of six (6) cycles of scheduled mowing.
2. Complete 3 maintenance cycles on unpaved street sections.
3. Continue to track the number of pavement repairs per streets.
4. Complete utility cut repairs within 24-hours after receiving work order from Water & Sewer Department.
5. Identify potential areas for potholes and make the necessary repairs before potholes occur.
6. Add more shoulder maintenance for erosion control.
7. Continue our education process with the LTAP program, seeking out ways to be more efficient and improve safety.

FISCAL YEAR 2018
DEPARTMENT: PLANNING

MISSION STATEMENT:

The Kannapolis Community Development Department is committed to excellent public service and enhancing the quality of life in the community by guiding its orderly growth and development while preserving its cultural heritage and natural resources. We strive to offer the most efficient service possible in the management of our activities and programs. We always adhere to providing professionally competent advice to officials and citizens on the issues of planning and public policy, land development regulation and community improvement.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 568,987	\$ 581,721	\$ 581,721	\$ 577,976	\$ 577,976
OPERATING	\$ 130,500	\$ 174,600	\$ 174,600	\$ 311,456	\$ 311,456
CAPITAL	\$ 50,000	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 749,487	\$ 756,321	\$ 756,321	\$ 889,432	\$ 889,432
POSITIONS	8	8	8	8	8

ACCOMPLISHMENTS:

1. Managed transition (including transfer of records, establishment of new office and hiring of staff) of planning function and provision of planning and code enforcement services from Benchmark, Inc. to City of Kannapolis.
2. Created department organizational structure and staffing plan.
3. Assisted in and provided support for downtown acquisition process
4. Provided mapping services for creation of “Municipal Service District (MSD)” for downtown.
5. Completed Farm Hill Small Area Plan.
6. Processed building permits for 291 new single family homes and 60 multi-family units.
7. Development plan approval for \$57,578,744 in commercial building activity.
8. Processed 1,223 code enforcement cases.
9. Developed City-wide code enforcement strategy and completed first phase of City-wide code enforcement sweep.
10. Completed numerous GIS (Geographic Information System) mapping projects, including: creation of geodatabase and data sets for City of Kannapolis – from Benchmark and City files; set up ArcGIS Online system – including training - for City staff; created web services system for PW Dept.; created map books for Fire Dept.; developed data collection application for code enforcement; provided mapping and technical support for other City Departments including Administration, Parks & Recreation and Finance)
11. Worked with Tech Edge on selection and development of City Works software module for Planning Department.
12. Identified hardware and software needs for new Planning Department.
13. Provided staff representation for City on Technical Coordinating Committee (TCC) for Cabarrus-Rowan Metropolitan Planning Organization (MPO).
14. Provided staff support for Planning & Zoning Commission, Board of Adjustment and City Council.
15. Provided planning support to other City departments.

ACTION PLAN:

1. Implement City Works software module in support of Planning Department services.
2. Review and streamline development review and approval process.

3. Improve electronic filing system for department activity
4. Begin Comprehensive Plan process
5. Continue implementation of comprehensive City-wide code enforcement strategy, including completion of code enforcement sweep.
6. Incorporate use of digital technology for recording code enforcement activity in the field.
7. Support downtown redevelopment efforts, including preparation of a “Strategic Redevelopment Plan” by Development Finance Initiative (DFI).
8. Modify Planning web page to facilitate easier use by public.
9. Enhance online GIS mapping capabilities for City departments and public.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$577,976 (\$3,745 Decrease)
Operating Expenses	\$311,456 (\$136,856 Increase)
Total Budget	\$889,432 (\$133,111 Increase)

Personnel includes: Planning Director (1), Code Enforcement Officer (2), Planning Technician (1), Senior Planner (2), Administrative Assistant (1), and GIS Specialist (1)

Increases:

- \$30,000 – Demolition Expenditures
- \$150 – R&M: Vehicles
- \$127,406 – Contract - Planning

Reductions/Decreases:

- \$500 – Printing
- \$1,000 – Advertising
- \$200 – Postage
- \$19,000 - Telephone

Capital:

- None

Items of Interest:

- \$187, 406 in Contract – Planning covers the remaining cost of Comprehensive Plan, installation of Acela Software, and funding to start the Uniform Development Ordinance.

FISCAL YEAR 2018**DEPARTMENT: PARKS AND RECREATION****MISSION STATEMENT:**

Provide residents of all ages and abilities positive experiences through a variety of quality activities, facilities and services under the direction of professional and dedicated staff that are responsive to the changing needs of the community.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 847,490	\$ 939,510	\$ 939,510	\$ 983,066	\$ 983,066
OPERATING	\$ 684,850	\$ 410,400	\$ 410,400	\$ 367,200	\$ 367,200
CAPITAL	\$ 18,000	\$ 71,900	\$ 71,900	\$ 93,800	\$ 93,800
TOTAL	\$ 1,550,340	\$ 1,421,810	\$ 1,421,810	\$ 1,444,066	\$ 1,444,066
POSITIONS	8	9	9	10	10

ACCOMPLISHMENTS:

1. Achieved National Accreditation (CAPRA) for the department through the National Recreation and Park Association.
2. Completed Phase III of Village Park to include the state's only double decker carousel and added tiered water feature. Carousel had 11,264 riders for the last two weeks of June 2017.
3. Acquired 33 acres on the eastside of the City on Lake Fisher for a future park site.
4. Reached over 55,000 people with Special Event programming at Village Park and Veterans Park, including 7 movies, 7 concerts, 1 ballet performance, 7 Thursdays on Main lunch concerts, 4 Thursdays on Main evening concerts, 3 literary arts programs, 4 jazz concerts, and 12 co-sponsored events.
5. Tenth summer of splash pad operation with almost 20,000 paid admissions and over 30,000 through the gate.
6. Ninth year of operation for the Rotary Express train ride. Summer season train riders reached almost 47,000 for the season.
7. Winterland Express ridership was over 15,200 with an estimated 5,000 touring the park light display.
8. Received over \$40,000 in sponsorships to support the Summer Entertainment Series.
9. As of June 30, 2017, we have sold and installed over 2,250 bricks for Veterans Park.
10. Planted over 200 shrubs as part of the Village Park landscape improvement plan and to repair winter damage.
11. Developed usage agreement with Kannapolis City Schools for usage of indoor facilities to develop additional recreational programming.
12. Operated 2 Adult Athletic Leagues with over 400 participants. Includes Men's Fall 2016 League with 10 teams and Men's Spring 2017 Softball League with 12 teams.
13. Offered 231 programs and events; including 68 youth programs, 9 adult programs, 13 athletic programs, 26 senior programs, 31 family programs, 30 special events and 54 downtown programs.
14. Improved maintenance operations for the Kannapolis Cemetery.
15. Managed 1528 reservations; 788 shelter reservations and 740 athletic field reservations.
16. Spread over 5,000 bales of pine needles around park properties.
17. Installed over 1,000 flowers in City parks.
18. Fifth summer of beer/wine sales adding over \$15,000 to special event revenues.
19. Held Christmas Tree Lighting program in Village Park with over 1,000 in attendance. That same night kicked off the 9th year of the Winterland Express and Celebration of Lights.

20. Continued development of the Dale Earnhardt Plaza, including additional landscaping and the installation of an additional 17 engraved bricks.
21. Began full year maintenance on the first ½ mile of greenway at Waterford as part of the Rocky River Greenway.
22. Acquired an additional 24 acres of property as part of the Rocky River Greenway corridor. Bringing the total to approximately 38 acres acquired in the last two years.
23. Began replacement of four tennis courts at Bakers Creek Park as well as new LED lighting system from the 2016 Rio Olympics.
24. Held 7 races as part of the Run Kannapolis series attracting over 2000 runners.
25. Began Loop the Loop healthy lifestyle program; 425 participants have logged over 16,000 miles.
26. Enhanced the Summer Event Series with the addition of two national acts to the line-up.
27. Began implementation of new program staff to enhance community offerings.
28. Began design of the Irish Buffalo Creek Greenway from Orphanage Road to Rogers Lake Road.

ACTION PLAN:

1. Begin property acquisition and construction on the Irish Buffalo Creek Greenway.
2. Provide additional part-time staff to assist with the full service operation of Village Park (park building, carousel, spray park, shelter rentals, special events and train operations), and other park maintenance operations.
3. Enhance funding for the Summer Concert Series and Movies in the Park program.
4. Continue enhancement of programs to include the summer concerts, movies in the park, Stories Under the Stars, coordinated program efforts with the Cabarrus Arts Council, Kannapolis Library, Kannapolis Intimidators, Downtown Kannapolis Inc., youth organizations, and other departments.
5. Begin design in late spring 2018 of the Rocky River Greenway.
6. Add new maintenance equipment to replace older less efficient equipment to better assist with day to day maintenance operations.
7. Replace old cruiser with new F-150 truck to improve park operations.
8. Continue enhancement of Winterland Express and Festival of Lights display throughout park in December.
9. Continued involvement in the development of open space and greenways.
10. Continue work with Christ the King High School in the possible joint development of athletic facilities for the west side of the City.
11. Continue development and records archiving of Kannapolis Cemetery.
12. Develop cost estimates to construct a columbarium as part of the cemetery improvements.
13. Implement the new brand by replacing signage at park facilities.
14. Develop additional community-wide programs for residents.
15. Continued update and enhancement of departmental website.
16. Continue to beautify the parks with native plants which will allow us to offer outdoor educational programs in the future.
17. Continue to provide affordable day trip opportunities for schools and daycares to the parks.
18. Increase the number of healthy choices in our concession stands and implement concession guidelines.
19. Continue to enhance the Jiggy with the Piggy event in May.
20. Develop P&R volunteer opportunities within the City.
21. Continue to enhance marketing of our recreation programs and facilities to the public.
22. Begin preparation for responsibilities associated with downtown events including the Kannapolis Christmas Parade.
23. Investigate development of Eastside park facility.
24. Replace infields at Safrit Park and Bakers Creek Park and top-dress soccer field at Safrit Park.
25. Complete construction of four tennis courts at Bakers Creek Park.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Parks – Parks

Expense Summary	
Personnel Expenses	\$983,066 (\$43,556 Increase)
Operating Expenses	\$367,200 (\$43,200 Decrease)
Capital Machinery	\$93,800 (\$21,900 Increase)
Total Budget	\$1,444,066 (\$22,256 Increase)

Personnel: Parks and Recreation Director (1), Park Managers (2), Recreation Program Coordinators (3), Park Maintenance Tech III (3), and Program Assistant

Increases:

- \$2,000 – Credit Card Fees
- \$3,000 – Electricity
- \$2,000 – Telephone

Reductions/Decreases:

- \$700 – Printing
- \$20,000 – R&M: Building and Grounds
- \$500 – Gas Utilities
- \$2,500 – Equipment Rental
- \$3,000 – Motor Fuel
- \$700 – Small Equipment and Tools
- \$900 – Dues and Subscriptions
- \$7,000 – Concession Supplies
- \$4,400 – Cleaning Supplies
- \$10,500 – Travel and Training

Capital:

- \$27,000 – Replacement vehicle at Baker’s Creek Park
- \$12,600 – Replacement equipment for infield groomer
- \$29,000 – Replacement tractor
- \$25,200 – Ballfield and Soccer Field Renovations

Items of Interest:

- \$3,000 – Electricity increase is in anticipation of carousel
- \$10,500 – Reduction in Travel and Training due to FY 17 budget including funding for staff to attend NRPA National Convention for accreditation.

Parks – Programming

Expense Summary	
Personnel Expenses	\$0 (No Change)
Operating Expenses	\$350,000 (\$40,000 Increase)
Total Budget	\$350,000 (\$40,000 Increase)

Increases:

- \$25,000 – Summer Event Series
- \$15,000 – Kannapolis Christmas

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- \$25,000 increase in Summer Event Series provides funding for higher name recognition acts for series; resulting in higher visitor counts to the downtown area.
- \$15,000 increase in Kannapolis Christmas provides funding for additional lighting displays for program; resulting in higher visitor counts to the downtown area.

Parks – Stadium

Expense Summary	
Personnel Expenses	\$0 (No Change)
Operating Expenses	\$216,000 (No Change)
Total Budget	\$216,000 (No Change)

Increases:

- None

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- None

FISCAL YEAR 2018**DEPARTMENT: NON-DEPARTMENTAL****MISSION STATEMENT:**

The non-departmental budget is established to provide for expenditures not normally associated with individual department budgets.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 1,840,948	\$ 1,543,223	\$ 1,543,223	\$ 2,037,524	\$ 2,037,524
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 1,840,948	\$ 1,543,223	\$ 1,543,223	\$ 2,037,524	\$ 2,037,524
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0 (No Change)
Operating Expenses	\$2,037,524 (\$94,301 Increase)
Total Budget	\$2,037,524 (\$94,301 Increase)

Increases:

- \$10,000 – Worker Comp Insurance
- \$4,624 – HSA & HRA Benefits
- \$2,000 – Banking Fees
- \$19,000 – Contingency Appropriation
- \$15,700 – Insurance General Liability
- \$100,000 – Insurance Self Insured
- \$400,000 – Merit Increases

Reductions/Decreases:

- \$10,000 – Unemployment Insurance
- \$7,000 - Insurance Public Officials

Capital:

- None

Items of Interest:

- \$15,700 increase to Insurance General Liability covers the expense of new Cyber Security Insurance.
- \$100,000 increase Insurance Self Insured is based on three year trend of actual expenses

FISCAL YEAR 2018
DEPARTMENT: GENERAL DEBT SERVICE

MISSION STATEMENT:

The General Fund Debt Service Budget was established to provide for the debt service on the General Fund long term debt.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 7,156,100	\$ 8,015,100	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 7,156,100	\$ 8,015,100	\$ 8,015,100	\$ 8,229,254	\$ 8,229,254
POSITIONS	0	0	0	0	0

THE GENERAL FUND DEBT IS AS FOLLOWS:

Fiscal Year 2018 GENERAL FUND DEBT SERVICE						
	PRINCIPAL BALANCE (as of 7/1/2017)	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	REMAINING TERM (including FY 2018)	INTEREST RATE
BB&T - EQUIPMENT 2011	\$379,383	\$42,154	\$14,725	\$56,879	9 YEARS	4.05%
BB&T - WAYFINDING SIGNS	\$302,525	\$65,688	\$4,213	\$69,902	5 YEARS	1.51%
PNC - WAREHOUSE/FIRE TRUCK	\$972,834	\$162,139	\$19,392	\$181,531	6 YEARS	2.08%
BANK OF NC - FIRETRUCK/PATCH TRUCK	\$467,911	\$154,017	\$5,161	\$159,178	4 YEARS	1.25%
ROWAN COUNTY - BASEBALL STADIUM	\$2,750,000	\$62,500	\$0	\$62,500	45 YEARS	0.00%
PNC REFINANCE - VILLAGE PARK BUILDING	\$209,067	\$52,267	\$3,920	\$56,187	6 YEARS	2.00%
PNC REFINANCE - FIRE STATION, BRIDGES, et	\$2,670,111	\$590,332	\$50,520	\$640,852	8 YEARS	1.98%
JPMorgan Chase Bank - KGBus Park	\$250,000	\$50,000	\$14,883	\$64,883	5 YEARS	2.60%
City Hall/Police - 2014 Series-Tax Exempt	\$23,230,000	\$1,370,000	\$985,656	\$2,355,656	19 YEARS	3.10%
NCRC TIF BONDS - 2010 SERIES A	\$7,400,000	\$1,825,000	\$370,000	\$2,195,000	3 YEARS	var.
NCRC TIF BONDS - 2010 SERIES B	\$19,310,000	\$0	\$1,405,768	\$1,405,768	10 YEARS	var.
FY 18 Capital Improvement Projects	\$10,439,000	\$741,567	\$1,005,019	\$980,920	15 YEARS	var.
GRAND TOTAL FOR FY 2018	\$68,380,830	\$5,115,664	\$3,879,256	\$8,229,254		

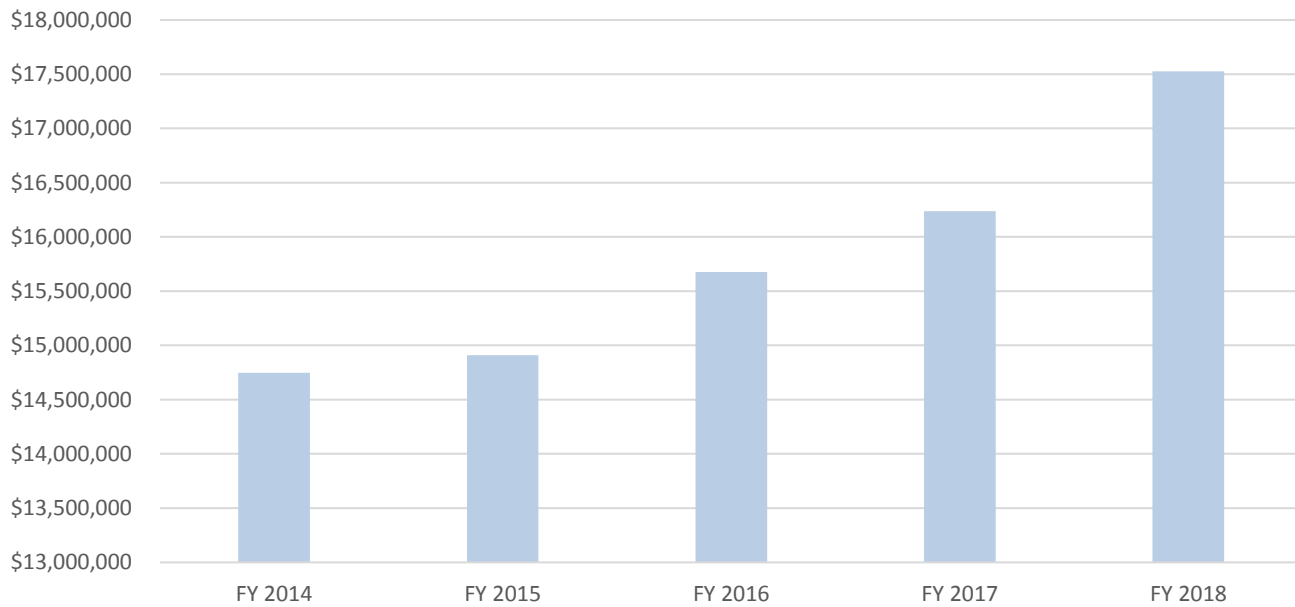
WATER AND SEWER FUND

The Water and Sewer Fund (W/S Fund) is the second largest fund with the City. The W/S Fund revenue includes monies collected from charges for water and sewer services, fees, sales tax, and other revenue. This fund includes most of the operating services, such as administration, billing and collection, water treatment and distribution, sewage treatment, and general management services.

The W/S Fund section of the budget document includes detailed analysis of fund revenues and expenditures and program summaries for each of the operating services. The mission statement, departmental accomplishments and performance measures, goals and objectives, and an action plan are included in each program summary.

WATER AND SEWER FUND REVENUES

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Revenues					
Charges and Fees	14,265,000	\$ 14,693,000	\$ 14,693,000	\$ 15,982,200	\$ 15,982,200
Wholesale Water Sales	350,000	\$ 365,000	\$ 365,000	\$ 300,000	\$ 300,000
Tap Fees	70,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
Connection Fees	450,000	\$ 525,000	\$ 525,000	\$ 550,000	\$ 550,000
Reconnection Fees	150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Penalties	375,000	\$ 400,000	\$ 400,000	\$ 435,000	\$ 435,000
Miscellaneous Revenue	12,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Investment Income	3,500	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000
Total Revenues	\$ 15,675,500	\$ 16,238,000	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200



As shown in the chart above, Water & Sewer revenues have steadily increased over the past five years. The estimated revenues for FY2018 are higher than the revenues for FY 2017 due to some normal growth in the system, as well as the completion of the city's water meter replacement program.

Water and Sewer Fund Revenues: FY2018

Charges for service is the main source of revenue for the Water and Sewer Fund. This revenue is based on a rate charged per 1000 gallons for both water and sewer. Water rates are 20% higher for customers located outside the City. Sewer rates are the same for both inside City and outside City usage.

For FY 2018, the water and sewer volumetric rates for the City of Kannapolis are increased \$0.40 in both water and sewer.

The variable water rate per 1,000 gallons:	\$6.15		
The variable sewer rate per 1,000 gallons:	\$6.05		
Fixed charge for water based on users	\$6.95	\$1,416,132	Just
Fixed charge for sewer based on 16,980 users	\$3.80	774,288	Variable Rate
Water variable charge based on usage of 1,241,749,575 gallons -		\$7,636,760	\$7,636,760
Sewer variable charge based on usage of 1,017,358,646 gallons-		\$6,155,020	\$6,155,020
	Total	\$15,982,200	\$13,791,780

The proposed amount to be paid by a City customer at different levels of usage compared to current year is as follows (based on a customer using both water and sewer): Monthly calculation shown below:

Usage in gallons	Increase				
	Current Charge	Proposed Charge	(decrease)	Percentage change	
2,000	\$31.20	\$35.15	\$3.95	12.66%	
3,000	\$41.90	\$47.35	\$5.45	13.01%	
4,000	\$52.60	\$59.55	\$6.95	13.21%	
5,000	\$63.30	\$71.75	\$8.45	13.35%	
6,000	\$74.00	\$83.95	\$9.95	13.45%	
7,000	\$84.70	\$96.15	\$11.45	13.52%	
10,000	\$116.80	\$132.75	\$15.95	13.66%	
20,000	\$223.80	\$254.75	\$30.95	13.83%	

Schedule of Variable Water and Sewer fees per 1,000 gallons usage

(Tier 2 rates are applied to all usage over 7,000 gallons)

Variable Rates	Tier 1 = < 7,000 gallon	Tier 2 = > 7 ,000 gallons
Water - Residential Inside City	\$6.15 / 1,000 gallons	\$6.44 /1,000 gallons
Sewer - Residential Inside City	\$6.05/ 1,000 gallons	\$6.05 /1,000 gallons
Water - Residential Outside City	\$7.30 / 1,000 gallons	\$7.65 / 1,000 gallons
Sewer - Residential Outside City	\$6.05 / 1,000 gallons	\$6.05 / 1,000 gallons
Water - Commercial Inside City	\$6.15 / 1,000 gallons	\$6.15/ 1,000 gallons
Sewer - Commercial Inside City	\$6.05 / 1,000 gallons	6.05/ 1,000 gallons
Water - Commercial Outside City	\$7.30 / 1,000 gallons	\$7.30 / 1,000 gallons
Sewer - Commercial Outside City	\$6.05 / 1,000 gallons	\$6.05 / 1,000 gallons

	FY 2015	FY 2016	FY 2017	FY 2018
Water & Sewer Revenues from Rates	\$ 13,910,321	\$ 14,615,000	\$ 14,693,000	\$ 15,982,200
Water & Sewer Total Revenues	\$ 14,909,821	\$ 15,675,500	\$ 16,238,000	\$ 17,527,200

The following chart shows rates compared to total revenues generated from rates for prior years:



The chart above reflects a steady climb in overall revenues, but revenues generated by rates were relatively flat over the first two fiscal years. The Revenue from Rates increased in FY 18 due to a rate increase and the completion of the water meter replacement program. From FY 17 to FY 18, total revenues increased by \$1,289,200. FY 2018 forecast a modest increase in other revenues and large increase in revenues from rates.

WATER AND SEWER FUND EXPENDITURES FY 2018

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 2,675,524	\$ 2,834,142	\$ 2,834,142	\$ 2,805,223	\$ 2,805,223
OPERATING	\$ 12,782,476	\$ 13,097,758	\$ 13,097,758	\$ 14,154,677	\$ 14,154,677
CAPITAL	\$ 217,500	\$ 306,100	\$ 306,100	\$ 567,300	\$ 567,300
TOTAL	\$ 15,675,500	\$ 16,238,000	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200
POSITIONS	47	48	48	48	48

Overall, the Water and Sewer Fund Expenditures have increased \$1,289,200 or 7.94%. The operating budget increased \$1,056,919 or 6% over previous year. There are no significant changes to services or operations in the Water and Sewer fund. Personnel costs decreased \$28,919 or 1%.

	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Expenditures					
Billing & Collections	\$ 745,644	\$ 836,495	\$ 836,495	\$ 813,152	\$ 813,152
Distribution	\$ 2,810,590	\$ 2,935,425	\$ 2,935,425	\$ 2,715,375	\$ 2,715,375
Filter Plant	\$ 2,824,500	\$ 2,938,688	\$ 2,938,688	\$ 2,869,396	\$ 2,869,396
Sewage Treatment	\$ 2,927,066	\$ 2,921,500	\$ 2,921,500	\$ 3,026,687	\$ 3,026,687
General Management Fee	\$ 1,466,110	\$ 1,539,416	\$ 1,539,416	\$ 1,616,000	\$ 1,616,000
Transfer to Other Funds	\$ 625,000	\$ 364,700	\$ 364,700	\$ 114,290	\$ 114,290
Debt Services	\$ 4,276,590	\$ 4,701,776	\$ 4,701,776	\$ 6,372,300	\$ 6,372,300
Total Expenditures	\$ 15,675,500	\$ 16,238,000	\$ 16,238,000	\$ 17,527,200	\$ 17,527,200

FISCAL YEAR 2018**DEPARTMENT: WATER AND SEWER - Billing and Collection****MISSION STATEMENT:**

The Water and Sewer Billing and Collection program was established to provide billing, collection, meter reading and installation, and customer service to the individuals in Kannapolis who receive water and sewer services from the City. We are dedicated to effectively and courteously servicing customer accounts by working with individual customers to insure accurate and timely billing, up to date customer records, and a high level of cooperative, knowledgeable, and personal service both at the City offices and at the customer sites.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 517,144	\$ 603,895	\$ 603,895	\$ 590,452	\$ 590,452
OPERATING	\$ 228,500	\$ 232,600	\$ 232,600	\$ 222,700	\$ 222,700
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 745,644	\$ 836,495	\$ 836,495	\$ 813,152	\$ 813,152
POSITIONS	7	8	8	8	8

ACCOMPLISHMENTS:

- Maintained a high collection rate by continued enforcement of City Cut Off procedures for non-payment of past due accounts
- Maintained security of customer information as required by law.
- Completed new Mueller water meter installation process into North Star Billing Program.
- Completed installation of scanning equipment and started e-doc attachments to customer profiles
- Moved the supervision of the Billing process to the Customer Service Center.
- Per State Regulation eliminated and closed out the process of collecting and issuing Business Licenses.
- Scrubbed Data Base and type coded all properties known as a business as a business account.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2013	FY 2014	FY 2015	FY 2016
Average number of Customer Billings	216,000	216,000	216,000	216,000
Average number of new applications	3,846	3,753	3,898	3,904
Average number of walk-in payment & assisted needed customers	71,516	70,900	71,153	72,577
Average number of bank drafts	15,379	14,218	16,507	17,786
Average number of credit card customers	23,687	20,225	24,500	30,543
Water and Sewer collection percentage	97.3%	97.6%	97.00%	98.00%

** This information is based on the calendar year versus fiscal year.*

ACTION PLAN:

- Strive to enhance customer service under the supervision of customer service director located in the City Manager's budget.
- Maintain high collection rate by continued monitoring of past dues.
- Continue to encourage automatic draft of customer payments.
- Continue to find ways to cut down on customer walk in traffic.
- Work with the City Attorney to increase collections of past due storm water accounts.

6. Work with the City Attorney to identify and collect business license fees from noncompliant businesses.
7. Implement Council approved plan for billing rental property owners for storm water fees when properties are vacant.
8. Implement and complete meter change out program offering assistance and guidance to customers regarding schedules and billing changes.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$590,452 (\$13,443 Decrease)
Operating Expenses	\$222,700 (\$9,900 Decrease)
Total Budget	\$813,152 (\$23,343 Decrease)

Personnel includes: Deputy Finance Director, Billing and Collections Supervisor, Customer Service Rep. (8), Revenue Collection Specialist, and Utility Billing Specialist (2)

Increases:

- \$14,000 – Contracted Services

Reductions/Decreases:

- \$16,400 – Telephone
- \$2,500 – Equipment Rental
- \$2,000 – Office Supplies
- \$2,000 – Small Equipment & Tools
- \$1,000 – Mailing Services

Capital:

- None

Items of Interest:

- \$14,000 increase in Contracted Service provides funding for a Utilization Review Summary.
- Reductions in Telephone, Equipment Rental, and Small Equipment and Tools are directly tied to Department moving into City Hall.

FISCAL YEAR 2018**DEPARTMENT: WATER AND SEWER - Distribution****MISSION STATEMENT:**

The mission of the Water and Wastewater Resources Department is to deliver the highest quality of drinking water and to continue to build and maintain a reliable Water Distribution and Wastewater Collection System. We are also committed to providing a safe environment for our employees and citizens.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 1,584,360	\$ 1,565,925	\$ 1,565,925	\$ 1,544,275	\$ 1,544,275
OPERATING	\$ 1,066,230	\$ 1,103,400	\$ 1,103,400	\$ 910,300	\$ 910,300
CAPITAL	\$ 160,000	\$ 266,100	\$ 266,100	\$ 250,800	\$ 250,800
TOTAL	\$ 2,810,590	\$ 2,935,425	\$ 2,935,425	\$ 2,705,375	\$ 2,705,375
POSITIONS	29	29	29	29	29

ACCOMPLISHMENTS:

1. Replaced 12,319 meters.
2. Repaired 28 water main breaks.
3. Repaired/inspected 328 service leaks.
4. Installed 46 water services.
5. Updated 164 water meter set ups.
6. Meter Techs performed 4,786 Cut-offs for non-payment and 4,247 reconnects.
7. Meter Techs performed 4,360 scheduled meter turn-ons for new customers.
8. Finished the installation of the AMI meters and collector systems.
9. Five employees received AWWA Water Distribution, 1 Wastewater Collections and 2 Meter Technician certifications.

PERFORMANCE INDICATORS:

ACTIVITY	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Water Services Installed	35	40	64	46	46
Sewer Services Installed	4	12	12	15	10
Sewer Mains Jet washed (feet)	158,439	231,608	82,213	103,478	117,723
Sewer Main Televised	30,142	34,019	66,065	26,494	60,741

ACTION PLAN:

1. Continue to provide educational training to employees required by the State through attendance of the approved AWWA Water Distribution & Wastewater Collections certification programs.
2. Review, update, and implement the capital improvements within the water and sewer master plan.
3. Continue to maintain water system and respond to and repair water leaks in a timely manner.
4. Continue to cross-train employees for various jobs.
5. Continue to perform all meter turn-on and off requests the same day as scheduled.
6. Continue to perform in-house landscaping after completion of each job.
7. Continue coordination with City Manager and WSACC board as technical support for Kannapolis.
8. Continue coordination with WSACC staff and management regarding upcoming projects, modifications to policy, procedures and standards.
9. Review, update, and implement the capital improvements within the water and sewer master plan.
10. Attend regular and special meetings of the WSACC board.

11. Participate in the quarterly management technical review meetings.
12. Continue to cross-train employees for various jobs.
13. Continue response to sewer calls within twenty minutes or less.
14. Continue preventive maintenance program to clean and routinely inspect Wastewater Collection System.
15. Continue to perform proactive preventive maintenance to the wastewater collections system through closed circuit television inspection, jetting and rodding that continues to minimize claims.
16. Clear and grub sanitary sewer outfall lines and mark manholes with reflective sign markers.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$1,544,275 (\$11,650 Decrease)
Operating Expenses	\$910,300 (\$57,500 Increase)
Capital Machinery	\$250,800 (\$15,300 Decrease)
Total Budget	\$2,715,375 (\$30,550 Increase)

Personnel includes: Water Resources Manager (1), Crew Supervisor (1), Crew Chief (4), Construction Maintenance Technician (6), Heavy Equipment Operator (2), Construction Maintenance Worker II (4), Meter Technician (3), Construction Maintenance Worker I (7), and Senior Office Assistant (1).

Increases:

- \$10,000 – R&M: Vehicles
- \$20,800 – R&M: Left Station
- \$6,000 – R&M: Streets
- \$13,000 – Telephone
- \$500 – Office Supplies
- \$1,000 – Dues and Subscriptions
- \$3,000 – Uniforms
- \$28,600 – Contracted Services

Reductions/Decreases:

- \$20,000 – R&M: Equipment
- \$400 – Water and Sewer
- \$5,000 – Motor Fuel

Capital:

- \$43,5000 – Side-Trac Sewer Easement Machine with Trailer
- \$21,300 – Portable Air Compressor
- \$40,000 – Extended crew cab truck replacement
- \$58,000 – Two (2) Small truck replacements
- \$88,000 – EnviroSight Rover X CCTV System

Items of Interest:

- \$178,600 – Contracted Services includes:
 - \$20,000 Concrete replacement
 - \$50,000 Dukes Root Control
 - \$1,500 CCTV software update
 - \$6,000 SCADA monitoring
 - \$6,000 NC 811
 - \$8,000 Leak Detection for 10% of our water system per year
 - \$2,000 Waste management disposal of sewer debris
 - \$33,800 MI Host water meter system hosting
 - \$35,000 Sewer flow monitoring
 - \$7,800 MiNet Collector annual maintenance
 - \$2,000 Hand held annual maintenance

FISCAL YEAR 2018

DEPARTMENT: WATER AND SEWER - Filter Plant

MISSION STATEMENT:

The mission of the Water Treatment Plant is to protect the public health by producing a continuous, adequate and safe source of potable water for distribution to citizens. Service is provided by ten City employees operating a 15 million gallon (MG) capacity water treatment plant fed by a 1,356 MG storage capacity lake.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 574,020	\$ 664,322	\$ 664,322	\$ 660,496	\$ 660,496
OPERATING	\$ 2,295,546	\$ 2,234,366	\$ 2,234,366	\$ 1,892,400	\$ 1,892,400
CAPITAL	\$ 57,500	\$ 40,000	\$ 40,000	\$ 316,500	\$ 316,500
TOTAL	\$ 2,927,066	\$ 2,938,688	\$ 2,938,688	\$ 2,869,396	\$ 2,869,396
POSITIONS	11	11	11	11	11

ACCOMPLISHMENTS:

1. Continued bacteriology monitoring.
2. Trained two new operators on water treatment plant operations.
3. Continued to refine WTP process and distribution system water quality.
4. Continued to coordinate and address any water quality complaints with Water Resources staff.
5. Continued to expand the system-flushing program to improve water quality.
6. Continued to monitor the Kannapolis Lake watershed to ensure high quality raw water levels.
7. Had operators receive higher levels of certifications.
 - a. WTP Operator earned their B-surface and Process Control Chemistry certifications
 - b. Water Quality Tech earned their B Surface certification
 - c. Our maintenance tech earned their B Surface certification
8. Achieved Stage 2 Distribution By-product level compliance for City and Shiloh water systems.
9. Received no MCL violations.

PERFORMANCE INDICATORS:

ACTIVITY	FY2012		FY2013		FY2014		FY2015	
	Billion Gallons	MGD	Billion Gallons	MGD	Billion Gallons	MGD	Billion Gallons	MGD
Total Water Treated	1.39	3.80	1.48	4.04	1.10	3.63	1.55	4.24
City Water Use	1.21	3.32	1.31	3.58	.91	3.00	1.37	3.74
Unit Cost of Treatment (\$/1,000 gal)		\$1.62		\$1.20		\$1.51		\$1.49

*MGD = million gallons per day

ACTION PLAN:

1. Continue operating with 100% compliance of all State and Federal water quality standards. Compliance is verified by routine sampling, testing and reporting of the following:
 - a. Continuous automated monitoring of plant conditions including chemical feed rates, turbidity and chlorine residual supplemented by daily sampling of raw water, water in process and finished water for biological and chemical concentration.

- b. Continue State approved sampling plan by scheduling routine collection and testing of 50 samples monthly throughout the distribution system for chlorine residual and bacteria.
 - c. Continue annual testing of raw finished water for approximately 150 organic and inorganic chemical compounds.
 - d. Submit monthly reporting to the NC Department of Environmental Resources, Water Supply Division.
2. Continue to produce annual drinking water consumer confidence report and distribute report to all consumers, citizens, press and regulatory agencies.
 3. Continue City-wide flushing program for distribution water quality.
 4. Comply with all water quality standards with no violations.
 5. Continue training two new operators that came on staff in 2017.
 6. Oversee installation of new intake structure improvements.
 7. Oversee installation and construction of clearwell improvements.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$660,496 (\$3,826 Decrease)
Operating Expenses	\$1,892,400 (\$592,566 Decrease)
Capital Machinery	\$316,500 (\$276,500 Increase)
Total Budget	\$2,869,396 (\$319,892 Decrease)

Personnel includes: Water Treatment Plant Manager (1), Water Treatment Plant Supervisor (1), Water Treatment Plant Operator I (4), Water Treatment Plant Operator II (2), Water Quality Technician (1), and Senior Office Assistant (1).

Increases:

- \$500 – R&M: Vehicles
- \$10,000 – R&M: Building and Grounds
- \$15,000 – R&M: Equipment
- \$5,000 – R&M: Lift Station
- \$500 – Gas Utilities (new line item)
- \$2,000 – Telephone
- \$2,500 – Motor Fuel
- \$5,000 – Dues and Subscriptions
- \$15,700 – Contracted Services
- \$5,000 – Contract – Grounds Maintenance
- \$1,500 – Travel and Training

Reductions/Decreases:

- \$100 – R&M: Office Equipment (Line item will be removed)
- \$182,100 – R&M: Water Tank
- \$2,000 – Uniforms
- \$471,066 – Bulk Water Purchases

Capital:

- \$26,000 – New vehicle

- \$14,000 – Streaming Current Meter
- \$35,000 – Alum and Caustic New Equipment and Install
- \$27,000 – Flow Pacing
- \$41,000 – TracVac Upgrade
- \$6,500 – Turbidity Meter and Ice Pick
- \$22,000 – Phosphate Mini-Bulk and Day Tank
- \$63,000 – Fencing
- \$7,000 – Chemical Feed Pump Replacement
- \$61,000 – Toe boards Replacement at WRP and Second Creek

Items of Interest:

- \$471,066 reduction in Bulk Water purchases is the expiration of water contract with the City of Salisbury
- \$182,100 reduction in R&M: Water Tank is directly tied to one-time renovation of the South Tank in FY 17

FISCAL YEAR 2018**DEPARTMENT: WATER AND SEWER - Sewage Treatment****MISSION STATEMENT:**

The Water and Sewer Authority of Cabarrus County (WSACC) provides the City's sewage treatment – WSACC is an independent, incorporated public body funded by user fees with no taxing authority supporting five jurisdictions (Cabarrus County, Concord, Kannapolis, Harrisburg and Mount Pleasant). WSACC may plan for the provision of wholesale water and may, when tasked by its organizing jurisdictions, provide retail water and sewer service.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 2,824,500	\$ 2,921,500	\$ 2,921,500	\$ 3,026,687	\$ 3,026,687
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 2,824,500	\$ 2,921,500	\$ 2,921,500	\$ 3,026,687	\$ 3,026,687
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Continued to refine the adopted inflow/infiltration (I/I) policy to reduce capital costs for treatment expansions and interceptor upgrades by identifying inflow and infiltration, then repairing the sewer infrastructure. Conducted a sewer conditions study that encompassed cleaning and CCTV of over 50,000 linear feet of sewer mains in the Royal Oaks District.
2. Responded to and unstopped 960 sewer blockages.
3. Hydraulically cleaned 117,723 feet of sewer main.
4. Performed CCTV inspections 60,741 feet of sewer main.
5. Performed 728 routine inspections and 38 emergency inspections to the wastewater lift stations.
6. Repaired 35 sewer mains and laterals.
7. Compliant with NCDENR regulations of sewer main cleaning and inspections.

ACTION PLAN:

1. Continue coordination with City Manager and WSACC board as technical support for Kannapolis.
2. Continue coordination with WSACC staff and management regarding upcoming projects, modifications to policy, procedures and standards.
3. Review, update, and implement the capital improvements within the water and sewer master plan.
4. Attend regular and special meetings of the WSACC board.
5. Participate in the quarterly management technical review meetings.
6. Continue to cross-train employees for various jobs.
7. Continue response to sewer calls within twenty minutes or less.
8. Continue preventive maintenance program to clean and routinely inspect Wastewater Collection System.
9. Continue to perform proactive preventive maintenance to the wastewater collections system through closed circuit television inspection, jetting and rodding that continues to minimize claims.
10. Clear and grub sanitary sewer outfall lines and mark manholes with reflective sign markers.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$0 (No Change)
Operating Expenses	\$3,026,687 (\$105,187 Increase)
Total Budget	\$3,026,687 (\$105,187 Increase)

No Personnel included in this Division.

Increases:

- \$76,287 – Sewage Treatment Variable
- \$18,500 – Interceptor Fixed Rate
- \$22,500 – Concord Northlite Sewer

Reductions/Decreases:

- \$11,200 – Treatment Fixed Rate
- \$900 – Capital Assessment

Capital:

- None

Items of Interest:

- WSACC has raised rates by 5% for FY 18

FISCAL YEAR 2018

DEPARTMENT: WATER AND SEWER - General Management Services

MISSION STATEMENT:

The General Management Services budget represents amounts to be paid to the General Fund for staff support and operating expenses associated with the Water and Sewer Fund.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 2,091,110	\$ 1,904,116	\$ 1,904,116	\$ 1,730,290	\$ 1,730,290
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 2,091,110	\$ 1,904,116	\$ 1,904,116	\$ 1,730,290	\$ 1,730,290
POSITIONS	0	0	0	0	0

Items of Interest:

- \$1,616,000 Total Transfer to General Fund. The generally accepted practice of transferring funds from Water and Sewer Fund to the General Fund was re-introduced in FY 09 following a three-year period without a transfer. This transfer is done annually in efforts to maintain the integrity of the Water and Sewer Fund as a true enterprise fund which “pays” for outside services provided by the General Fund such as road patching, insurance coverage, engineering services and certain administrative functions.
- \$114,290 Total Transfer to Environmental Fund.
- \$0 Total Transfer to Stormwater Fund. This is the third year in a row of no transfer to the Stormwater Fund.

FISCAL YEAR 2018**DEPARTMENT: WATER AND SEWER - Debt Service****MISSION STATEMENT:**

The Water and Sewer Debt Service Budget was established to provide for the debt service on the Water and Sewer long term debt.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 4,276,590	\$ 4,701,776	\$ 4,701,776	\$ 6,372,300	\$ 6,372,300
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 4,276,590	\$ 4,701,776	\$ 4,701,776	\$ 6,372,300	\$ 6,372,300
POSITIONS	0	0	0	0	0

THE WATER AND SEWER DEBT IS AS FOLLOWS:

Fiscal Year 2018 WATER AND SEWER FUND DEBT SERVICE						
	PRINCIPAL BALANCE (as of 7/1/2017)	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT (including FY 2018)	REMAINING TERM	INTEREST RATE
BB&T - EQUIPMENT 2011	\$688,750	\$76,528	\$26,732	\$103,260	9 YEARS	2.22%
BB&T - Jet Vac	\$343,379	\$74,074	\$4,751	\$78,825	5 YEARS	1.51%
PNC - Water Line NCRC	\$383,167	\$76,633	\$15,672	\$92,305	5 YEARS	4.09%
PNC - Afton Run Sewer	\$341,661	\$52,147	\$11,440	\$63,587	6 YEARS	3.81%
PNC - Kann Parkway	\$345,243	\$75,133	\$6,430	\$81,563	6 YEARS	3.81%
NC DENR Loan - Second Creek	\$227,576	\$15,172	\$5,644	\$20,816	11 YEARS	2.48%
W&S System Refunding Series 2014	\$16,785,000	\$525,000	\$712,763	\$1,237,763	19 YEARS	var
W&S System Refunding Series 2011	\$10,089,900	\$1,114,600	\$287,562	\$1,402,162	8 YEARS	var
W&S System Series 2002	\$458,427	\$458,427	\$13,418	\$471,844	LAST YEAR	var
FY 18 Capital Improvement Projects	\$23,000,000	\$776,961	\$1,293,214	\$2,070,175	15 YEARS	var
GRAND TOTAL FOR FY 2018	\$52,663,102	\$3,244,675	\$2,377,625	\$5,622,300		

STORMWATER FUND

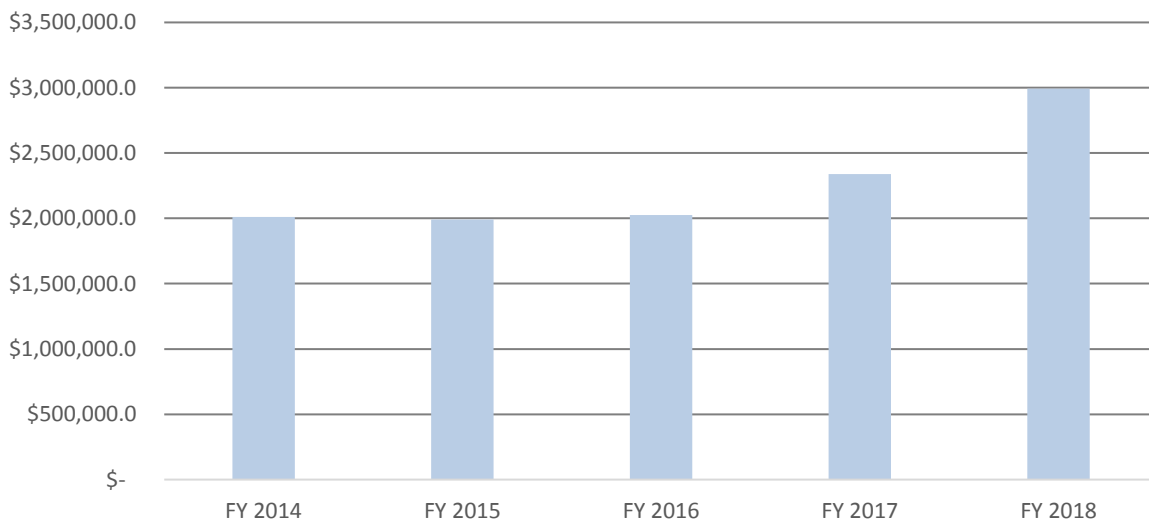
The Stormwater Fund is the third largest fund. Revenue includes monies collected from monthly fees charged to each citizen based on the amount of impervious area on their property. Generally residential customers pay a fixed fee based on predetermined limits on square footage of these impervious areas which contribute to storm water runoff. The fund includes cost related to a federally mandated educational program plus the annual maintenance of the storm drainage system within the City. Also included is administrative cost provided by the General Fund and the Billing and Collection office.

STORMWATER FUND REVENUES

CITY OF KANNAPOLIS REVENUE DETAIL ANALYSIS STORMWATER FUND

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Charges and Fees	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Water & Sewer Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Total Stormwater Fund	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000

The Stormwater Fund Balance at June 30, 2016, is expected to be \$1,182,141.



As shown in the chart above, Stormwater revenues have remained steady for the previous four years. The estimated revenues for FY2018 are significantly higher than the revenues for FY 2017 due to the rate increase in FY 2018.

FISCAL YEAR 2018**DEPARTMENT: STORMWATER****MISSION STATEMENT:**

The Stormwater Division administers the State and Federally mandated program that requires the City to reduce pollution in its waterways as well as the maintenance of over 400 miles of storm water infrastructure. The Division's focus on water quality includes collecting and analyzing surface waters for contaminants; locating and eliminating illicit discharges; implementing industry standard practices for improvement of storm water quality; educating citizens on pollution issues.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 629,560	\$ 770,343	\$ 770,343	\$ 801,158	\$ 801,158
OPERATING	\$ 1,395,440	\$ 1,458,657	\$ 1,458,657	\$ 2,131,542	\$ 2,131,542
CAPITAL	\$ -	\$ 111,000	\$ 111,000	\$ 61,300	\$ 61,300
TOTAL	\$ 2,025,000	\$ 2,340,000	\$ 2,340,000	\$ 2,994,000	\$ 2,994,000
POSITIONS	13	16	16	16	16

ACCOMPLISHMENTS:

1. Changed several crossing pipes to help expedite the paving contract.
2. Maintained and inspected the critical pipe list.
3. Year-to-date we completed and closed approximately 632 work orders.
4. Garlon 3A has been incorporated into our herbicide program with success.
5. Year-to-date we repaired an estimated 13,775 feet of ditches and cut 6,671 feet of shoulder.
6. Continue to proactively ditch areas of the City to cut down on storm related calls.
7. Put in place a program to standardize any basin that we were called on for any issue or repair.
8. Program for monitoring and inspecting BMP's in place per Phase II permit requirements.

PERFORMANCE INDICATORS:

ACTIVITY	FY2013	FY2014	FY 2015	FY 2016
Miles of ditches and shoulders cleared annually	4	4.5	7.8	3.9
Linear feet of drainage culvert hydraulically cleaned	1,497	1,700	1,000	871
Storm drainage structures constructed annually	31	45	46	16
Number of stormwater complaints resolved within 30 days	593	492	655	632
Miles of Streets swept	-	-	-	520

ACTION PLAN:

1. Continue emphasis on customer service through efficient planning and execution of activities in the core areas of the stormwater program.
 - a. The core areas of focus are maintaining water quality, public education and protecting the City infrastructure.
2. We are required by the Phase II permit to have in place six (6) minimum measures.
 - a. Public education and outreach

- b. Public participation/involvement
 - c. Illicit discharge detection and elimination
 - d. Construction site runoff control
 - e. Post-construction runoff control
 - f. Pollution prevention and good housekeeping
3. Increase the level of maintenance on equipment.
 4. Provide training to employees that will enhance our ability to respond to the public's needs more efficiently and effectively.
 - a. Employees will have the opportunity to receive their Road Scholar and Advanced Road Scholar certifications.
 - b. Also, employees will have an opportunity to obtain a NC Pesticide License.
 5. Update inventory, survey and mapping of culverts in the City.
 6. Continue decreasing the cost of culvert maintenance by performing work in-house.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$801,158 (\$30,815 Increase)
Operating Expenses	\$846,642 (\$70,310 Increase)
Capital Machinery	\$61,300 (\$49,700 Decrease)
Total Budget	\$1,709,100 (\$51,425 Increase)

Personnel includes: Stormwater Operations Manager (1), Crew Chief (2), Heavy Equipment Operator (3), Construction Maintenance Worker II (4), Construction Maintenance Worker I (3), and Construction Maintenance Technician (3).

Increases:

- \$5,000 – R&M: Equipment
- \$2,552 – R&M: Streets
- \$600 – Telephone
- \$4,000 – Small Equipment and Tools
- \$1,500 – Uniforms
- \$20,042 – Consultants

Reductions/Decreases:

- \$3,600 – Contracted Services

Capital:

- \$61,300 – Replacement Crew Cab Truck

Items of Interest:

Tier	FY2017	FY2018
1	\$4.50	\$5.75
2	\$6.00	\$7.25
3	\$7.50	\$8.75
Commercial	\$6.00/per ERU	\$7.25/per ERU

- ERU = Equivalent Residential Unit
- \$1.25 increase to the Stormwater Fee
- \$80,000 Phase II Stormwater Program
- \$80,000 Stormwater Monitoring Program
- \$282,000 General Management Service Fee

ENVIRONMENTAL FUND

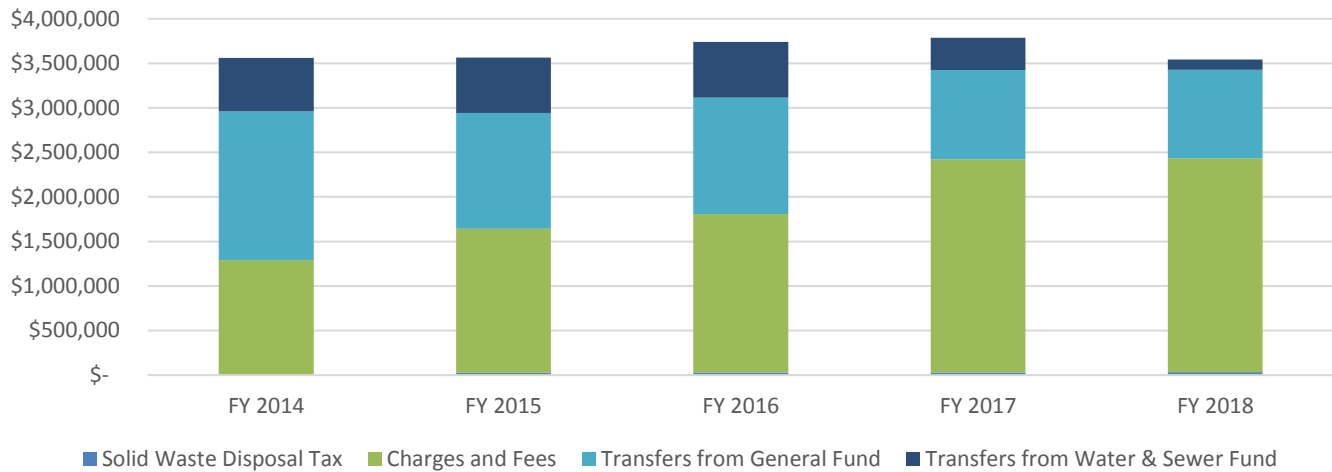
City Council approved a new recycling program in March 2011, which started on July 1, 2011. The fund consists of monies collected from the monthly user fee that all residents must pay, and revenue collected from the Sonoco Facility for material deposited at their facility. To ensure the success of the Recycling Program, staff will undertake an evaluation of the program and implement seminars directed at education and outreach on the recycling program.

For FY2013, the Recycling Fund was renamed the Environmental Fund. Solid waste services such as residential refuse collection and yard waste collection were relocated from the General Fund and accounted for here. For FY2016, the user fees will remain unchanged.

**CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS ENVIRONMENTAL FUND**

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Solid Waste Disposal Tax	\$ 28,500	\$ 30,000	\$ 30,000	\$ 32,010	\$ 32,010
Charges and Fees	\$ 1,778,370	\$ 2,393,000	\$ 2,393,000	\$ 2,400,000	\$ 2,400,000
Transfers from General Fund	\$ 1,309,825	\$ 1,000,000	\$ 1,000,000	\$ 995,000	\$ 995,000
Transfers from Water & Sewer Fund	\$ 625,000	\$ 364,700	\$ 364,700	\$ 114,290	\$ 114,290
Total Environmental Fund	\$ 3,741,695	\$ 3,787,700	\$ 3,787,700	\$ 3,541,300	\$ 3,541,300

Environmental Fund Revenue



For a third year, a major portion of the anticipated budget for the Environmental Fund will be from user fees, remaining at a \$11.85 monthly fee (assumed from 17,000 users), which includes solid waste, yard waste, and recycling curbside pickup. The collection of solid waste and recyclables is handled by Waste Management and all recyclables collected are deposited at Sonoco Recycling, Inc.'s facility located in Charlotte, NC.

**ENVIRONMENTAL FUND EXPENDITURES FY 2018
BUDGET & STAFFING SUMMARY**

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ 59,483	\$ -	\$ -	\$ 255,800	\$ 255,800
OPERATING	\$ 3,682,212	\$ 3,787,700	\$ 3,787,700	\$ 2,991,100	\$ 2,991,100
CAPITAL	\$ -	\$ -	\$ -	\$ 41,000	\$ 41,000
TOTAL	\$ 3,741,695	\$ 3,787,700	\$ 3,787,700	\$ 3,287,900	\$ 3,287,900
POSITIONS	1	0	0	4	4

The Recycling program began on July 1, 2012 and was contracted out to Waste Management at a rate of \$361,080. This contract includes recycling for schools and City-owned property, and a Big Belly Solar Compactor at no additional cost. The City of Kannapolis has spent \$64,000 on education and outreach, including direct mailers and YouTube production of how to recycle, to ensure the success of the recycling program.

ACCOMPLISHMENTS: RECYCLE

1. Implemented commercial recycling program
2. Continued single-stream recycling program for all Kannapolis residents.
3. Increased diversion of recyclables from the landfill and reduced the waste stream.
4. E-waste recycling event collected and diverted from the landfill approximately 13,192 pounds of electronic waste and approximately 1.5 tons of shredded paper.
5. Transitioned to a new electronic waste vendor in order to continue the electronic waste self-service drop off at Public Works Operation Center.
6. Provided additional recycling containers and education to the staff at the Intimidators Stadium
7. Continued participation in the recycling program by all Kannapolis City Schools and Cabarrus County schools within Kannapolis.
8. Increased recycling participation in the two recycling zones with lowest participation (Thursday Week A, Tuesday Week B saw an increase of 5.44% and 4.40% respectively)
9. Increased education and outreach through community and school events.

PERFORMANCE INDICATORS:

ACTIVITY	FY2013	FY2014	FY2015	FY2016
Residential Customers served	6,801	16,801	16,869	17,261
Commercial Customers served	-	-	-	54
Tons Recycled	3,044.95	2,873.24	2,429.46	2,181.62 (3/15)
Average Participation	73.25%	78.35%	77.30 %	78.15%

ACTION PLAN: RECYCLE

1. Re-educate residents on proper recycling and garbage practices through the use of direct mailers, the website, monthly newsletter, neighborhood meetings and social media.
2. Promote the commercial solid waste/recycling program through the use of direct mailers, the website, monthly newsletter and social media.
3. Continue outreach and education in an effort to reduce the cost of solid waste collection.
4. Increase multilingual education and outreach in areas with low participation

- Continue to monitor the performance of the recycling contractor to ensure quality of service in accordance with the contract.

ACCOMPLISHMENTS: Solid Waste-Residential

- Implemented commercial solid waste program
- Increased education and outreach through community and school events.

ACTION PLAN: Solid Waste-Residential

- Re-educate residents on proper garbage practices through the use of direct mailers, the website, monthly newsletter, neighborhood meetings and social media.
- Promote the commercial solid waste program through the use of direct mailers, the website, monthly newsletter and social media.
- Continue outreach and education in an effort to reduce the cost of solid waste collection.
- Increase multilingual education and outreach in areas with low participation
- Continue to monitor the performance of the solid waste contractor to ensure quality of service in accordance with the contract.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	\$255,800 (\$255,800 Increase)
Operating Expenses	\$2,991,100 (\$796,600 Decrease)
Capital Machinery	\$41,000 (\$41,000 Increase)
Total Budget	\$3,287,900 (\$499,800 Decrease)

Personnel includes: Yard Waste Crew Leader (1) and Yard Waste Technician (4)

Increases:

- \$10,000 – R&M: Vehicles (New Line Item)
- \$15,000 – R&M: Equipment (New Line Item)
- \$5,000 – Motor Fuel (New Line Item)
- \$3,000 – Container Purchases
- \$78,800 – Contracted Services
- \$58,000 – Landfill

Reductions/Decreases:

- \$1,200 – Telephone
- \$2,700 – Solid Waste
- \$84,000 – Recycling
- \$903,600 – Yard Waste
- \$19,900 – Outreach Education Programs (moved to Communications)

Capital:

- \$41,000 – New Crew Cab Truck

Items of Interest:

- No fee increase for FY 18
- Tipping Fee for FY 18 is \$36,98 per ton
- \$78,800 increase in Contracted Services is directly tied to E-Waste expenses. For FY 18, the city projects to average two truckloads per month with costs approximately at \$4,700 per truckload.
- \$76,000 – Container purchases – funding for two loads (588 per load) of carts and lids. City is projecting 243 new homes for FY 18. This funding allows for each new home to have two carts (one for trash and one for recycling) and replace 690 carts over the course of the fiscal year.
- Two (2) Boom Trucks will be purchased in FY 18 for Yard Waste Collection (Financing)
- One (1) Diamond Trash Truck will be purchased in FY 18 for Yard Waste Collection (Financing)
- Four (4) Leaf Trucks will be purchased in FY 18 for Yard Waste Collection (Financing)

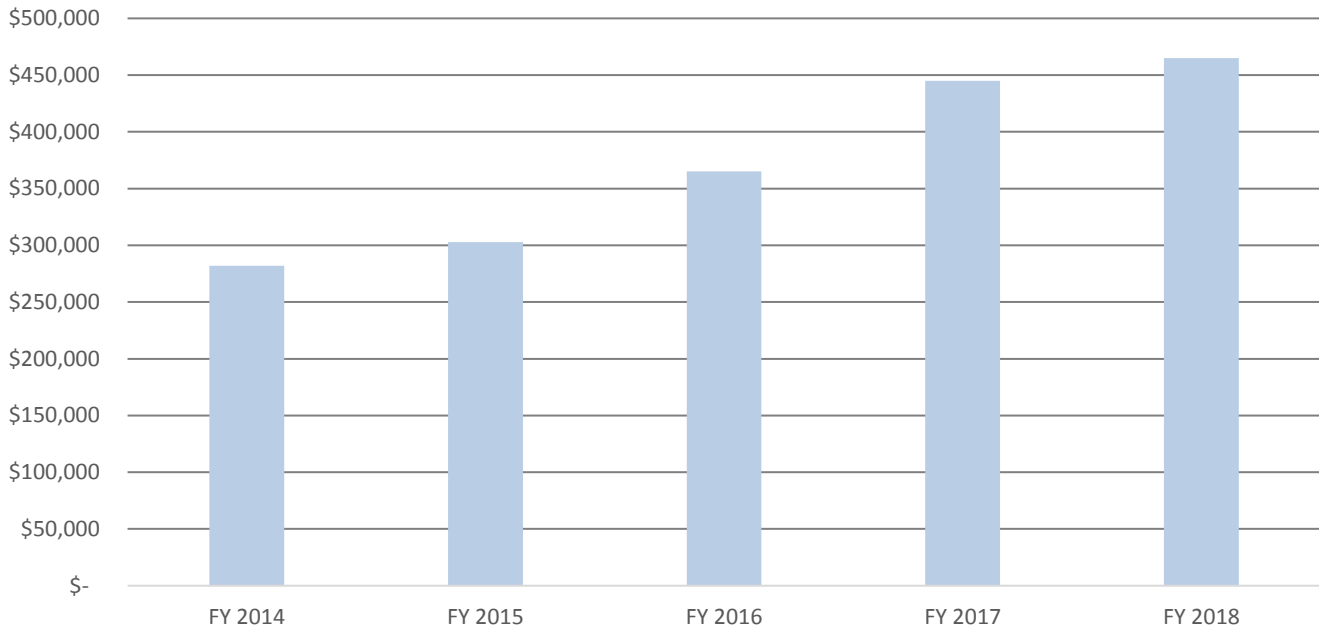
SEPARATION PAY FUND

The Separation Pay Fund was set up by the City to set aside funds for future payments to qualified employees who are eligible for retirement and have retired and have reached age 55 but have not reached age 62. For law enforcement officers, the State has made this separation allowance mandatory by Article 12D of the North Carolina General Statute 143. The City has chosen to make this benefit available to all City employees. This benefit is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the employee for each year of creditable service. The Separation Allowance is reported in the City's annual financial report as a Pension Trust Fund.

SEPARATION PAY FUND REVENUES

**CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS SEPARATION PAY FUND**

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Transfer from General Fund	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
Total Separation Pay Revenues	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000



FISCAL YEAR 2018

DEPARTMENT: SEPARATION PAY

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -		\$ -
OPERATING	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 365,000	\$ 445,000	\$ 445,000	\$ 465,000	\$ 465,000
POSITIONS	0	0	0	0	0

ACCOMPLISHMENTS:

1. Handled benefits for 26 retirees during FY2016.
2. Updated employees as to any changes in retirement benefits by the State.

ACTION PLAN:

1. Continue to provide benefits as required.

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	No personnel
Operating Expenses	\$465,000 (\$20,000 Increase)
Total Budget	\$465,000 (\$20,000 Increase)

Increases:

- \$19,000 - Separation Pay
- \$1,000 - FICA

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

- Eight new employees are eligible for this supplement in FY 18
- Four employees will receive final supplements in FY 18

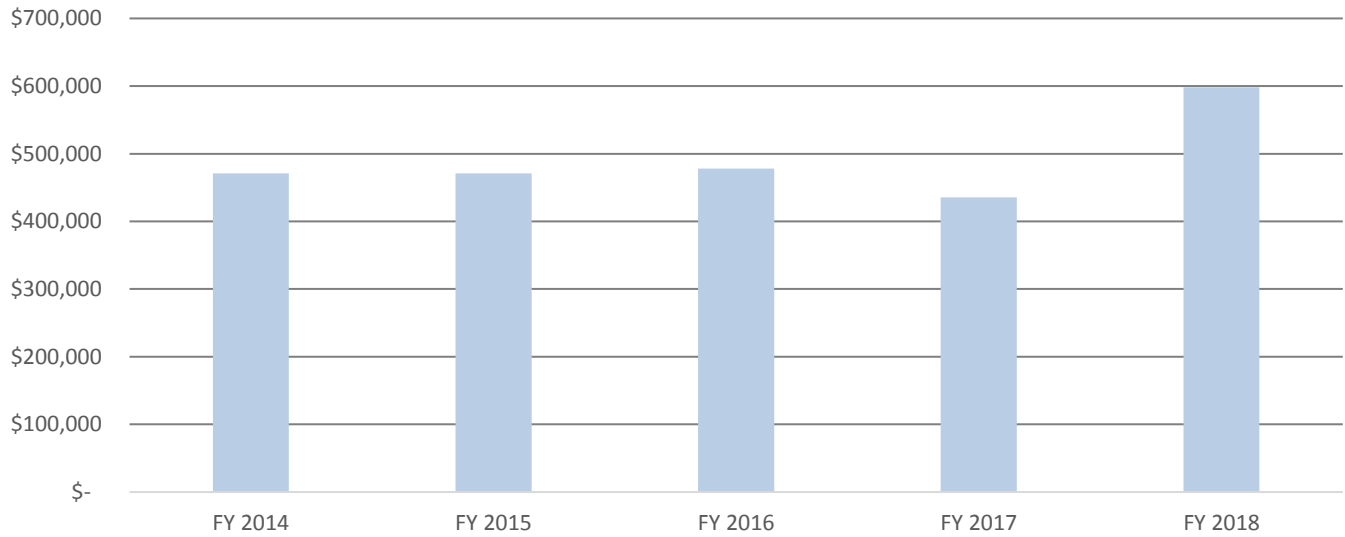
TRANSIT FUND

The Transit Fund was established by the City to set aside funds for payments for the City's share of expenses related to the new Concord-Kannapolis Local Public Transportation System.

TRANSIT FUND REVENUES

**CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS TRANSIT FUND**

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Vehicle License Tax	\$ 163,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 190,000
Transfer from General Fund	\$ 315,200	\$ 245,300	\$ 245,300	\$ 408,000	\$ 408,000
Total Transit Fund Revenues	\$ 478,200	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000



FISCAL YEAR 2018

DEPARTMENT: TRANSIT FUND

MISSION STATEMENT:

To provide funds for the new regional transit system.

BUDGET & STAFFING SUMMARY

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 478,200	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 478,200	\$ 435,300	\$ 435,300	\$ 598,000	\$ 598,000
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	No personnel cost
Operating Expenses	\$598,000 (\$162,700 Decrease)
Total Budget	\$598,000 (\$162,700 Decrease)

Increases:

- \$162,700 – Contracted Services

Reductions/Decreases:

- None

Capital:

- None

Items of Interest:

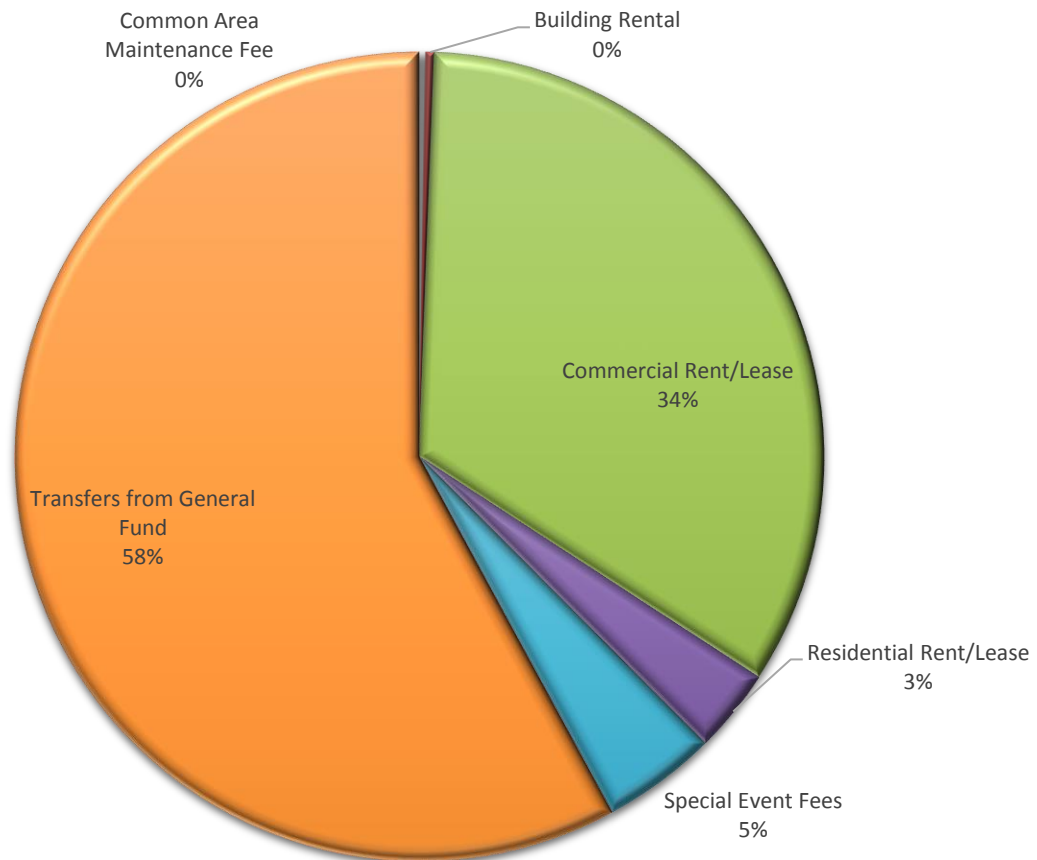
- 65% Concord and 35% Kannapolis split on all operational cost.
- \$7,500 Cost Share for Rowan Express is included.
- The budget includes a \$408,000 transfer from the General Fund.
- 100% of expenditures are for the Kannapolis share of operating costs for the Transit System. All operating funds are administered by the City of Concord as the lead agency.
- \$162,700 – Contracted Services increase is due to increases in cost associated with ADA paratransit cost increase, increased personnel costs, and federal grant match request.

DOWNTOWN FUND

City Council approved the purchase of 46 acres of property in Downtown Kannapolis on March 16th, 2015. As a result of this purchase, the FY 16 Budget adds a new enterprise account, The Downtown Fund. The Fund covers all activity related to the renovation and rejuvenation of this property. The city will use Limited Obligation Bonds to fund the purchase and a contract with a non-profit organization will be signed to assist with property management, as well as the renovation process. The fund will include operational cost, debt service, and capital projects. No personnel cost are included for this fund in FY 18. All city support for non-profit or community organizations related to downtown have been moved to this fund.

**CITY OF KANNAPOLIS
REVENUE DETAIL ANALYSIS DOWNTOWN FUND**

Revenues	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
Common Area Maintenance Fee	\$ 15,000	\$ 15,000	\$ 15,000	\$ 5,000	\$ 5,000
Building Rental	\$ -	\$ 15,000	\$ 15,000	\$ 7,500	\$ 7,500
Commercial Rent/Lease	\$ 740,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000
Residential Rent/Lease	\$ 65,000	\$ 50,000	\$ 50,000	\$ 70,000	\$ 70,000
Special Event Fees	\$ -	\$ 75,800	\$ 75,800	\$ 95,000	\$ 95,000
Miscellaneous Revenue	\$ 29,000	\$ -	\$ -	\$ -	\$ -
Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from General Fund	\$ 1,023,825	\$ 1,341,200	\$ 1,341,200	\$ 1,206,200	\$ 1,206,200
Total Downtown Fund Revenues	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700



The largest revenue source for FY 17 will be a transfer from General Fund. The General Fund transfer covers the debt service for the purchase of the property. The remaining revenue comes from built in revenue sources.

**DOWNTOWN FUND EXPENDITURES FY2018
BUDGET & STAFFING SUMMARY**

EXPENSE CATEGORY	FY 2016 Actuals	FY 2017 Budget	FY 2017 Projected Budget	FY 2018 Manager Proposed	FY 2018 Adopted
PERSONNEL	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700
CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 1,872,825	\$ 2,197,000	\$ 2,197,000	\$ 2,083,700	\$ 2,083,700
POSITIONS	0	0	0	0	0

BUDGET HIGHLIGHTS AND/OR SIGNIFICANT MODIFICATIONS:

Expense Summary	
Personnel Expenses	No Personnel cost.
Operating Expenses	\$877,500 (\$78,300 Decrease)
Total Budget	\$877,500 (\$78,300 Decrease)

Increases:

- \$27,400 – Entertainment Complex Planning
- \$60,000 – Special Events Expenses
- \$10,000 – Insurance General Liability

Reductions/Decreases:

- \$3,000 – Gas Utilities
- \$1,000 – Telephone
- \$6,500 – Rentals – Laundry Services
- \$10,000 – Small Equipment and Tools
- \$5,000 – Cleaning Supplies
- \$21,800 – Contract Ground Maintenance
- \$116,400 – Contract Development Services
- \$12,000 – Contract Environmental Services
-

Capital:

- No Capital expenditures found in the Downtown Fund for FY 18

Items of Interest:

- \$25,000 – NC Music Hall of Fame
- \$67,000 – Mowing and Landscaping for medians, Veteran’s Park, and Main Street areas
- \$1,206,200 – Debt service for Downtown property purchase
- \$116,400 reduction in Contract Development Services is the expiration of Contract with NAI

CAPITAL PROJECTS, CIP, & FINANCIAL FORECAST

The City of Kannapolis implemented a new financial forecast and new financial policies in FY 2012. A part of the new plan was a 10 year Capital Improvement Plan. Also, a number of goal and individual policies were put into place to better guide the City on how to achieve the long term goals of Council. The City updated the CIP for the General Fund, Water & Sewer Fund, and Stormwater Funds, as a result of the downtown purchase, in the fall of 2015. A staggered schedule of every 2 years will take place to maintain the forecasts relevance to the current needs of the citizenry.

CAPITAL OUTLAY SUMMARY
CAPITAL PROJECTS

Department	Project	Capital Costs	Impact on Future Budgets
Fire	Fire Station #2 Replacement	\$ 3,550,000	This project will be funded through Limited Obligation Bonds requiring future debt service payments. With the replacement of Fire Station #2, the city expects to see lower utility requirements associated with the day to day operations of the facility. No new personnel costs are anticipated as the station will house and maintain the same level of personnel as current station.
Fire	Fire Station #3 Replacement	\$ 3,550,000	This project will be funded through Limited Obligation Bonds requiring future debt service payments. With the replacement of Fire Station #3, the city expects to see lower utility requirements associated with the day to day operations of the facility. No new personnel costs are anticipated as the station will house and maintain the same level of personnel as current station.
Fire	Ladder Truck	\$ 1,380,000	This equipment purchase will be funded through Limited Obligation Bonds requiring future debt service payments. This is a replacement purchase for a fifteen year old Ladder Truck which averages over \$20,000 of repair and maintenance over the past five years. The city anticipates a reduction in repair and maintenance expenditures as a result of the replacement vehicle. No new personnel are associated with this capital purchase.
Fire	Fire Engine	\$ 609,000	This equipment purchase will be funded through Limited Obligation Bonds requiring future debt service payments. This is a replacement purchase for a eighteen year old Engine Truck which averages over \$30,000 of repair and maintenance over the past five years. The city anticipates a reduction in repair and maintenance expenditures as a result of the replacement equipment. No new personnel are associated with this capital purchase.
Parks	Village Park Phase 3	\$ 1,350,000	This project will be funded through Limited Obligation Bonds requiring future debt service payments. After completion of the project, the city anticipates additional personnel cost for daily operations of the new park features. Included in the FY 17 budget are two part-time positions for carousel operations, as well as increases in utilities for the operation of water feature.
IT	Upgrade laser fiche	\$ 34,000	This project is a cash purchase requiring no future debt service payments. This project is part of a move to update and improve out IT system. Software annual maintenance expenses are expected in future budgets for this project, but no other budgetary impacts are expected. No new personnel are associated with this purchase.
IT	Kronos Workforce Tele Staff	\$ 92,500	This project is a cash purchase requiring no future debt service payments. This project is a new time keeping software and hardware purchase. Annual maintenance is expected for the software and hardware has a 7 year life expectancy. The city hopes to limit overtime usage as a result of the project implementation. No new personnel are associated with this purchase.
Water & Sewer	Western Cabarrus Water & Sewer Expansion Project	\$ 3,500,000	This project will be funded through Revenue Bonds and will require future debt service payments. This project extends the city's current water and sewer system. This city anticipates increases in personnel and operation cost associated with the completion and maintenance of the project; however, additional revenues are expected to offset this new expenditures.
Water & Sewer	Downtown Infrastructure Replace	\$ 2,500,000	This project will be funded through Revenue Bonds and will require future debt service payments. This project replaces the duct bank work for the downtown section of the city. This project is the first step in the Downtown revitalization project.

**FISCAL YEAR 2018
GRANT PROJECTS**

Dept.	Project	Primary Funding Source	Project Budget	Impact on Future Budgets	Amount included in FY2018 Annual Budget
Community Development	Home Program 2011	US Dept. of Housing and Urban Development (HUD)	32,285 funds remaining	None, these funds will be used to provide transitional housing, down payment assistance, and rehabilitation expenses.	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Home Program 2013	US Dept. of Housing & Urban Development (HUD)	43,599 funds remaining	None, these funds will be used to provide transitional housing.	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Community Development Block 2012	US Dept. of Housing & Urban Development (HUD)	56,400 funds remaining	These funds are to be used for Park improvements, supplements to non-profit public service organizations, and urgent repair	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	Community Development Block 2013	US Dept. of Housing & Urban Development (HUD)	31,600 funds remaining	These funds are to be used for Park improvements, supplements to non-profit public service organizations, and urgent repair	A Grant Project Ordinance was adopted by City Council for this project. No annually budgeted funds are used
Community Development	James Street Area Plan	Smith Reynolds Foundation Grant	19,464 funds remaining	These funds are being used to formulate a plan for improvements for the James Street area	A Grant Project Ordinance was adopted by City Council for this project.

FINANCIAL FORECAST AND CAPITAL IMPROVEMENT PLAN

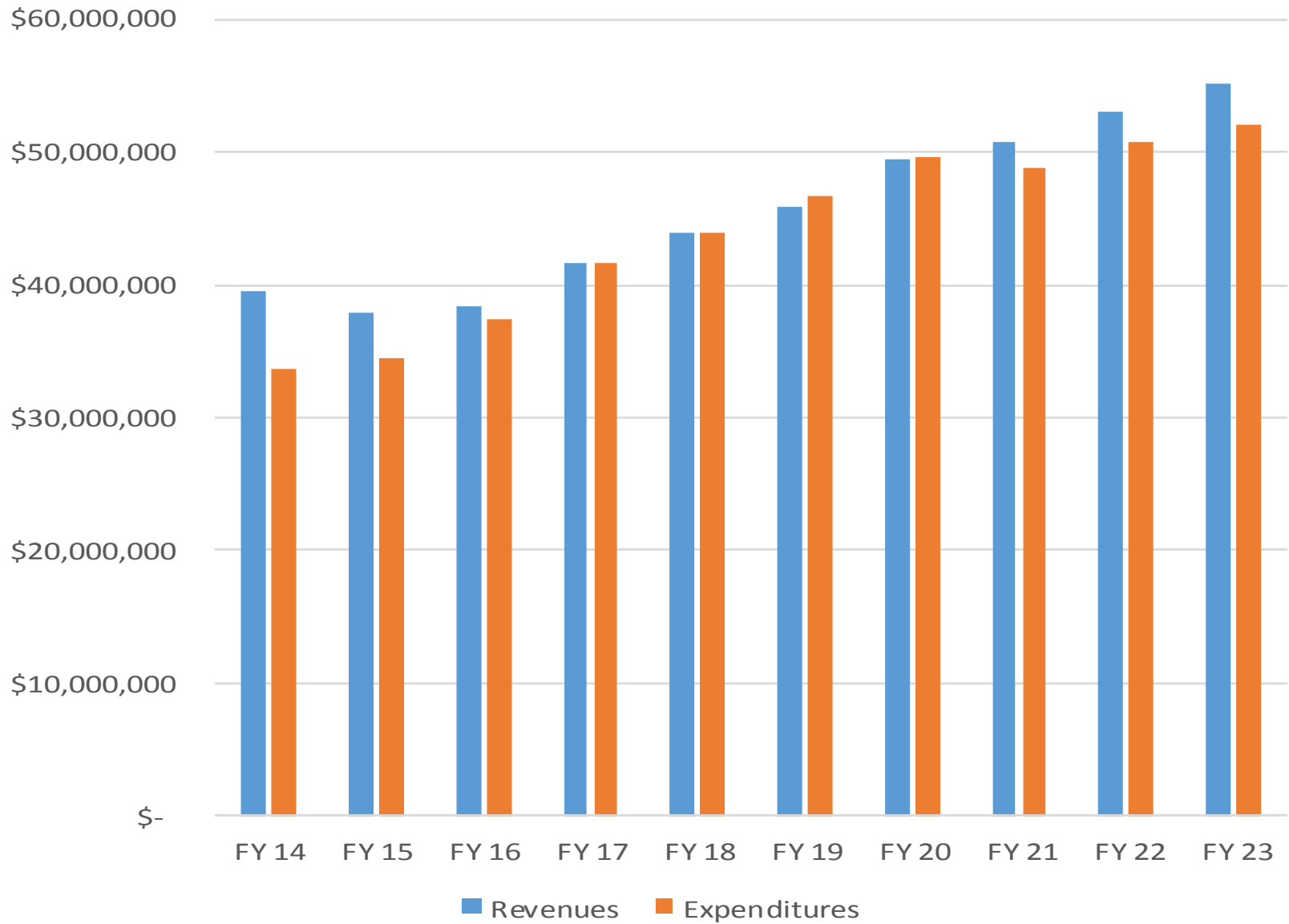
The following pages outline the City's Financial Forecasting Model for each fund as well as the Capital Improvement Plan. The Financial Forecasting Model enables the City to project future revenues and expenditures for years ahead to analyze the impact of rate adjustments over a period of time. This fiscal year, the City of Kannapolis imposed no rate adjustment for property taxes. The property tax rate remains unchanged at \$0.63 per \$100 assessed valuation. The City is projecting no rate adjustment for FY 2018. In keeping with the 10 year Financial Plan, there are water and sewer rate increases or stormwater rate increases included for FY 2018.

The Capital Improvement Plan in the pages to follow show the capital projects that will take place this fiscal year and upcoming fiscal years in the City. The General Fund has several capital projects that are included as part of the 10 year Capital Improvement Plan, such as: replacing and renovating two fire stations, expanding Village Park, and a considerable number of vehicle purchases. Several capital projects are included in the FY 2018 Water and Sewer plan.

General Fund Summary

General Fund Revenues	Actual FY 14	Actual FY 15	Estimated FY 16	Unaudited FY 17	Budget FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23
Real & Personal Property Tax	\$ 19,692,657.00	\$ 21,161,602.00	\$ 22,327,800.00	\$ 23,708,300.00	\$ 24,538,000.00	\$ 25,602,821.00	\$ 26,768,557.00	\$ 28,763,968.00	\$ 29,903,094.00	\$ 31,076,701.00
Vehicle Tax	\$ 435,322.00	\$ 381,243.00	\$ 315,000.00	\$ 380,000.00	\$ 380,000.00	\$ 384,750.00	\$ 389,559.38	\$ 394,428.87	\$ 399,359.23	\$ 404,351.22
Prior Years Collections	\$ 550,119.00	\$ 566,044.00	\$ 375,000.00	\$ 450,000.00	\$ 462,000.00	\$ 473,550.00	\$ 485,388.75	\$ 497,523.47	\$ 509,961.56	\$ 522,710.59
Local Option Sales Tax	\$ 6,486,487.00	\$ 7,341,438.00	\$ 6,900,000.00	\$ 7,763,900.00	\$ 9,100,000.00	\$ 9,691,500.00	\$ 10,176,075.00	\$ 10,837,519.88	\$ 11,704,521.47	\$ 12,289,747.54
Franchise Tax	\$ 1,820,954.00	\$ 2,397,010.00	\$ 1,950,000.00	\$ 2,650,000.00	\$ 2,650,000.00	\$ 2,782,500.00	\$ 2,921,625.00	\$ 3,067,706.25	\$ 3,221,091.56	\$ 3,382,146.14
Beer and Wine Tax	\$ 189,455.00	\$ 208,751.00	\$ 200,000.00	\$ 210,000.00	\$ 210,000.00	\$ 220,500.00	\$ 231,525.00	\$ 243,101.25	\$ 255,256.31	\$ 268,019.13
TIF Debt Contributions	\$ -	\$ -	\$ -	\$ 1,962,400.00	\$ 1,964,000.00	\$ 1,961,522.00	\$ 1,961,226.00	\$ 1,962,770.00	\$ 1,913,881.00	\$ 1,859,840.00
Powell Bill	\$ 1,262,024.00	\$ 1,273,076.00	\$ 1,251,500.00	\$ 1,280,000.00	\$ 1,293,000.00	\$ 1,305,930.00	\$ 1,318,989.30	\$ 1,332,179.19	\$ 1,345,500.98	\$ 1,358,955.99
Zoning Fees	\$ 290,494.00	\$ 99,751.00	\$ 110,000.00	\$ 130,000.00	\$ 130,000.00	\$ 133,250.00	\$ 136,581.25	\$ 139,995.78	\$ 143,495.68	\$ 147,083.07
Permits and Fees	\$ 87,538.00	\$ 62,289.00	\$ 80,000.00	\$ 86,000.00	\$ 181,000.00	\$ 185,525.00	\$ 190,163.13	\$ 194,917.20	\$ 199,790.13	\$ 204,784.89
Recreation Fees	\$ 310,338.00	\$ 320,991.00	\$ 290,000.00	\$ 395,000.00	\$ 395,000.00	\$ 404,875.00	\$ 414,996.88	\$ 425,371.80	\$ 436,006.09	\$ 446,906.24
Investment earnings	\$ 125,484.00	\$ 139,678.00	\$ 120,000.00	\$ 120,000.00	\$ 200,000.00	\$ 202,000.00	\$ 1,854,020.00	\$ 210,000.00	\$ 212,100.00	\$ 214,221.00
Other general revenues	\$ 3,324,220.00	\$ 2,714,162.00	\$ 2,796,573.00	\$ 684,000.00	\$ 589,000.00	\$ 594,890.00	\$ 600,838.90	\$ 606,847.29	\$ 612,915.76	\$ 619,044.92
Management Fee Reimbursement	\$ 4,485,945.00	\$ 970,046.00	\$ 1,679,140.00	\$ 1,781,200.00	\$ 1,898,000.00	\$ 1,937,153.00	\$ 2,031,611.00	\$ 2,130,696.00	\$ 2,234,636.00	\$ 2,343,669.00
Total Revenues	\$ 39,547,298.00	\$ 37,967,882.00	\$ 38,395,013.00	\$ 41,600,800.00	\$ 43,990,000.00	\$ 45,880,766.00	\$ 49,481,156.58	\$ 50,807,024.97	\$ 53,091,609.77	\$ 55,138,180.73
General Fund Expenditures	Actual FY 14	Actual FY 15	Estimated FY 16	Unaudited FY 17	Budget FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23
Personnel	\$ 13,536,056.00	\$ 15,751,029.00	\$ 16,135,245.00	\$ 18,144,475.00	\$ 18,887,898.00	\$ 19,737,853.41	\$ 20,626,056.81	\$ 21,554,229.37	\$ 22,524,169.69	\$ 23,537,757.33
Operations	\$ 11,675,482.00	\$ 9,816,285.00	\$ 10,256,987.00	\$ 11,014,975.00	\$ 13,798,639.00	\$ 14,212,598.17	\$ 14,638,976.12	\$ 15,078,145.40	\$ 15,530,489.76	\$ 15,996,404.45
Debt Service	\$ 5,114,865.00	\$ 5,482,425.00	\$ 7,156,100.00	\$ 10,651,050.00	\$ 3,074,200.00	\$ 2,739,571.00	\$ 2,810,979.00	\$ 2,568,458.00	\$ 2,656,086.00	\$ 2,245,918.00
Transfer to Other Funds	\$ 2,635,909.00	\$ 1,933,264.00	\$ 2,978,523.00	\$ 1,790,300.00	\$ 7,245,732.00	\$ 7,159,211.00	\$ 8,712,729.00	\$ 6,633,430.00	\$ 6,326,498.00	\$ 5,980,350.00
Capital	\$ 667,551.00	\$ 1,547,004.00	\$ 931,548.00	\$ 8,099,950.00	\$ 983,531.00	\$ 2,783,562.00	\$ 2,852,703.00	\$ 3,063,464.00	\$ 3,747,953.33	\$ 4,288,552.83
Total Expenditures	\$ 33,629,863.00	\$ 34,530,007.00	\$ 37,458,403.00	\$ 41,600,800.00	\$ 43,990,000.00	\$ 46,632,795.58	\$ 49,641,443.93	\$ 48,897,726.77	\$ 50,785,196.79	\$ 52,048,982.61
Revenue over Expenses	\$ 5,917,435.00	\$ 3,437,875.00	\$ 936,610.00	\$ -	\$ -	\$ (752,029.58)	\$ (160,287.35)	\$ 1,909,298.21	\$ 2,306,412.99	\$ 3,089,198.12

General Fund Revenues/Expenditures

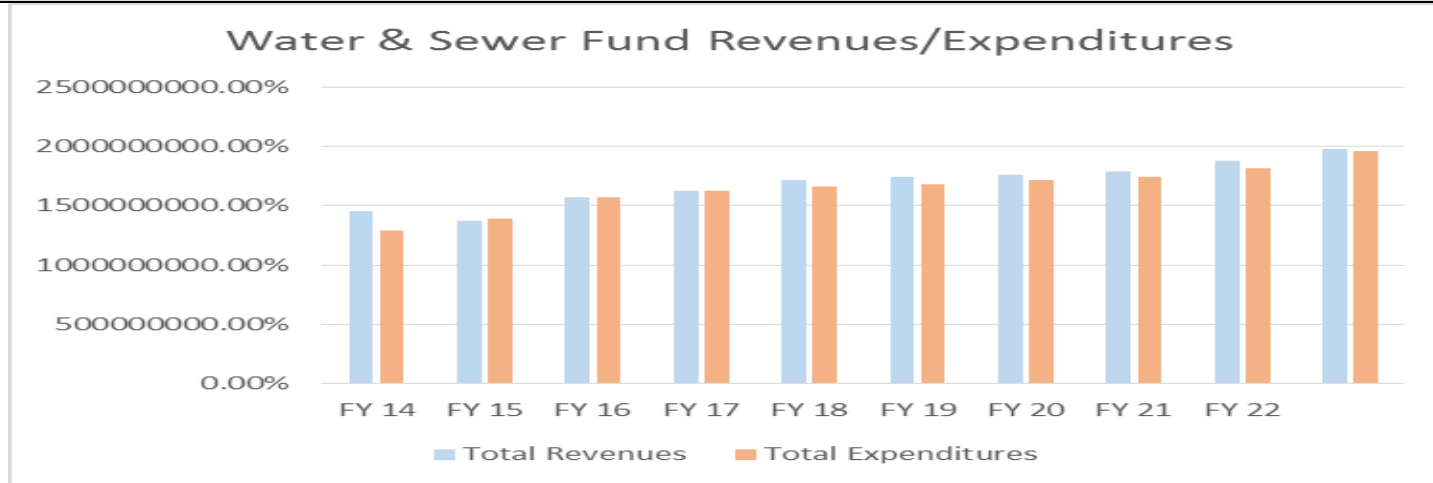


Water & Sewer Fund Summary

Water & Sewer Fund Revenues	Actual FY 13	Actual FY 14	Actual FY 15	Estimated FY 16	Unaudited FY 17	Budgeted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23
Retail Water & Sewer Charges	\$12,300,934	\$13,245,457	\$12,400,150	\$13,965,000	\$14,693,000	\$15,982,200	\$16,301,844	\$16,627,881	\$16,960,438	\$17,823,647	\$18,180,120
Wholesale Water Sales	\$306,819	\$400,000	\$414,000	\$574,000	\$357,000	\$300,000	\$303,000	\$306,030	\$309,090	\$312,181	\$315,303
Tap Fees & Connections	\$392,890	\$519,788	\$492,248	\$520,000	\$610,000	\$635,000	\$641,350	\$647,764	\$654,241	\$660,784	\$667,391
Interest on Investments	\$2,851	\$0	\$2,535	\$3,500	\$5,000	\$10,000	\$10,100	\$10,201	\$10,303	\$10,406	\$10,510
Other	\$1,139,491	\$407,891	\$401,759	\$537,000	\$565,000	\$600,000	\$606,000	\$612,060	\$618,181	\$624,362	\$630,606
Transfers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$14,142,985	\$14,573,136	\$13,710,692	\$15,599,500	\$16,230,000	\$17,527,200	\$17,862,294	\$18,203,935	\$18,552,254	\$19,431,380	\$19,803,931

Water & Sewer Fund Expenditures	Actual FY 13	Actual FY 14	Actual FY 15	Estimated FY 16	Unaudited FY 17	Budgeted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23
Personnel	\$1,896,519	\$2,057,385	\$2,573,587	\$2,253,524	\$2,834,142	\$2,795,223	\$2,929,080	\$3,016,952	\$3,157,461	\$3,252,184	\$3,399,750
Operations	\$5,157,455	\$5,379,237	\$5,101,053	\$6,274,776	\$6,271,866	\$6,619,387	\$6,768,794	\$6,922,040	\$7,079,244	\$7,240,530	\$7,406,028
Transfer to Other Funds	\$1,350,000	\$2,150,000	\$2,150,677	\$2,091,110	\$1,904,116	\$1,730,290	\$1,936,800	\$2,031,640	\$1,945,722	\$2,039,258	\$2,112,471
Debt Service	\$3,122,527	\$2,928,123	\$3,594,341	\$4,276,590	\$4,691,776	\$3,552,125	\$3,069,846	\$3,052,831	\$3,030,866	\$3,036,057	\$2,896,113
Capital	\$803,248	\$372,933	\$463,620	\$217,500	\$305,900	\$2,830,175	\$2,024,000	\$2,937,220	\$2,869,816	\$3,613,042	\$3,805,186
Total Expenditures	\$12,329,749	\$12,887,678	\$13,883,278	\$15,113,500	\$16,007,800	\$17,527,200	\$16,728,519	\$17,960,683	\$18,083,108	\$19,181,072	\$19,619,548

Revenue over Expenses	\$1,813,236	\$1,685,458	(\$172,586)	\$486,000	\$222,200	\$0	\$1,133,775	\$243,253	\$469,145	\$250,309	\$184,383
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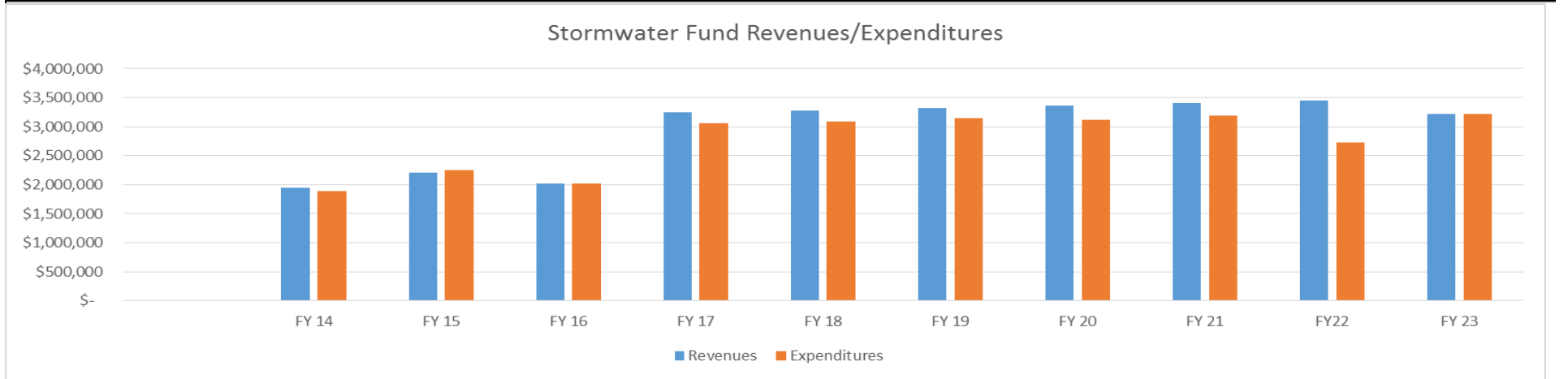


Stormwater Fund Summary

Stormwater Fund Revenues	Actual FY 14	Actual FY 15	Estimated FY 16	Unaudited FY 17	Budget FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23
Stormwater Fees	\$1,699,209	\$1,772,793	\$2,025,000	\$ 3,243,419	\$ 2,994,000	\$ 3,038,910	\$ 3,084,494	\$ 3,130,761	\$ 3,177,722	\$ 3,225,388
Other Revenue	\$0	\$0	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance Appropriation	\$0	\$0	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Earned	\$0	\$0	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from other funds	\$250,000	\$433,849	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$1,949,209	\$2,206,642	\$2,025,000	\$ 3,243,419	\$ 2,994,000	\$ 3,038,910	\$ 3,084,494	\$ 3,130,761	\$ 3,177,722	\$ 3,225,388

Stormwater Fund Expenditures	Actual FY 14	Actual FY 15	Estimated FY 16	Unaudited FY 17	Budget FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY 23
Personnel	\$368,177	\$666,887	\$629,560	\$ 990,121	\$ 801,158	\$ 873,590	\$ 898,051	\$ 973,196	\$ 1,000,446	\$ 1,028,458
Operations	\$690,225	\$486,159	\$489,840	\$ 613,695	\$ 564,642	\$ 580,452	\$ 596,705	\$ 613,412	\$ 630,588	\$ 648,244
Debt Service	\$680,637	\$666,485	\$692,600	\$ 392,852	\$ 654,805	\$ 636,458	\$ 610,910	\$ 455,432	\$ 392,852	\$ 301,694
Transfer to General Fund	\$147,914	\$205,108	\$213,000	\$ 294,167	\$ 282,000	\$ 293,280	\$ 305,011	\$ 317,212	\$ 329,900	\$ 343,096
Proposed CIP Debt Service	\$0	\$219,703	\$0	\$ -	\$ 691,395	\$ 616,000	\$ 661,360	\$ 768,325	\$ 839,922	\$ 899,881
Total Expenditures	\$1,886,953	\$2,244,342	\$2,025,000	\$2,290,834	\$2,994,000	\$2,999,780	\$3,072,037	\$3,127,577	\$3,193,708	\$3,221,374

Revenues over Expenditures	\$ 62,256	\$ (37,700)	\$ -	\$ 952,585	\$ -	\$ 39,130	\$ 12,457	\$ 3,184	\$ (15,985)	\$ 4,014
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General Fund Capital Improvement Plan Fiscal Year 2018 - 2023

	Project	Outside Funding	Kannapolis Cost	Budgeted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
				FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
FY 17-18:									
	Fire Engine F-706 / E-13		\$ 609,000	\$ 79,170	\$ 77,343	\$ 75,516	\$ 73,689	\$ 71,862	\$ 70,035
	Resurfacing PWOC Parking Lot		\$ 225,000	\$ 79,500	\$ 78,000	\$ 76,500			
	Ladder Truck		\$ 1,300,000	\$ 185,250	\$ 179,725	\$ 174,200	\$ 168,675	\$ 163,150	\$ 157,625
	Village Park Phase 3		\$ 1,350,000	\$ 121,500	\$ 118,800	\$ 116,100	\$ 113,400	\$ 110,700	\$ 108,000
	Fire Station #2 (Replacement)		\$ 5,500,000	\$ 495,000	\$ 484,000	\$ 473,000	\$ 462,000	\$ 451,000	\$ 440,000
	Fire Station #3 (Replacement)		\$ 5,500,000	\$ 495,000	\$ 484,000	\$ 473,000	\$ 462,000	\$ 451,000	\$ 440,000
FY 18-19:									
	Economic Development Project		\$ 1,000,000		\$ 90,000	\$ 88,000	\$ 86,000	\$ 84,000	\$ 82,000
	Bakers Creek Park Improvements		\$ 850,000		\$ 76,500	\$ 74,800	\$ 73,100	\$ 71,400	\$ 69,700
	Eastside Park		\$ 1,500,000		\$ 195,000	\$ 190,500	\$ 186,000	\$ 181,500	\$ 177,000
	Mobile Command / Investigative		\$ 275,625		\$ 62,016	\$ 60,638	\$ 59,259	\$ 57,881	\$ 56,503
	Brush / UTV Combo		\$ 110,250		\$ 110,250				
	Replace S-14 Dump/Attachments		\$ 168,000		\$ 168,000				
	Fire Engine F-709		\$ 708,750		\$ 92,138	\$ 90,011	\$ 87,885	\$ 85,758	\$ 83,632
	Irish Buffalo Creek Greenway (Phase 1)	\$ 1,700,000	\$ 568,000		\$ 72,136	\$ 70,432		\$ 68,728	\$ 67,024
	Bethpage Road Sidewalk (Phase 1)		\$ 360,000		\$ 127,200	\$ 124,800	\$ 122,400		
	Rocky River Greenway		\$ 1,575,000		\$ 141,750	\$ 138,600	\$ 135,450	\$ 132,300	\$ 129,150
	Westside Park Phase 1		\$ 2,500,000		\$ 225,000	\$ 220,000	\$ 215,000	\$ 210,000	\$ 205,000
FY 19-20:									
	Fire Engine F709 / E41		\$ 672,000			\$ 87,360	\$ 85,344	\$ 83,328	\$ 81,312
	Tanker Truck (Station #2)		\$ 289,000			\$ 65,025	\$ 63,580	\$ 62,135	\$ 60,690
	North Bakers Creek Branch Greenway	\$ 1,000,000	\$ 250,000			\$ 56,250	\$ 55,000	\$ 53,750	\$ 52,500
	Replacement of S-54 Patch Truck		\$ 196,267			\$ 196,267			
FY 20-21:									
	Irish Buffalo Creek Greenway (Phase 2)		\$ 1,400,000				\$ 126,000	\$ 123,200	\$ 120,400
	Haz-Mat Truck		\$ 425,000				\$ 55,250	\$ 53,975	\$ 52,700
	Fire Alerting System	\$ 258,000	\$ 300,000				\$ 39,000	\$ 38,100	\$ 37,200
	Fire Station #1 Remodel		\$ 1,200,000				\$ 156,000	\$ 152,400	\$ 148,800
	Replace S-46 Dump Truck		\$ 168,000				\$ 168,000		
FY 21-22:									
	Economic Development Project		\$ 2,500,000					\$ 225,000	\$ 220,000
	Irish Buffalo Creek Greenway (Phase 3)		\$ 2,500,000					\$ 225,000	\$ 220,000
	SCBA Gear		\$ 324,000					\$ 72,090	\$ 70,632
	Rescue / Air Truck		\$ 770,000					\$ 100,100	\$ 97,790
	Communication Equipment		\$ 508,000					\$ 114,300	\$ 111,760
	Replace S-47 Dump/Attachments		\$ 204,000					\$ 204,000	
	Replace S-56 Mini Excavator		\$ 101,296					\$ 101,296	
FY 22-23:									
	Economic Development Project		\$ 1,000,000						\$ 90,000
	Fire Station #4 (Replacement)		\$ 3,800,000						\$ 342,000
	Fire Engine F710 / E-12		\$ 770,000						\$ 100,100
	Police Radios		\$ 800,000						\$ 176,000
	Brantley Road Sidewalk		\$ 1,700,000						\$ 221,000
Total Debt			\$43,977,188	\$1,455,420	\$2,783,562	\$2,852,703	\$3,063,464	\$3,747,953	\$4,288,553

Water & Sewer Fund CIP - Debt Service Plan

				Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY23
	Project List	Outside Funding	Cost						
FY 17-18	Hwy. 136 Abandonment	Done	\$ 275,000	\$ 137,500					
	Sewer Camera TV System	Done	\$ 105,000	\$ 105,000					
	Downtown Infrastructure	In progress	\$ 17,000,000	\$ 1,530,000	\$ 1,496,000	\$ 1,462,000	\$ 1,428,000	\$ 1,394,000	\$ 1,360,000
	West-side Water & Sewer	In progress	\$ 6,000,000	\$ 540,000	\$ 528,000	\$ 516,000	\$ 504,000	\$ 492,000	\$ 480,000
FY 18-19	No Projects								
FY 19-20	Sludge Lagoon Dewatering	Critical	\$ 1,700,000			\$ 153,000	\$ 149,600	\$ 146,200	\$ 142,800
	Mooresville Road Watermain	Critical	\$ 3,000,000			\$ 270,000	\$ 264,000	\$ 258,000	\$ 252,000
	Downtown Sewer Outfall	Critical	\$ 3,047,000			\$ 274,320	\$ 268,136	\$ 262,042	\$ 255,948
	Concrete Spillway Chute Repair	Critical	\$ 1,100,000			\$ 99,000	\$ 96,800	\$ 94,600	\$ 92,400
	Bulk Storage Replacement	Critical	\$ 500,000			\$ 45,000	\$ 44,000	\$ 43,000	\$ 42,000
	Lane Street Water	Opportunity	\$ 1,310,000			\$ 117,900	\$ 115,280	\$ 112,660	\$ 110,040
FY 20-21	No Projects								
FY 21-22	Royal Oaks Water & Sewer Ph. 1	Primary	\$ 1,966,000					\$ 176,940	\$ 173,008
	Royal Oaks Water & Sewer Ph. 2	Primary	\$ 1,664,000					\$ 149,760	\$ 146,432
	Royal Oaks Water & Sewer Ph. 3	Primary	\$ 2,460,000					\$ 221,400	\$ 216,480
	Royal Oaks Water & Sewer Ph. 4	Primary	\$ 2,916,000					\$ 262,440	\$ 256,608
FY 22-23	Village area Water & Sewer Improvements	Secondary	\$ 3,083,000						\$ 277,470
Total Debt / Debt Service		\$0	\$46,126,000	\$2,312,500	\$2,024,000	\$2,937,220	\$2,869,816	\$3,613,042	\$3,805,186

Stormwater Fund - Capital Improvement Plan

				Forecasted FY 18	Forecasted FY 19	Forecasted FY 20	Forecasted FY 21	Forecasted FY 22	Forecasted FY23
	Project	Outside Funding	Cost						
FY 17-18	Downtown Infrastructure		\$ 7,000,000	\$ 630,095	\$ 616,000	\$ 602,000	\$ 588,000	\$ 574,000	\$ 560,000
FY 18-19	No Projects				\$ -				
FY 19-20	Tandem Dump Truck		\$ 168,000			\$59,360	\$58,240	\$57,120	
FY 20-21	Ashford Street Improvements		\$ 644,000				\$ 57,960	\$ 56,672	\$ 55,384
	Street Sweeper		\$ 285,000				\$ 64,125	\$ 62,700	\$ 61,275
FY 21-22	Laundry Street Improvements		\$ 321,000					\$ 41,730	\$ 40,767
	Tandum Dump Truck		\$ 135,000					\$ 47,700	\$ 46,800
FY 22-23	Sprucewood Improvements		\$ 627,000						\$ 81,510
	Harding Street Improvements		\$ 416,500						\$ 54,145
Total Debt Service:			\$9,596,500	\$630,095	\$616,000	\$661,360	\$768,325	\$839,922	\$899,881

GLOSSARY OF TERMS

AAP – Atlantic American Properties, a real estate dealer in Kannapolis.

ABC Revenues - Contributions from the local Alcoholic Beverage Control Board. The City is appropriated a portion of the net operating revenue derived from the operation of the local liquor stores.

Accrual Accounting - A basis of accounting in which revenues and expenses are recorded at the time they are incurred, instead of when cash is actually received or disbursed. For example, in accrual accounting, revenue earned between June 1 and June 30, but for which payment was not received until July 12, is recorded as earned on June 30, rather than on July 12.

Activity - A specific service or unit of work performed.

Ad Valorem Taxes - Revenue accounts showing taxes paid on real property, personal property to include property of public service companies allocated by the Ad Valorem Tax Division of the State Department of Revenue.

Adopted Budget - Term used to describe revenues and expenditures for the upcoming year beginning July 1 as adopted by the City Council.

And procedures necessary to define accepted accounting practices.

Annexation – Method by which a city may expand its boundaries (procedures are set forth in North Carolina General Statute 160A-46)

Appropriation (Budgeting) - An authorization granted by the City Council to make budgeted expenditures and to incur obligations for purposes specified in the budget ordinances.

Appropriation - An authorization made by the City Council which permits the City to incur obligations and to make expenditures of resources.

Assessed Valuation - A value that is established for real or personal property for use as a basis to levy property taxes.

AWWA – American Water Works Association

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.

Basis of Accounting - A term used to refer to when revenues, expenditures, expenses, and transfers--and the related assets and liabilities--are recognized in the accounts and reported in the financial statements; the City of Kannapolis uses the modified accrual basis of accounting for budget preparation, as required by the North Carolina Local Government Budget and Fiscal Control Act.

Biotechnology – A term used to describe any technological application that uses biological systems, living organisms, or derivatives thereof, to make or modify products or processes most commonly related to human health and disease.

Bond - A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation

and revenue bonds. These are most frequently used for construction of large capital projects, such as buildings, streets and bridges.

Bond Funds - Resources derived from issuance of bonds for specific purposes and related Federal project grants used to finance capital expenditures.

Budget - A statement in dollar terms of the City's program of service delivery for the ensuing fiscal year.

Budget Amendment - A legal procedure utilized by the City staff and City Council to revise a budget appropriation.

Budget Calendar - The schedule of key dates which the City's departments follow in the preparation, adoption and administration of the budget.

Budget Document - The instrument used by the budget-making authority to present a comprehensive financial program to the City Council.

Budget Message - The opening section 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 the current and previous fiscal years, and the views and recommendations of the City Manager.

Budget Ordinance - The official enactment by the City Council to establish legal authority for City officials to obligate and expend resources.

Budgetary Control - The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

C.O.P. – Community Oriented Policing

CAD - Acronym for Computer Aided Design.

CAFR – Certificate of Achievement in Excellence for Financial Reporting

CALEA – Commission on Accreditation for Law Enforcement Agencies

Capital Equipment - Vehicles, equipment, software, and furniture purchased by the City which individually amount to a value in excess of \$500 and an expected life of more than one year.

Capital Improvement Program - A plan for major capital expenditures to provide long-lasting physical improvements to be incurred over a fixed period of several future years.

Capital Improvements - Major construction, repair of or addition to buildings, parks, streets, bridges and other City facilities. Capital Improvements projects cost \$10,000 or more, and have a useful life of more than three years.

Capital Improvements Budget - The schedule of project expenditures for the acquisition and construction of capital assets for the current fiscal year.

Capital Outlays - Expenditures for the acquisition of capital assets. Includes the cost of land, buildings, permanent improvements, machinery, large tools, rolling and stationary equipment.

Capital Reserve Fund - A special fund used as a clearing house for monies being transferred from General Fund and Water and Sewer Fund operations.

Cash Accounting - A basis of accounting in which transactions are recorded when cash is either received or expended for goods and services.

Cash Management - The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships.

CD – Community Development.

CDBG – Community Development Block Grant given by the Federal Department of Housing and Urban Development.

CIP – Capital Improvement Program.

Classification - Assignment of a position title and an associated pay range based on the job skills required for a particular position.

Contingency Account - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.

Contributed Capital – Donations of capital property to the City. Streets and water and sewer lines installed by developers and turned over to the City in order to be owned and maintained by the City are examples of contributed capital.

D.A.R.E. – Drug Abuse Resistance Education

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

Deficit - An excess of expenditures over revenues or expense over income.

Delinquent Taxes - Taxes that remain unpaid on and after the due date on which a penalty for non-payment is attached.

Department - An organizational unit responsible for carrying out a major governmental function.

Depreciation - The process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset that cannot or will not be restored by repair and will be replaced. The cost of the fixed assets lost usefulness is the depreciation or the cost to reserve in order to replace the item at the end of its useful life.

Disbursement - Payment for goods and services in cash or by check.

DS1 – Digital Service broadband hookup. Telephone line for high speed service measured at 1,544,000 bits per second.

DWI – Driving under the influence of drugs or alcohol.

Encumbrance - The commitment of appropriated funds to purchase an item or service. To encumber funds is to set aside or commit funds for future expenditures.

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.

Enterprise Fund - A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to insure that revenues are adequate to meet all necessary expenditures. Enterprise funds in Kannapolis are established for services such as water and sewer.

Estimated Revenue - The amount of projected revenue to be collected during the fiscal year. The amount of revenue appropriated is the amount approved by the City Council.

Expenditure - This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services regardless of when the expense is actually paid. This term applies to all funds.

Expenses - Charges incurred (whether paid immediately or unpaid) for operation, maintenance, interest and other charges.

Fiscal Year - The time period designating the beginning and ending period for recording financial transactions. The City of Kannapolis's fiscal year begins July 1st and ends June 30th.

Fixed Assets - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FPS – Finkbeiner, Pettis & Strout, Inc., Consulting Engineers.

FTO – Field Training Officer.

Function - A group of related programs crossing organizational (department) boundaries and aimed at accomplishing a broad goal or accomplishing a major service.

Fund - An accounting entity that has a set of self-balancing accounts and that records all financial transactions for specific activities or government functions.

Fund Balance - Amounts shown as fund balance represent monies which remain unspent after all budgeted expenditures have been made. North Carolina statute declares that a portion of fund balance is not available for appropriation.

FY – Fiscal Year.

GASB - Acronym for Government Accounting Standards Board.

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards of and guidelines for financial accounting and reporting. GAAP encompasses the conventions, rules, and procedures that organizations use to compile their financial statements. GAAP are a combination of authoritative standards set by policy boards and simply the most common ways of recording and reporting accounting information.

General Fund - The largest fund within the City, the General Fund accounts for most of the financial resources of the government. General Fund revenue include property taxes, licenses and permits, local taxes and other types of revenue. This fund usually includes most of the basic operating services, such as fire and police protection, finance, data processing, public works, and general administration.

General Ledger - A file that contains a listing of the various accounts necessary to reflect the financial position of the government.

General Obligation Bonds - Bonds that finance a variety of public projects such as streets, buildings and improvements; the repayment of these bonds is usually made from the General Fund and these bonds are backed by the full faith and credit of the issuing government.

Geographic Information System - A project which will link the City to a county-wide database, including hardware, software, and added personnel. This system is to be utilized as a planning tool by the City departments.

GF – General Fund.

GFOA - Acronym for Government Finance Officers Association.

GHSP – Governors Highway Safety Program.

GIS – Geographic Information System.

Goal - A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

Grant - A contribution by a government or other organizations to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed by the grantee.

HACV (HVAC) – heating, Air Conditioning, Ventilation

Interfund Transfers - Amounts transferred from one fund to another.

Intergovernmental Revenue - Revenue received from another government for a specified purpose.

Internal Service Fund - Funds used to account for the financing of goods or services provided by one department to another department on a cost reimbursement basis.

Inventory - A detailed listing of property currently held by the government.

Investment Revenue - Revenue earned on investments with a third party. The City uses a pooled cash system. We pool all funds' cash and invest it in total. The interest earned is then allocated back to individual funds by average cash balance in that fund.

K9 – Police canine program.

KPD – Kannapolis Police Department.

Lease-Purchase Agreement - An agreement that conveys the right to property or equipment for a stated period of item that allows the City to spread the cost of the acquisition over several budget years.

Levy - To impose taxes, special assessments, or service charges for the support of City activities.

LGC – Local Government Commission in the State Treasurer's office. Oversees local government Finance and Debt issuance.

LLEBG – Local Law Enforcement Block Grant.

Line Item Budget - A budget that lists each expenditure category (salaries, material, telephone, travel, etc.) separately, along with the dollar amount budgeted for each specified category.

Local Government Budget and Fiscal Control Act - This act governs all financial activities of local Governments within the State of North Carolina.

Long Term Debt - Debt with a maturity of more than one year after the date of issuance.

Maturities - The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

Merit Program - An established system to recognize and financially reward employee performance that exceeds the City's standards for a classification.

Modified Accrual Accounting - The accounting approach under which revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period, and expenditures are recognized in the accounting period in which a fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due.

MPO – Metropolitan Planning Organization

NC ALE – North Carolina Alcohol Law Enforcement

NC SAFIS – North Carolina State Automated Fingerprint Identification System

NCDOT - Acronym for North Carolina Department of Transportation.

NCGS – North Carolina General Statute

NCSBI – North Carolina State Bureau of Investigations

NFPA – National Fire Protection Association

North Carolina Research Campus – A 157 acre biotechnology research center including laboratories, offices, housing, parking decks, retail shopping, and other amenities, being built in Kannapolis on the former Fieldcrest Cannon textile industrial plant site.

Object Code - An expenditure category, such as salaries, supplies or vehicles.

Objectives - A simply stated, readily measurable statement of aim or expected accomplishment within the fiscal year. A good statement of objective should imply a specific standard of performance for a given program.

Operating Budget - The City's financial plan which outlines proposed expenditures for the coming fiscal year and estimates the revenues which will be used to finance them.

Operating Funds - Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

Operating Transfers - Routine and/or recurring transfers of assets between funds.

Operations - The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as supplies, utilities, materials and travel. Generally, all expenses that do not meet the personal services and capital outlay criteria.

OSHA – Occupational Safety and Health Administration

PARTF – Parks and Recreation Trust Fund. A Trust Fund with the State of North Carolina.

Performance Measures - Descriptions of a program's effectiveness or efficiency (i.e., response time to public requests, frequency of document updates).

Personnel Services - General category that includes salaries and wages, pensions, health insurance and other fringe benefits.

Powell Bill Funds - Funding from state-shared gasoline tax which is restricted for use on maintenance of local streets and roads.

Productivity - A measure of the increase of service output of City programs compared to the per unit of resource input invested.

Program - An organized set of related work activities which are directed toward accomplishing a common goal. Each City department is usually responsible for a number of related service programs.

Property Tax - Property taxes are levied on both real and personal property according to the property's valuation and tax rate.

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. This rate is currently \$.47 per \$100 of assessed valuation.

PWOC – Public Work Operations Center.

Reappropriation - Appropriations which are not expended at the end of a fiscal year that were earmarked for a specific purpose and are funded in the subsequent year.

Reclassification - Change in a position title and /or the associated pay range based on changes in the job skills required for a given position.

Requisition - A written request from a department to the purchasing office for specific goods or services. This action precedes the authorization of a purchase order.

Reserve - A portion of fund balance earmarked to indicate 1) that is not available for expenditure, or 2) is legally segregated for a specific future use.

Resources - Assets that can be used to fund expenditures. These can be such things as Property Taxes, Charges for Service, Beginning Fund Balance or Working Capital.

Restricted Reserve - An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Retained Earnings - An equity account reflecting the accumulated earnings of an Enterprise or Internal Service Fund.

Re-valuation - Assignment of value to properties, buildings, vehicles, and equipment used for business purposes by the County Tax Assessor's Office; under State law, all property must be revalued no less frequently than once every eight years.

Revenue - Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Revenue Bonds - Bonds whose principal and interest are payable exclusively from earnings of an Enterprise Fund.

SCADA – Supervisory Control and Data Acquisition. Type of communication system used at the water treatment plant to monitor all plant functions as well as water tanks throughout the City.

Service Level - Services(s) or product(s) which comprise actual or expected output of a given program. Focus is on results, not measures of workload.

SFR – Single Family Residential.

Source of Revenue - Revenues are classified according to their source or point of origin.

Special Assessment - A compulsory levy made against certain properties to defray part or all of the cost of a **specific** improvement or service deemed to primarily benefit those properties.

Special Revenue Fund - A fund used to account for the revenues from specific sources which are to be used for legally specified expenditures.

SRO – School Resource Officer.

STEP – Selective Traffic Enforcement Plan

Tax Base - The assessed valuation of all taxable real and personal property within the City's corporate limits.

TEA-21 – Transportation Efficiency Act of the 21st Century.

TIF – Tax Increment Financing. This is a type of financing authorized by North Carolina which stipulates that City property taxes received on the incremental value of a development can be pledged to pay debt service related to infrastructure improvements done by the City related to the development.

Transfers - All interfund transactions except loans or advances, quasi-external transactions and reimbursements.

UDO – Unified Development Ordinance.

Unencumbered Balance - The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

WAN – Wide Area Network .

WSACC – Water and Sewer Authority of Cabarrus County.

WTP – Water Treatment Plant.

CITY OF KANNAPOLIS CLASSIFICATION PLAN EFFECTIVE MARCH 1, 2016

Job Class Code	Department/Division	Position Title	Grade	Proposed Salary		
				Min	Mid	Max
900	Parks	Concession Worker	55	17,311	22,082	26,852
900	Parks	Concession Worker	56	18,179	23,188	28,196
905	Parks	Park Attendant	57	19,085	24,347	29,608
200	Finance	Clerk I	58	20,042	25,565	31,089
910	Parks	Park Maintenance Technician I	59	21,042	26,842	32,641
915	Parks	Park Operations Specialist	60	22,095	28,184	34,273
1000	Administrative (Global)	Senior Office Assistant	61	23,201	29,595	35,988
400	Public Works	Construction/Maintenance Worker I	62	24,361	31,074	37,786
300	Billing & Collections	Customer Service Representative	62	24,361	31,074	37,786
440	Public Works	Meter Reader	62	24,361	31,074	37,786
920	Parks	Park Maintenance Technician II	62	24,361	31,074	37,786
800	Police	Records Clerk	62	24,361	31,074	37,786
1010	Administrative (Global)	Executive Office Assistant	63	25,579	32,627	39,676
100	City Manager	Executive Office Assistant/Deputy City Clerk	63	25,579	32,627	39,676
450	Public Works	Warehouse Assistant	63	25,579	32,627	39,676
210	Finance	Accounting Technician I	64	26,852	34,256	41,659
405	Public Works	Construction/Maintenance Worker II	64	26,852	34,256	41,659
445	Public Works	Meter Service Technician	64	26,852	34,256	41,659
925	Parks	Park Maintenance Technician III	64	26,852	34,256	41,659
930	Parks	Recreation Program Assistant	64	26,852	34,256	41,659
310	Billing & Collections	Senior Customer Service Representative	64	26,852	34,256	41,659
320	Billing & Collections	Utility Billing Specialist	64	26,852	34,256	41,659
1020	Administrative (Global)	Administrative Assistant	65	28,196	35,969	43,741
330	Billing & Collections	Customer Care Representative	65	28,196	35,969	43,741
700	Fire	Reserve (P/T)	65	28,196	35,969	43,741
810	Police	Telecommunicator	65	28,196	35,969	43,741
220	Finance	Accounting Technician II	66	29,608	37,768	45,928
935	Parks	Park Manager I	66	29,608	37,768	45,928
410	Public Works	Construction/Maintenance Worker III	66	29,608	37,768	45,928
340	Billing & Collections	Senior Utility Billing Specialist	66	29,608	37,768	45,928
460	Public Works	Water Quality Technician	66	29,608	37,768	45,928
715	Public Works	Construction/Maintenance Technician I	67	31,089	39,659	48,229
705	Fire Suppression	Fire Fighter	67	31,089	39,659	48,229
710	Fire Suppression	Fire Fighter (P/T - non-scheduled shift)	67	31,089	39,659	48,229
465	Public Works	Water Treatment Plant Maintenance Worker	67	31,089	39,659	48,229

470	Public Works	Water Treatment Plant Operator I	67	31,089	39,659	48,229
420	Public Works	Construction/Maintenance Technician II	68	32,641	41,640	50,638
425	Public Works	Crew Chief	68	32,641	41,640	50,638
600	Human Resources	Human Resource Technician	68	32,641	41,640	50,638
940	Parks	Park Manager II	68	32,641	41,640	50,638
475	Public Works	Water Treatment Plant Operator II	68	32,641	41,640	50,638
110	City Manager	Community Outreach Coordinator	69	34,273	43,721	53,170
830	Police	DARE Officer	69	34,273	43,721	53,170
850	Police	Detective	69	34,273	43,721	53,170
820	Police	Police Officer	69	34,273	43,721	53,170
816	Police	Police Planner/Accreditation Manager	69	34,273	43,721	53,170
715	Fire Suppression	Quality Assurance Coordinator	69	34,273	43,721	53,170
840	Police	School Resource Officer	69	34,273	43,721	53,170
855	Police	Telecommunicator Shift Supervisor	69	34,273	43,721	53,170
865	Police	Training Coordinator	69	34,273	43,721	53,170
455	Public Works	Warehouse Manager	69	34,273	43,721	53,170
230	Finance	Accountant I	70	35,988	45,909	55,830
240	Finance	Business License Supervisor	70	35,988	45,909	55,830
430	Public Works	Crew Supervisor	70	35,988	45,909	55,830
720	Fire Suppression	Fire Engineer	70	35,988	45,909	55,830
945	Parks	Grounds and Facilities Manager	70	35,988	45,909	55,830
610	Human Resources	Human Resource Analyst	70	35,988	45,909	55,830
950	Parks	Recreation Programmer/Special Events Coordinator	70	35,988	45,909	55,830
120	City Manager	City Clerk	71	37,786	48,204	58,621
490	Public Works	Engineering Technician	71	37,786	48,204	58,621
725	Fire Risk Reduction	Fire Inspector	71	37,786	48,204	58,621
435	Public Works	Planner/Scheduler	71	37,786	48,204	58,621
730	Fire Risk Reduction	Public Educator	71	37,786	48,204	58,621
350	Billing & Collections	Billing and Collections Supervisor	72	39,676	50,613	61,550
250	Finance	Purchasing Agent	72	39,676	50,613	61,550
260	Finance	Senior Accountant	72	39,676	50,613	61,550
480	Public Works	Water Treatment Plant Supervisor	72	39,676	50,613	61,550
860	Police	Sergeant	73	41,659	53,143	64,628
130	City Manager	Community Development Program Administrator	74	43,741	55,802	67,862
735	Fire Suppression	Fire Captain	74	43,741	55,802	67,862
495	Public Works	Operations Manager	74	43,741	55,802	67,862
870	Police	Lieutenant	75	45,928	58,592	71,255
740	Fire Suppression	Battalion Chief	76	48,229	61,523	74,816
140	City Manager	Customer Service Manager	76	48,229	61,523	74,816

150	Finance	Director of Business & Community Affairs	77	50,638	64,599	78,559
880	Police	Police Captain	77	50,638	64,599	78,559
485	Public Works	Water Treatment Plant Manager	77	50,638	64,599	78,559
745	Fire Admin	Division Chief of Personnel Development	78	53,170	67,828	82,487
750	Fire Admin	Division Chief of Risk Reduction	78	53,170	67,828	82,487
500	Public Works	Assistant Public Works Director	79	55,830	71,220	86,611
270	Finance	Deputy Finance Director	79	55,830	71,220	86,611
270	Finance	Deputy Finance Director	80	58,621	74,781	90,942
755	Fire Admin	Assistant Fire Chief	81	61,550	78,520	95,490
955	Parks	Parks and Recreation Director	81	61,550	78,520	95,490
885	Police	Police Major	81	61,550	78,520	95,490
885	Police	Police Major	82	64,628	82,447	100,265
620	Human Resources	Human Resource Director/Risk Manager	83	67,862	86,570	105,278
280	Finance	Finance Director	84	71,255	90,897	110,539
505	Public Works	Public Works Director	84	71,255	90,897	110,539
890	Police	Chief of Police	85	74,816	95,442	116,068
160	City Manager	Deputy City Manager	85	74,816	95,442	116,068
760	Fire Admin	Fire Chief	85	74,816	95,442	116,068

**CITY OF KANNAPOLIS
TAX RATES AND ASSESSED VALUTION**

<u>FISCAL YEAR</u>	<u>TAX RATE PER \$100</u>	<u>ASSESSED VALUATION</u>	<u>TAX LEVY</u>	<u>% INCREASE (DECREASE)</u>
1990	0.38	\$710,502,765	\$2,716,471	22%
1991	0.45	756,215,698	3,402,971	25%
1992	0.37	937,808,108 *	3,469,890	2%
1993	0.39	969,630,566	3,781,559	9%
1994	0.42	1,008,377,099	4,223,979	12%
1995	0.46	1,049,078,046	4,810,874	14%
1996	0.46	1,192,811,135 *	5,491,956	14%
1997	0.46	1,241,130,090	5,709,717	4%
1998	0.49	1,293,059,850	6,345,535	11%
1999	0.49	1,359,260,351	6,666,506	5%
2000	0.49	1,803,928,729 **	8,492,318	27%
2001	.047	1,847,521,353	9,052,855	7%
2002	0.49	1,983,954,396	9,721,377	7%
2003	0.49	2,027,762,094	10,717,459	10%
2004	0.53	1,969,103,832 ???	10,543,899	(1.6)%
2005	0.53	2,178,372,302 ****	10,826,510	3%
2006	0.497	2,270,062,374	11,282,210	4%
2007	0.497	2,375,528,118	12,054,762	7%
2008	0.497	2,560,383,000 ***	12,725,104	6%
2009	0.497	3,540,416,000 ****	17,348,038	36%
2010	0.49	3,699,101,000	18,225,595	4%
2011	0.49	3,733,730,000	18,295,595	0.4%
2012	0.49	3,762,762,000	18,437,534	0.7%
2013	0.56	3,405,337,747 ***	19,069,891	3.4%
2014	0.56	3,468,844,752 ****	19,425,531	1.8%
2015	0.60	3,546,893,759	21,281,363	10%
2016	0.63	3,653,710,000 ***	23,404,948	10%
2017	0.63	3,859,718,981 ****	23,708,300	2%
2018	0.63	3,981,333,560	24,538,000	3.5%

*	A Citywide re-valuation of real property was conducted by Rowan County and Cabarrus County
**	In addition to a Citywide re-valuation being conducted, the City annexed ten square miles on its west side.
???	Rowan County re-valued property and the Pillowtex property was de-valued due to bankruptcy.
***	A re-valuation was done in the Rowan County portion of the City.
****	A re-valuation was done in the Cabarrus County portion of the City.
*****	A re-valuation was done in the Cabarrus County portion of the City.